

Minutes of the Regular Monthly Meeting  
Board of Trustees  
Employees' Retirement System of the City of Norfolk  
April 11, 2012

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 12:30 pm on Wednesday, April 11, 2012 with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

Attending the Meeting

S.A. Calliott  
C.R. Neikirk  
L.A. Bernert  
E.G. Tucker  
N. E. Nelson  
Y.T. Allmond  
S. Felton  
D. V. Hill

Absent

K. W. Crowder

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

The minutes for the meeting on March 14, 2012 were approved.

**New Business**

**A. Applications for vested service retirement:**

Dianna Lee Landon, Active No. 16549, May 1, 2012 with no refund due.  
[Utilities]

**B. Application for early service retirement:**

Willie L. Merrill, Active No. 24127, May 1, 2012 with no refund due.  
[Utilities]

Edward K. Haywood, Active No. 25829, June 1, 2012 with no refund due.  
[Human Services]

**C. Applications for normal service retirement:**

Clifton Allen, Active No. 23634, May 1, 2012 with no refund due.  
[Public Works]

Mary E. Doggett, Active No. 28766, July 1, 2012 with no refund due.  
[Recreation, Parks and Open Space]

Donald L. Ewell, Active No. 31256, May 1, 2012 with no refund due.  
[Utilities]

John M. Horn, Active No. 23533, June 1, 2012 with no refund due.  
[Police]

Rodney J. Jacobs, Active No. 24778, May 1, 2012 with no refund due.  
[Police]

Kathleen W. Shaw, Active No. 27305, May 1, 2012 with no refund due.  
[Executive]

Jean M. Young, Active No. 25062, May 1, 2012 with no refund due.  
[Fire Rescue Services]

**D. Recommendations by the Medical Board that the following be retired:**

Sherrod M. Brown, Sr., Active No. 28364, April 1, 2012 with no refund due. This member requested ordinary disability retirement. [Police]

The Board of Trustees deferred Sherrod M. Brown's request for ordinary disability retirement for the May 9, 2012 meeting requesting that further information be provided.

**E. Death of retired members:**

Charles U. O'Dea, Ret. No. 1998, death occurred February 25, 2012. Spouse elected monthly benefit of \$542.33.

Evelyn A. Perry, Ret. No. 5067, death occurred March 8, 2012. No benefit payable due to no surviving spouse or dependent children.

Randall C. Mathews, Ret. No. 4176, death occurred March 8, 2012. Spouse elected monthly benefit of \$1,323.35.

**F. Death of spouse:**

Lucille R. Simmons, Spouse. No. 892, death occurred March 1, 2012. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
Christopher A. Scott	33446
Ryan S. Letourneau	33409
Ava Adinolfi	33186
Glenda C. White	32257
Terrence Warren	32474
Edward J. Gray	33257
Anthony L. Copeland	31548
Janine Garcia	31770
Biko D. Duhaney	32279
Alton A. Turner	32557
Eric D. Brown	33293

Total Members - 11

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

Baker's Crust (1)	\$ 133.07
Michael S. Flynn (2)	346.35
Sungard Avantgard LLC (3)	450.00
Alison K. Harwell (4)	793.35
Troutman Sanders LLP (5)	1,656.00
Cheiron, Inc. (6)	4,673.69
Retirement Payroll (Payroll est. for April, 2012)	<u>5,940,000.00</u>
 Total	 <u>\$ 5,948,052.46</u>

- (1) Lunch served for Board Meeting - March 14, 2012
- (2) Replacement check - benefit payment for March 2012
- (3) Digitizing signature of Sheryl Potter-Griggs
- (4) Replacement check - benefit payment for March 2012
- (5) Professional Services - Evelyn Traub / IRS Determination Letter
- (6) Retainer Services - February 2012 / Portability Calculations

## **Committee Reports**

### **Administration and Planning:**

Ms. Felton reported that the Committee met in February 2012 to review the travel policy as it relates to Board members. The travel involved was not a System sponsored trip, but, one sponsored by a third party. The Committee was tasked with determining if there was a conflict of interest and if there were existing policies within the Boards' policies and procedures that would address the issue and if not present a recommendation to resolve the issue. The Committee found that there is an Ethics section of the Policy and Procedures Manuel that deals with "Sponsored Travel". We believe that the section did not address what occurred to be a conflict with regard to our own policy. The Committee felt that a new section of the policy be developed to specifically address the issue. Currently the policies and procedures address travel that is sponsored and paid for by the System. The procedures state the Board must approve all sponsored travel by the System. We would recommend that it be the same for any travel related to the System that it require Board approval. The Committee shared a draft recommendation with the Board. After discussion, the Committee will add some suggested changes and submit a final draft at the May Board meeting.

### **Investment Management:**

The Investment Committee did meet prior to the Board Meeting today. Mr. Neikirk reported that Jessica Portis provided information via conference call. The Fund is up to \$868 million, which includes the \$500,000 return on our UBS investment. This would bring our funded status to approximately 82%. All of the investments were in line with PIMCO having a good quarter and a relatively good month. We also received information on our asset allocation with some additional investment alternatives. We heard information on MLPs (Master Limited Partnerships). MLPs are publicly traded limited partnerships that own and operate energy infrastructure assets, such as pipelines and storage facilities. The other alternative investment will be discussed at our May investment meeting from Summit. Next, we discussed the assumed rate of return. After careful consideration and discussion of a significant amount of

relevant historical data, and independent future asset class projections that indicated a 10-year forecast annualized return for the Plan's current allocation of about 6.3%, Mr. Neikirk, on behalf of investment committee, made a motion to reduce the assumed rate of return from 7.5% to 7.0%. This motion was seconded by Ms. Felton and approved by a vote of seven for, one against and no abstentions. Mr. Neikirk concluded by stating that the investment committee would meet on May 9, 2012 at 11:00 a.m.

Ms. Calliott informed the Board that Myrella Aaron was in Richmond, VA having a medical procedure performed. She asked that the Board keep her in your thoughts. Myrella would welcome cards of encouragement. Ms. Calliott asked Mrs. Potter-Griggs to send Myrella's address to the Board.

The Board previously had asked that Cheiron provide explain or justify the cost of \$20,000 for the Experience Study. Mr. Kevin Woodrich of Cheiron was asked via conference call what specific information will be provided that they do not already know. Mr. Woodrich stated that the Experience Study is to look at the assumptions to make sure that they are an accurate depiction of the actual experience of the plan. After considerable discussion, the Trustees feel that the study should be done for a smaller fee. The Board decided to look at going out with a RFP to be discussed at the next Board meeting.

Mrs. Potter-Griggs informed the Board that Bank of America notified her that duplicate checks were being presented for payment. It has been determined that seven (7) payroll checks were counterfeit. As advised by the bank, a Fraud Statement of Forgery has been completed and sent to Bank of America. The City Attorney's office has been informed. The checks total approximately \$3,000.00.

Mrs. Nexsen requested approval from the Board to attend the NAPPA Conference, June 2012 in Philadelphia, PA. Estimated cost is \$1,500.00. Mr. Nelson made a motion to approve Mrs. Nexsen to attend the NAPPA conference. This motion was seconded by Ms. Allmond and approved by the Board.

The next Retirement Board meeting is scheduled for May 9, 2012 at 12:00 noon. There will be an Investment Committee Meeting at 11:00 a.m.

There being no further business, the meeting adjourned at 1:30 p.m.

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Chairperson

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Executive Director