

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
May 12, 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 12:00 p.m. on Wednesday, May 12, with Vice-chair Chris Neikirk presiding. Mr. Neikirk had to leave the meeting at 1:15 p.m. and the Board agreed that Mr. Eric Tucker would Chair the remainder of the meeting. The following was the result of the roll call:

Attending the Meeting

C. R. Neikirk
Y. T. Allmond
D.V. Hill
N. E. Nelson
E. G. Tucker
K. W. Crowder
L. A. Bernert

Not Attending the Meeting

S. A. Calliott
R.V.K. Williams

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

The minutes for the meeting on April 14, 2010 were approved as printed.

New Business

Ms. Sara Jones and her mother met with the Board of Trustees today. The reason was to ask the Trustees to consider appeal of its February 12, 2010 decision denying her request to convert disability retirement status from Ordinary to Accidental Disability retirement. The Trustees discussed her request in detail, and affirmed its decision denying the conversion. Pursuant to City Code Section 37-65, the Board's conclusion was that Ms. Jones's total and permanent incapacity for duty was not the natural and proximate result of a fall in September 2007. The vote to deny this request follows: **4 -Yes; 1 -No; 2 -Abstained.**

Mrs. Mary Lou Nexsen advised the Board that Mr. Brian Hallman of the Norfolk Sheriff's Department requested that the Board consider whether he was eligible to port (or transfer) his City of Norfolk Retirement System credit to the Virginia Retirement System (VRS). Mr. Hallman had met with Mrs. Nexsen and provided copies of materials to her regarding this matter.

VRS had advised Mr. Hallman that he had been eligible for portability when Norfolk's Employees' Retirement System and VRS had entered into their Portability Agreement in 2000. Section 3 of that Agreement provided that there was an 18-month election period during which an individual could elect to port his assets to VRS. VRS advised Mr. Hallman by letter dated February 19, 2009, that his election period had expired July 1, 2002 and therefore he was no longer eligible to transfer those retirement credit assets

and VRS forwarded to Mr. Hallman copies of letters dated December 31, 2000, May 13, 2002 and June 21, 2002, that had been addressed to him at 100 City Hall Building Norfolk, VA 23501 regarding this matter. Mr. Hallman had advised Ms. Nexsen that he did not receive those letters. VRS sent the letter dated February 19, 2009 to Mr. Hallman at P. O. Box 3444, Norfolk, VA 23514. Mr. Hallman said he received this letter. There was no explanation for how or when VRS changed Mr. Hallman's address in their system during the years from 1991 to 2010 that Mr. Hallman has been a member of VRS

In order to allow Mr. Hallman to exercise portability of Norfolk's System assets to VRS, the Trustees would have to either amend the Portability Agreement with VRS to make the Amendment retroactive to 2000, so that all individuals who did not port their service would be given the same opportunity, with all those individuals being so notified, or the Trustees would need to make an exception to the Portability Agreement for Mr. Hallman. After discussing the matter, the Trustees decided to neither amend the Agreement nor make an exception to the terms and conditions of the Agreement. The Board determined that it was important to keep the policy fair and consistent for all employees and could not make an exception or change for one employee. The Board agreed unanimously to deny Mr. Hallman's request.

Ted Wilder introduced Mrs. Sheryl Potter-Griggs newly hired Management Analyst III to the Board. The Board's approval was requested to add Mrs. Potter-Griggs to several forms as a verifier and initiator of funds that is associated with the duties of the Management Analyst III position. The Board approved Mrs. Potter-Griggs as a verifier and initiator of funds.

A. Applications for vested service retirement:

Vernon J. Lloyd, Active No. 22436, May 1, 2010, with no refund due. [\[Lake Taylor City Hospital\]](#)

Roy C. Johnson, Active No. 21002, July 1, 2010, with no refund due. [\[Public Works\]](#)

B. Application for early service retirement:

Michael S. Ross, Active No. 30885, June 1, 2010, with no refund due. [\[Neighborhood Preservation\]](#)

C. Applications for normal service retirement:

Lonnie R. Steadman, Active No. 15417, June 1, 2010, with a refund of \$1,345.03. [\[Fire-Rescue Services\]](#)

James B. Talbot, Active No. 17457, June 1, 2010, with no refund due. [\[EOC/911\]](#)

William H. Phields, Active No. 19383, June 1, 2010, with no refund due. [\[Fire-Rescue Services\]](#)

Andrew J. Mitchell, III, Active No. 23637, June 1, 2010
with no refund due. [Police Dept.]

Douglas V. Thomassen, Active No. 25755, June 1, 2010,
with no refund due. [Police Dept.]

Eduardo O. Odango, Active No. 28488, June 1, 2010, with
no refund due. [Finance & Business Services]

Ronald E. Keys, Active No. 28731, June 1, 2010, with
no refund due. [Emergency Preparedness & Response]

Mary D. Newman, Active No. 21883, July 1, 2010, with
no refund due. [Finance & Business Services]

Deborah A. Dickerson, Active No. 22993, July 1, 2010,
with no refund due. [Recreation, Parks & Open Spaces]

Laura D. Bernardo, Active No. 24033, July 1, 2010, with
no refund due. [Human Services]

Theodore Goodman, Active No. 25917, July 1, 2010, with
no refund due. [Finance & Business Services]

Thomas W. Dash, Active No. 25967, July 1, 2010, with
no refund due. [Police Dept.]

Martha M. Raiss, Active No. 28050, July 1, 2020, with
no refund due. [Neighborhood Preservation]

D. Recommendation by the Medical Board that the following
be retired:

Barbara K. Lewis, Active No. 23288, June 1, 2010, with no
refund due. This member requested ordinary disability
retirement. [Neighborhood Preservation & Outreach]

E. Death of retired members:

Raymond H. Norman, Sr., Ret. No. 3079, death occurred
March 12, 2010. Spouse elected monthly benefit of \$1,060.32.

David J. Hughes, Ret. No. 4014, death occurred March 19,
2010. Spouse elected monthly benefit of \$547.94.

Lawrence White, Ret. No. 2469, death occurred March 28,
2010. Spouse elected monthly benefit of \$426.80.

Herman C. White, Ret. No. 504, death occurred March 29, 2010. Spouse elected monthly benefit of \$232.76.

Shirley K. Littek, Ret. No. 2520, death occurred April 5, 2010. No benefit payable due to no surviving spouse or dependent children.

Mochese Lutrell, Ret. No. 5027, death occurred April 6, 2010. Spouse elected monthly benefit of \$443.16.

F. Death of spouses:

Emma V. Miles, Spouse No. 00447, death occurred March 27, 2010. No benefit payable.

Barbara A. Skinner, Spouse No. 00275, death occurred April 2, 2010. No benefit payable.

Katherine Bear, Spouse No. 00391, death occurred April 13, 2010. No benefit payable.

Ann R. Schiller, Spouse No. 00544, death occurred April 16, 2010. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
Travis L. Wiggins	31511
Lori A. Bowen	31608
Michael Callahan	31803
Sherrine Lynne Boseman-Rives	31901
Melissa Jean Carow	31904
Lisa Maria Blackford	31987
Victoria W. Paulus	32234
Rico L. McAllister	32551

Total Members - 8

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

FedEx (1)	\$	33.98
Theodore Wilder (2)		378.29
NAPPA (3)		895.00
Chantal Brooks (4)		250.00
Cheiron (5)		6,533.07
Baker's Crust (6)		226.84
Retirement Payroll (Est. for May 2010)		<u>5,300,000.00</u>
Total	\$	<u>5,308,317.18</u>

- (1) Information sent to State Street
- (2) Reimbursement to attend Spring Meeting of the Association of Municipal Retirement Systems of Virginia on April 19-20, 2010
- (3) Registration for Mary Lou Nexsen to attend the NAPPA Conference on June 22-25, 2010
- (4) Medical exam for Barbara Lewis
- (5) Retainer for March 2010 and Low Inflation study
- (6) Lunch for April 14, 2010 Board Meeting

Committee Reports

Administration and Planning:

There was no meeting.

Investment Management:

Mr. Neikirk informed the Board that the Investment Committee did meet today at 11:00 a.m. Jessica Portis and Roger Brown with Summit participated by way of conference call during the Investment Committee Meeting.

The update on TIPs funding is at \$25 million as of May 12, 2010, and another \$13 million will be transferred on May 24, 2010. This will have the TIPS allocation close to the 5 percent target. Since the flash report as of April 30, 2010, the markets have been volatile. Equities have dropped 6 percent in the United States, and 10 percent abroad due to the situation in Greece and EU.

Summit provided the Investment Committee an education session on public and private core real estate opportunities, and we did not complete the entire presentation. This education session will be continuing at the Investment Committee meeting on June 9, 2010.

Jessica Portis provided an update on the SSgA governing documents. About a month ago, State Street sent a new declaration of trust as well as some additional governing documents for its funds. These documents dictate how each fund is going to be managed and contains information such as the index the fund is going to be benchmarked against, the use of leverage, and exposure to individual securities. Jessica compared the System's Investment Policy Statement to each of the fund governing documents for the strategies in which the System invests.

In general, the fund governing documents for SSgA are in the spirit of the System's Investment Policy Statement (IPS). One of the items that is different is SSgA does

allow the use of futures and derivatives in the management of its strategies. The IPS requires that separate account managers seek and be granted specific approval to utilize derivatives in their account. SSgA's use of derivatives is consistent with the IPS as they are utilized to equitize cash. It is important to note only the equity funds managed by SSgA utilize derivatives to equitize cash. The equity funds are very large funds and they need to be able to meet client redemptions on a daily basis, and keep anywhere from 1% to 2% of the portfolio in futures so they can meet those redemptions. Generally, the use of futures is very consistent with the IPS, and they are not using futures and derivatives to enhance returns.

Some of the items reviewed were the concentration limits for the equity and fixed income funds to see if they were in the spirit of the IPS guidelines and they were. The guidelines currently impose a maximum exposure to a security of 8% on the equity side. Given that the index funds hold a very large and diversified basket of equities, most of the funds do not have security holdings that are greater than 3%.

Most of the investment guidelines focus on concentration in certain types of bonds and exposure to certain bond ratings. Given that the Barclays Aggregate Fund is predominately comprised of government related securities, the concentration limits do not apply. Government related securities comprise the largest holdings within the portfolio. The policy on the bond side does place a limit in terms of high yield exposure, and given that the Barclays Aggregate is an investment grade only strategy, there is no high yield exposure. The concentration limits do not also apply to the TIPS portfolio, as it is government issued and therefore investment grade quality. All in all the fund governing documents are consistent with the IPS and in the spirit of the System's guidelines.

The Board's next meeting is on Wednesday, June 9, 2010 at 12:00 noon. The Investment Committee meeting will begin at 11:00 a.m.

There being no further business, the meeting adjourned at 1:57 p.m.

Chairperson

Executive Director