

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
March 10, 2010

The regular monthly meeting of the Board of Trustees of the Employees' Retirement System of the City of Norfolk was held in the City Hall sixth floor conference room in the City of Norfolk, Virginia. The meeting began at 12:10 p.m. on Wednesday, March 10, 2010, with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

Attending the Meeting

S. A. Calliott
Y. T. Allmond
S. Felton
C. R. Neikirk
N. E. Nelson
E. G. Tucker
K. W. Crowder
R. V. K. Williams

Not Attending the Meeting

L. A. Bernert

Ms. Mary L. G. Nexsen, Deputy City Attorney, also attended the meeting.

The minutes for the meeting on February 10, 2010 were approved as printed.

New Business

A. Applications for vested service retirement:

Nathan J. Gray, Active No. 19716, March 1, 2009,
with no refund due. [\[Fire-Rescue Services\]](#)

B. Applications for normal service retirement:

Richard A. Harvey, Active No. 29257, April 1, 2010,
with no refund due. [\[Finance & Business Services\]](#)

William W. Kight, Jr., Active No. 12549, May 1, 2010,
with refund of \$9,443.06. [\[Finance & Business Services\]](#)

Godfrey A. Banks, Sr., Active No. 18452, May 1, 2010,
with no refund due. [\[Fire & Rescue Services\]](#)

Douglas Hall, Active No. 19776, May 1, 2010, with no refund
due. [\[Public Works\]](#)

Phillip V. Corum, Active No. 21981, May 1, 2010, with no
refund due. [\[Public Works\]](#)

John H. DeBerry, Active No. 20913, June 1, 2010, with no refund due. [[Recreation, Parks & Open Spaces](#)]

Carol M. Marx, Active No. 22027, May 1, 2010, with no refund due. [[Commonwealth's Attorney](#)]

C. Death of retired members:

Blaxton V. Todd, Ret. No. 2780, death occurred January 11, 2010. Spouse elected monthly benefit of \$357.22.

James G. Brinn, Sr., Ret. No. 03121, death occurred January 25, 2010. Spouse elected monthly benefit of \$764.44.

Paul Brothers, Ret. No. 3002, death occurred February 2, 2010. Spouse elected monthly benefit of \$1,065.55.

Donald J. Coulsting, Ret. No. 2185, death occurred February 3, 2010. Spouse elected monthly benefit of \$271.21.

Arcelius F. Brickhouse, Ret. No. 4051, death occurred February 5, 2010. Spouse elected monthly benefit of \$688.80.

Naomi Hale, Ret. No. 2169, death occurred February 5, 2010. No benefit payable due to no surviving spouse or dependent children.

Herman F. Crouss, Jr., Ret. No. 4288, death occurred February 22, 2010. Spouse elected monthly benefit of \$1,447.29.

D. Death of spouse:

Jean E. Bazemore, Spouse No. 00515, death occurred February 2, 2010. No benefit payable.

The Board approved withdrawal of the following non-contributing members:

<u>Name of Member</u>	<u>Active Number</u>
Robert A. Jacobs	30995
Andrew T. Wenzel	31010
Jarrad L. Saunders	31313
Darrick L. Smith	31639
Heidi L. Cohen	32802
Bryan S. Brakeman	32847
Edgar E. Diaz Cruz	32852
Aaron B. Haywood	32865
Anthony B. Rivera	32614
Lucie Ann Helwig	31475
James Cabiness	31655
Nathan M. Lee	32200

Joshua Lee Harris	32490
Crystal Woodley	32553
Daniel Hadvance, Jr.	32809
John T. Holt	32813
Jesse M. Meier	32824
Adam M. Serrano	32831
Joshua W. Tunis	32838
Ashley Nicole Webb	31793
Brian Anthony Thomasson	31950
Susan M. Clementson	32421
James J. Lee IV	32641
Nicole Perry	32736
Keenan K. Gilligan	30800
George N. Pierce	31257

Total Members - 26

The following report of payments from the Trust Fund received and filed:

Cheiron (1)	4,033.07
FedEx (2)	48.64
Baker's Crust (3)	199.18
Virginia Retirement System (4)	45,831.36
Secretary of the Commonwealth (5)	10.00
Retirement Payroll (Est. for March 2010)	<u>5,300,000.00</u>
Total	<u>\$ 5,350,122.25</u>

- (1) Retainer for February 2010
- (2) Information sent to State Street
- (3) Lunch for February 10, 2010 Board Meeting
- (4) To transfer City of Norfolk Retirement Assets
to VRS for Steven G. deMik
- (5) Document notarized and apostilled to comply
with the Hungarian Market Practice

Committee Reports

Administration and Planning:

Mr. Nick Nelson reported that the Committee did meet on March 3, 2010 at 10:30 a.m. The Committee looked at the "Fiduciary Benchmarking" information provided by CORTEX and had several questions. All companies listed were on the west coast with nothing on the east coast to make comparisons. There is mentioned a free assessment and it looks like they were trying to get 40 funds, and they now have 20 funds. Committee agreed that it does not make sense to pay \$10,000 for a report until we know if the report will be of benefit. Next step is to get a free copy of the report from

them, and get a sample of what they will provide before making any type of commitment and a recommendation.

Investment Management:

Mr. Neikirk informed the Board that the Investment Committee did not meet today.

Mr. Neikirk stated that the allocation is within the bounds set for the target. The total assets as of February 28, 2010 is \$771 million compared to the July 1, 2009 liability of \$1.029 billion. We are right on the benchmark with PIMCO continuing to account for all outperformance. The total fund returned 1.5% in February, which was 12 basis points over the policy return. Equities produced a 2.0% return that was right on the equity benchmark return, and fixed income produced a 0.6% return, which was 24 basis points over its benchmark with PIMCO accounting for the outperformance. The economy is at a 5.9% healthy rate. The treasury yields did not change a lot in February and markets are fairly stable with equity markets plowing ahead in early March.

Other news received from Jessica Portis is our first investment into TIPS will begin this week. She will rebalance first, pull the first TIPS allocation from equities and the remaining two allocations will come from PIMCO. The 5% allocation to the TIPS investment should be complete within the next quarter. Next, we will begin discussing the pros and cons of real estate investment up to about 5% and determine as a board if this makes sense to do or not do.

Larry Bernert suggested an interesting article that was sent to board members on the rate of return. Our target rate of return is 7.5%. In the intermediate term this may appear a little on the high side but these are long-term assets and long-term liabilities.

We are working on scheduling PIMCO our one active manager for a visit in July. Summit is also planning to attend this meeting.

Jessica normalized the manager fees on an annualized basis to what we are paying now without PIMCO. PIMCO charges a performance-based fee that charges a reasonable 15 basis points if it fails to outperform the benchmark by a pre-specified margin, and up to a maximum of 41 basis points depending on how much they exceed the benchmark. Overall, the total fees, excluding PIMCO's \$220,000, compared favorably to the \$2 million in fees the Plan was paying for the prior predominantly active portfolio that had produced negative alpha for nearly all time periods looking backwards. The notable exception is PIMCO, which the Plan has retained, and which has generally outperformed its benchmark for historical time periods. In short, the current fees are considerably less using the more passive approach, and we can expect to meet the performance of our selected benchmarks for the passively managed funds.

The Association of Municipal Retirement Systems will be having its spring conference April 19-20, 2010 hosted in Arlington, Virginia. Ted Wilder requested permission from the Board to attend. The Board approved his request for hotel and registration fees.

Ms. Calliott asked Mrs. Regina Williams if there was any news of the meeting between the City Council and the Board. Mrs. Williams said she believes meeting will be after May when the budget is adopted and after the election.

Mrs. Williams also mentioned that she has been having a series of workshops with the City Council twice a month to talk about different issues in the budget. The one coming up on March 23 will talk about personnel benefits and compensation. They will hear what our contribution rate will be through fiscal year 2011, and health insurance that are both increasing in cost. There will be some mention of retirement but this will not be the focus. She did extend an invitation to trustees to attend the meeting on March 23, 2010 at 4:00 p.m.

Ms. Calliott reminded the Board that the next meeting would be Wednesday, April 14, 2010 at 12:00 noon. Ms. Calliott will be out of town and Chris Neikirk will chair the meeting. An Investment Committee meeting is also plan for 11:00 a.m.

There being no further business, the meeting adjourned at 12:25 p.m.

Chairperson

Executive Director