

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
October 12, 2011

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 noon on Wednesday, October 12, 2011 with Acting Chairperson, Larry A. Bernert presiding. The following was the result of the roll call:

<u>Attending the Meeting</u>	<u>Absent</u>
L.A. Bernert	S.A. Calliott
N.E. Nelson	C.R. Neikirk
E.G. Tucker	Y.T. Allmond
S. Felton	K.W. Crowder
M. Purcell	

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

The minutes for the meeting on September 14, 2011 were approved.

Mr. Wilder informed the Trustees that at the August 10, 2011 docket, Mr. John L. Russo was approved for normal service retirement. He was listed in the wrong category, and should have been in the early service category. Mr. Wilder wanted to bring this to the Trustees's attention. The Trustees approved the change of Mr. John L. Russo for early service retirement.

New Business

A. Application for vested service retirement:

Patricia S. Brown, Active No. 22499, May 1, 2008, with no refund due.
[Water Utility]

Betty Ann Logan, Active No. 27366, October 1, 2010, with no refund due.
[Executive]

Kenneth David Ferris, Active No. 20053, September 1, 2011, with no refund due.
[Police]

B. Application for early service retirement (deferred):

Cynthia W. Paphitis, Active No. 27156, November 1, 2011, with no refund due.
[Commonwealth's Attorney]

C. Applications for early service retirement:

Ronald N. Bowers, Active No. 26565, November 1, 2011, with no refund due.
[Police]

Charles M. Ragland, Active No. 27048, November 1, 2011, with no refund due.
[Information Technology]

Janet L. Robinson, Active No. 23623, November 1, 2011, with no refund due.
[Human Services]

D. Applications for normal service retirement:

William D. Thompson, Active No. 25343, November 1, 2011, with no refund due.
[Police]

Eric S. Pedersen, Active No. 27297, December 1, 2011, with no refund due.
[Water Utility]

M. Sharyn Sawyer, Active No. 16100, December 1, 2011, with a refund of \$2,427.26.
[Water Utility]

E. Death of retired members:

Roylyn L. Yeats, Ret. No. 4147, death occurred August 3, 2011. No benefit payable due to no surviving spouse or dependent children.

Charles M. Boyce, Ret. No. 5891, death occurred August 13, 2011. No benefit payable due to no surviving spouse or dependent children.

Steven B. Wilson, Ret. No. 6226, death occurred September 3, 2011. No benefit payable due to no surviving spouse or dependent children.

Maurice Ange, Ret. No. 3099, death occurred September 10, 2011. Spouse elected monthly benefit of \$1,521.56.

Bonny R. Jones, Ret. No. 1487, death occurred September 12, 2011. No benefit payable due to no surviving spouse or dependent children.

Jeryl W. Riddick, Sr., Ret. No. 3913, death occurred September 14, 2011. No benefit payable due to no surviving spouse or dependent children.

Frank J. Balbo, Ret. No. 6067, death occurred September 30, 2011. No benefit payable due to no surviving spouse or dependent children.

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

<u>Name of Member</u>	<u>Active Number</u>
John McPhillips	29424
Jeremiah J. Clarson, Jr.	29425
Thomas E. Newman	29426
Steve A. Hornbeak	29427
Victoria L. Brown	29428
Derek T. Christian	29429
Marshall Martin	29430
Lawrence M. Hayes, Jr.	29431
Natasha N. Johnson	29432
Gary S. Whaley	29433
Dhandeaka A. Harris Kearse	29434
Total Members - 11	

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

Theodore O. Wilder, Jr. (1)	\$ 43.57
Baker's Crust (2)	196.55
Association of Municipal Retirement Systems (3)	450.00
Cheiron, Inc. (4)	14,272.44
Retirement Payroll (Payroll est. for October, 2011)	<u>6,100,000.00</u>
 Total	
	<u>\$ 6,114,962.56</u>

- (1) Reimbursement - Board Meeting supplies
- (2) Lunch served for Board Meeting - September 14, 2011
- (3) Registrations - Fall 2011 Meeting for T. Wilder and S. Potter-Griggs
- (4) Retainer Services - August, 2011 and Plan Change Study analysis

Committee Reports

Administration and Planning:

Ms. Felton reported that the Committee did not have a meeting.

Investment Management:

The Investment Committee did not have a meeting.

Larry Bernert as chair of the meeting provided an update on the Asset Allocation. Unfortunately, the month of September was the worst month in the stock market since the financial meltdown of 2008-2009. The equity policy return was -9.11% for the month, calendar-year-to-date of -17.69%, and fiscal-year-to-date of -17.12%. These numbers are in line with the composite.

What was off this month is the fixed income composite that was up 4.29%; however, the Barclays Capital Aggregate was up 6.65%. As investors fled the stock market and fled all types of bonds except treasury bonds, there was more demand for treasuries, prices went up, yields declined, and the return on treasuries was better than other types of bonds. PIMCO, our active fixed income manager, embarked on a strategy to be less weight in treasury. As a result, we have a very significant underperformance in bonds for the calendar and fiscal year-to-date in our fixed income portfolio. This is something we are going to need to monitor because we do not want our fixed income portfolio out of sync.

When UBS calls the Employees' Retirement System queue, we will be transferring the 2.5% allocation from PIMCO as approved by the Trustees. UBS has notified us saying this should be sometime January 2012.

The total market value for the month is \$771.8 million. The approximate funded status is 73.7%. The total composite return was the year at -0.8% and this is lower than our assumed one-year rate of return 7 1/2%.

Mr. Wilder informed the Trustees that the Actuary indicated last year that because we had one year of loss from 2008 to take that our funded status would probably drop from 78% to 74%. Since we ended June 30, 2011 with a 20%+ return, the Actuary was able to report instead of going to 74%, we have gone from 78.1% to 78.2% funded. Keep in mind that this is valued one day in the year at June 30. The System will be at the 78% funded status.

The next Retirement Board meeting is schedule for November 9, 2011 at 12:00 noon. There is a tentative Investment Committee meeting planned. Trustees will receive notice if the Chair of the Investment Committee is calling a meeting.

There being no further business, the meeting adjourned at 12:13 p.m.

Chairperson

Executive Director