

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
March 9, 2011

The regular monthly meeting of the Board of Trustees of the Employees' Retirement System of the City of Norfolk 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, March 9, 2011, with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

Attending the Meeting

S. A. Calliott
Y. T. Allmond
N. E. Nelson
E. G. Tucker
D. V. Hill
M.D. Jones

Not Attending the Meeting

L. A. Bernert
C. R. Neikirk
K. W. Crowder

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

The minutes for the meeting on February 9, 2011, were approved.

New Business

A. Applications for early service retirement:

Renee Y. Grant, Active No. 23275, April 1, 2011, with no refund due. [\[Human Services\]](#)

Thomas D. Pristow, Active No. 32753, April 1, 2011, with no refund due. [\[Human Services\]](#)

B. Applications for normal service retirement:

Donald R. Hall, Active No. 22976, May 1, 2006, with no refund due. [\[Utilities\]](#)

Susan E. Plawin, Active No. 14175, April 1, 2011, with no refund due. [\[Human Services\]](#)

Anna L. Thomas, Active No. 19875, April 1, 2011, with no refund due. [\[Recreation, Parks & Open Space\]](#)

Vincent Steed, Active No. 22381, April 1, 2011, with no refund due. [\[Public Works\]](#)

William T. Robinson, Active No. 23202, April 1, 2011, with no refund due. [\[Utilities\]](#)

Bruce P. Marquis, Active No. 30340, April 1, 2011, with no refund due. [\[Police\]](#)

Sherry E. Reedy, Active No. 31228, May 1, 2011, with no refund due. [\[Public Works\]](#)

Edward L. Artis, Active No. 12446, June 1, 2011, with no refund of \$4,596.16. [\[Recreation, Parks & Open Space\]](#)

Patricia A. Lee, Active No. 17624, June 1, 2011, with no refund due. [\[Human Services\]](#)

Michael H. Pugh, Active No. 24551, June 1, 2011, with no refund due. [\[Police\]](#)

C. Death of retired members:

Robert L. Whealton, Jr., Ret. No. 4434, death occurred January 31, 2011. No benefit payable due to no surviving spouse or dependent children.

Eula B. Walls, Ret. No. 1822, death occurred February 2, 2011. No benefit payable due to no surviving spouse or dependent children.

Glenn E. Louder, Ret. No. 03339, death occurred February 2, 2011. Spouse elected monthly benefit of \$1,268.10.

Marshall C. Carroll, Jr., Ret. No. 3857, death occurred February 6, 2011. No benefit payable due to no surviving spouse or dependent children.

Glendora Farmer, Ret. No. 5598, death occurred February 11, 2011. No benefit payable due to no surviving spouse or dependent children.

Charles W. Graves, Ret. No. 4137, death occurred February 19, 2011. No benefit payable due to no surviving spouse or dependent children.

Jewell E. Livingston, Ret. No. 528, death occurred February 26, 2011. No benefit payable due to no surviving spouse or dependent children.

D. Death of spouses:

Virginia D. Case, Spouse No. 00520, death occurred February 4, 2011. No benefit payable.

Mary L. Staylor, Spouse No. 00335, death occurred February 5, 2011. No benefit payable.

Lucy J. Barnes, Spouse No. 00285, death occurred February 11, 2011. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
Johnathan A. Alexander	31711
Damonte Edmonds	31817
Janet Burhenn	32107
Ricardo L. Anderson	32592
Robin Hammond	32622
Thomas D. Pristow	32753
Rosa L. Torres-Blackwood	32774
Sherry Rahuba	32921
Peter J. Costanza	33080

Total Members - 9

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

Cheiron, (1)	4,154.07
FedEx (2)	\$ 23.16
Baker's Crust (3)	226.83
Retirement Payroll (Est. for March 2011)	<u>\$ 5,500,000.00</u>
Total	\$ 5,504,404.06

(1) Monthly Retainer for January 2011

(2) Information sent to State Street

(3) Lunch served for Board Meeting held
February 9, 2011

Mrs. Jessica Portis of Summit Strategies participated in the meeting via conference call. She gave a brief update on the market, the portfolio and the recent funding of JP Morgan core real estate portfolio.

The geopolitical events (particularly in Northern Africa and the Middle East) in the news created a somewhat volatile equity market, and this has flowed into the fixed income market. The good news is the United States has continued to do well in this earning season, which has allowed the System's portfolio to do well from an equity perspective. The geopolitical concerns that exist have created some great opportunities within PIMCO's active portfolio.

There was decline in the unemployment rate that was driven by corporations starting to add to their employment ranks. There was also a decline in jobs within the government sector of the economy, and Mrs. Portis believes this will continue for an extended period. However, because we have seen some growth from the corporate sector, there was a continued decline in the unemployment rate and at the end of February it was finally under 9%. Other positive news in support of the United States equity market is stronger GDP growth of almost 3% during the fourth quarter for the year due to consumer spending. The housing market is the most troubled of the markets now. There are mixed results depending on which month is looked at, as housing market indicators seem to bounce from very strong to extremely weak.

In the commercial real estate market where the System is going to invest, there is improvement. Apartments continue to do well and office space rental has done well in Washington D.C. and the New York area.

In reviewing the Flash Report, February was another robust month for the portfolio. The market value is \$870 million as of February 28, 2011. The actuarial liability is \$1.047 billion as of July 1, 2010.

There is an underweight to fixed income as of the end of February. The asset allocation as of March 1, 2011 was revised to our target of 35% to fixed income, and a 5% target to real estate. This puts the fixed income allocation more in line versus the new target.

The 2.39% gain over the past month was led by the domestic equity portfolio. The Russell 3000 index performed well with a return of 3.65%, international lagged a bit at 2.65% and the fixed income portfolio returned 1.24%. PIMCO invests in high yield corporate bonds, municipal bonds, and their portfolio has been able to add value recently because of these exposures versus the overall fixed income portfolio. We were also aided by the allocation to TIPS. TIPS outperformed the broad core fixed income market place as inflation fear started to creep back into the market on the backside of seeing the rising commodity prices. The portfolio is performing as expected.

The domestic equity portfolio has a target of 36%, international 24%, fixed income is being revised down to 35%, and real estate is being added at 5%. This will be reflected in next month's flash report when this information is updated. On March 3, 2011, we funded \$19 million from PIMCO and transferred this allocation to the JP Morgan core real estate portfolio. This gives us about a 2% allocation to real estate. The other portion will be allocated to UBS Trumbull Property Fund. They have yet to call down the capital. UBS still expects that there will be a couple a quarters before they will call the money.

The System's asset allocation on March 1, 2011 changes from a 60% equity/40% fixed income to 60% equity, 35% fixed income, and 5% real estate. The fiscal year-to-date fund composite performance was 19.9% versus the policy index of 18.6%.

Mrs. Portis plans to be available for the April meeting via conference call; however, if this should change Eric Ralph will cover for her.

Committee Reports

Administration and Planning:

Mr. Hill reported that the Committee did not have a meeting.

Investment Management:

Mr. Neikirk did not have a meeting.

Mr. Wilder informed the Trustees that the Association of Municipal Retirement Systems (AMRS-VA) would have its spring meeting April 18-19, 2011 sponsored by the City of Richmond. He asked the Board's permission to attend the meeting and approve expenses under \$500. The trustees approved this expense.

Mr. Marcus Jones informed the Trustees that on March 22, 2011, there would be a good discussion with the City Council on personnel in general. He informed the Chair, Stephanie Calliott, and the Trustees present that he would like to include a discussion on the retirement fund. The Chair plans to attend the meeting.

The next Retirement Board meeting is scheduled for April 13, 2011 at noon. Ms. Calliott will not be able to attend; however, Chris Neikirk will chair the meeting. There will not be an Investment Committee meeting.

There being no further business, the meeting adjourned at 12:35 p.m.

Chairperson

Executive Director