

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
December 12, 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 12:08 pm on Wednesday, December 12, 2012 with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

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

Sheryl Potter-Griggs, Acting Executive Director, Mary L.G. Nexsen, Deputy City Attorney, Theodore Wilder, Business Analyst, and Tori O. Barrett, City Employee applying for ordinary disability retirement, also attended the meeting.

The minutes for the monthly meeting held November 14, 2012 were approved as printed.

Mrs. Cheryl Xystros, Engagement Partner, and Ms. Karen Bjune, Engagement Manager, of KPMG met with the Board. Mrs. Xystros informed the Board that they were in the final stage of the June 30, 2012 audit and should issue the report by Monday or Tuesday of next week. Mrs. Xystros stated that KPMG would be issuing an unqualified opinion regarding the financial statements of the System. Mrs. Xystros discussed communication requirements under the Statement of Auditing Standard (SAS) No. 114. The report covered the following topics:

- Our responsibility under professional standards
- Other information in documents containing audited financial statements
- Accounting practices and alternative treatments
- Quality of accounting principles
- Management judgments and accounting estimates
- Uncorrected and corrected misstatements
- Disagreements with management
- Management's consultation with other accountants
- Significant issues discussed, or subject to correspondence, with management
- Significant difficulties encountered during the audit
- Other significant findings or issues
- Independence

Mrs. Xystros informed the Board that the report would contain an opinion related to internal controls. That opinion is used to report any significant deficiencies or material weaknesses in controls. Mrs. Xystros stated that there were no material weaknesses. She

stated that they are reporting one significant deficiency. The fiscal year end reconciliation of non-exchange traded funds on unaudited financial statements of SSGA, an internal control, was not performed this fiscal year. Ms. Calliott responded by asking staff to make sure that this control is performed going forward. Staff responded that the control would be performed from now on.

New Business

A. Application for vested service retirement:

Juanita R. Buster, Active No. 22952, November 1, 2012, with no refund due.
[City Planning and Codes Administration]

Cynthia L. Faulcon, Active No. 18790, November 1, 2012, with no refund due.
[Human Services]

Gregory Alan Wobus, Active No. 20525, January 1, 2013, with no refund due.
[Neighborhood and Leisure Services]

Wanda K. Chruch, Active No. 26271, February 1, 2013, with no refund due.
[Human Services]

B. Applications for normal service retirement:

Steven R. Comeau, Active No. 26063, January 1, 2013, with no refund due.
[Fire Rescue Services]

Walter T. Finch, Active No. 23447, January 1, 2013, with no refund due.
[Fire Rescue Services]

Charles J. Fleetwood, Active No. 24683, January 1, 2013, with no refund due.
[Fire Rescue Services]

Andre H. Glaubke, Active No. 23613, January 1, 2013, with no refund due.
[Fire Rescue Services]

James A. Mikell, Active No. 22128, January 1, 2013, with no refund due.
[Fire Rescue Services]

Dawn C. Obliskey, Active No. 33702, January 1, 2013, with no refund due.
[Community Services Board]

Malindes G. Robinson, Active No. 26432, January 1, 2013, with no refund due.
[Police]

Norman V. Savage, Active No. 32047, January 1, 2013, with no refund due.
[Executive]

John A. Sutton, Active No. 25584, January 1, 2013, with no refund due.
[Fire Rescue Services]

William J. Davis, Active No. 27298, March 1, 2013, with no refund due.
[Civic Facilities]

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

Lucynthia J. Rawls, Active No. 27457, January 1, 2013 with no refund due. This member requested ordinary disability retirement. [\[Police\]](#)

The Board approved ordinary disability retirement for Lucynthia J. Rawls to be reexamined in one year.

Tori O. Barrett, Active No. 29035, January 1, 2013 with no refund due. This member requested ordinary disability retirement. [\[Public Works\]](#)

The Board voted to defer taking any action on Tori O. Barrett's request until the full array of diagnostic and treatment options recommended in Dr. Sack's report were explored, and a second opinion by another orthopedist is done for Dr. Sack to review.

D. Death of retired members:

Arthur R. Giles, Jr., Ret. No. 3585, death occurred September 27, 2012. Spouse elected monthly benefit of \$1,143.57.

Hilda M. Jensen, Ret. No. 4549, death occurred October 18, 2012. Spouse elected monthly benefit of \$1,023.06.

Margaret V. Hughson, Ret. No. 3051, death occurred November 3, 2012. No benefit payable due to no surviving spouse or dependent children.

Clyde W. Roughton, Ret. No. 4081, death occurred November 11, 2012. Spouse elected monthly benefit of \$2,149.43.

Andrew Bryan, Ret. No. 5788, death occurred November 12, 2012. No benefit payable due to no surviving spouse or dependent children.

Eva I. Powell, Ret. No. 3154, death occurred November 26, 2012. No benefit payable due to no surviving spouse or dependent children.

Violet S. Barham, Ret. No. 2995, death occurred November 28, 2012. No benefit payable due to no surviving spouse or dependent children.

E. Death of spouse:

Audrey V. Walker, Spouse. No. 154, death occurred October 11, 2012. No benefit payable.

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

| <u>Name of Member</u> | <u>Active Number</u> |
|-----------------------|----------------------|
| David M. Todd | 33358 |
| David M. Anderson | 33440 |
| Michelle E. Leach | 33500 |
| Kacie M. Thacker | 33761 |
| Charles P. Watkins | 33772 |
| Jared J. Winker | 33965 |

| | |
|----------------------|-------|
| Jennie Bostic | 33552 |
| Jordan M. Creed | 33943 |
| Joshua L. Hall | 32588 |
| Michael Gibbons | 33106 |
| Derek B. Hanel | 33227 |
| Joey G. Bennett, Jr. | 32278 |
| Craig W. Pelke | 32300 |

Total Members – 13

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

| | |
|--|-------------------------------|
| Federal Express (1) | \$ 81.26 |
| Baker's Crust (2) | 101.88 |
| Wall Street Journal (3) | 257.40 |
| Pensions Benefit Information (4) | 775.00 |
| Troutman Sanders LLP (5) | 2,281.50 |
| State Street Bank and Trust (6) | 7,586.38 |
| Cheiron (7) | 17,360.80 |
| Summit Strategies Group (8) | 46,513.00 |
| Retirement Payroll (Payroll est. for December, 2012) | <u>6,200,000.00</u> |
| Total | <u>\$ 6,274,957.22</u> |

- (1) Information sent to State Street
- (2) Lunch served for Board Meeting - November 14, 2012
- (3) Professional Subscriptions - Annual Renewal
- (4) Pension Research Service - Death and Locator Services
- (5) Professional Services - Evelyn Traub / IRS Determination Letter
- (6) Custodial Services - October 2012
- (7) Retainer Services - October 2012/Experience Study/Portability/CAFR 2012
- (8) Investment Consulting Services - October, November and December 2012

Committee Reports

Administration and Planning:

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

Investment Management:

Mr. Neikirk reported that the Investment Committee met this morning at 11:00. Summit gave us an economic and capital market review. The pension fund assets as of November 30, 2012 were \$876 million. This would bring the funded status to approximately 77% based on liabilities as of July 1, 2012. The balance of the Fund is within our target allocation. We also received a review from Summit on Master Limited Partnerships (MLPs) and their recommendation is to add a 5% allocation to the portfolio. After discussion, Mr. Neikirk made a motion to add a 5% MLP investment allocation to the portfolio (with the specific managers being recommended by Summit), with the money coming from the plan's equities. The Board would like Summit to arrange a meeting with the recommended managers, either in person or via videoconference, for due diligence purposes prior to investment. This motion was

seconded by Mr. Bernert and approved unanimously by the Board. Mr. Neikirk informed the Board that Summit would recommend which equities will fund the MLP investment: domestic, foreign or a combination. That will require an update to the Investment Policy Statement.

The next Retirement Board meeting is scheduled for January 9, 2013 at 12:00 noon. There will be an Investment Committee meeting at 11:00 am.

Ms. Calliott thanked the Board for their attendance and wished each a Happy Holiday Season.

There being no further business, the meeting adjourned at 12:50 p.m.

Chairperson

Executive Director