

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
November 5, 2014

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 12:01 pm on Wednesday, November 5, 2014 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	L.A. Bernert
C.R. Neikirk	K.W. Crowder
Y.T. Allmond	E.G. Tucker
A.M. Kelly	
N.E. Nelson	
S. Joy-Hogg	

Sheryl Potter-Griggs, Acting Executive Director and Mary L.G. Nexsen, Deputy City Attorney.

The minutes for the meetings held on October 1, 2014 were approved.

New Business

A. Applications for vested service retirement:

Donna Marie Abrams Booker, Active No. 21857, November 1, 2014, with no refund due.
[Lake Taylor City Hospital]

Agustina Quisol, Active No. 24817, November 1, 2014, with no refund due.
[Lake Taylor City Hospital]

John H. Lloyd, Active No. 26447, December 1, 2014, with no refund due.
[Police]

Larry D. Miller, Active No. 31447, December 1, 2014, with no refund due.
[Public Works]

B. Applications for normal service retirement:

William R. Ansell, Jr., Active No. 18145, January 1, 2015, with no refund due.
[Fire Rescue Services]

Terrell G. Bennett, Active No. 18361, January 1, 2015 with no refund due.
[Fire Rescue Services]

Carolyn B. Carter, Active No. 33567, January 1, 2015, with no refund due.
[Norfolk Community Services Board]

William T. Corbett, Active No. 25575, January 1, 2015, with no refund due.
[Fire Rescue Services]

Dennis A. Downey, Active No. 24945, January 1, 2015, with no refund due.
[Fire Rescue Services]

Ray A. Graham, Active No. 24027, January 1, 2015, with no refund due.
[Utilities]

Curran P. Hauger, Active No. 21905, January 1, 2015, with no refund due.
[Utilities]

Daniel H. Johnson, Active No. 24690, January 1, 2015, with no refund due.
[Fire Rescue Services]

Earl S. Killmon, Jr., Active No. 20068, January 1, 2015, with no refund due.
[Police]

Robert G. Mattice, Active No. 19373, January 1, 2015, with no refund due.
[Fire Rescue Services]

Mary S. Sawyer, Active No. 16100, January 1, 2015, with no refund due.
[Utilities]

Scott D. Sergeant, Active No. 26402, January 1, 2015, with no refund due.
[Police]

Vernon R. Simmons, Active No. 20514, January 1, 2015, with no refund due.
[Police]

Betty M. White, Active No. 29801, January 1, 2015, with no refund due.
[Police]

The Board approved Item A – Applications for vested service retirement; and Item B – Applications for normal service retirement.

C. Medical Board annual review of disability retirement beneficiaries:

Mark A. Wethington, Ret No. 6262, follow-up to initial disability evaluation
October 26, 2010
[Fleet Maintenance]

After performing the required annual review, the Board deferred, Item C – Medical Board's annual review, the continuation of disability retirement payments, until the February 4, 2015 meeting.

D. Medical Board review of applications for disability retirement:

Richard L. Drake, Active No. 32662. This member requested ordinary disability retirement. [Public Works]

Nathan V. Sydow, Active No. 32552. This member requested ordinary disability retirement. [Recreation, Parks and Open Space]

The Board approved, without further review, the application for disability retirement of Richard L. Drake; and deferred, until the January 2015 meeting, the application for disability of Nathan V. Sydow in Item D – Applications for disability retirement.

E. Death of retired member:

William Thomas, Ret. No. 04849, death occurred October 11, 2014. Spouse elected monthly benefit of \$657.88.

The Board approved the benefit payment to the beneficiary in Item E – Death of retired member.

The Board approved withdrawal of the following contributing members:

<u>Name of Members</u>	<u>Active Number</u>
Tanishe E. Rogers	32976
Shajada Denise Little	33011
Michelle R. Purkett	33355
Aaron Moore	33458
Allen Perez	33942
Fe Estoesta	33809
Denis Uche Ozowara	34182
Shatara M. Johnson	34599
Rachelle M. Boslego	34609
Gabriel M. Webster	34655
Bertha S. Hodges	34738
Jessica Lee Blackburn	34347
Starlette J. Holland	34371
Kirk G. Beckman	34607
Rodney T. Hart	34691
Dane A. Pascoe	34701
Benjamin Paul Dubinsky	34778

Total Members – 17

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

<u>Name of Member</u>	<u>Active Number</u>
Robert D. Glaubke, Jr.	32807
Romeo L. Mosley, Jr.	33692
Marla Newby	33696
Holly M. Rotundo	33732

Total Members – 4

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

GFOA (1)	\$ 75.00
Baker's Crust (2)	124.69
NowCare Physicians, PC (3)	4,004.50
Cheiron (4)	15,315.42
Retirement Payroll (Payroll est. for November, 2014)	<u>6,700,000.00</u>
 Total	 <u>\$ 6,719,519.61</u>

(1) Balance - Certificate of Achievement Review Fee
(2) Lunch served for Board Meeting - October 1, 2014
(3) Medical Board Examinations
(4) Retainer Services - Aug/Sept 2014; Audit/CAFR

H. Disability reexamination status:

1 Kelly, Gerry	Accidental	<i>Being Seen</i>	
2 Wethington, Mark A.	Accidental	9/9/2014	Sack
3 Brown, Sherrod M. Sr.	Ordinary	<i>Suspended</i>	
4 Wynn, Nathaniel	Accidental	<i>Suspended</i>	
5 Cole, Keith J.	Accidental	<i>Not Due</i>	
6 Pratt, Dawn M.	Accidental-REX	<i>Not Due</i>	
7 St. Amant, David J.	Accidental	<i>Not Due</i>	
8 Doke, Annie	Ordinary	<i>Not Due</i>	
9 Sitzler, Samuel F.	Accidental-REX	<i>Not Due</i>	
10 McAlpin, David M.	Ordinary-REX	<i>Not Due</i>	
11 Tew, Gerald R.	Ordinary	<i>Not Due</i>	

Medical Board report forwarded to Board.

Committee Reports

Administration and Planning:

Ms. Kelly reported that there was not an Administration and Planning Committee meeting.

Investment Management:

Mr. Neikirk reported that the Investment Committee met at 11:00am with Summit Group's Mr. Eric Ralph participating via conference call to discuss the Plan's PIMCO fixed income investment. Mr. Ralph affirmed Summit's recommendation that the Plan maintain its current exposure of approximately \$200 million to PIMCO, and provided the following updates:

- Net redemptions from PIMCO Total Return were about \$27 billion in October, although the pace of the redemptions slowed as the month progressed
- Some Summit clients have chosen to terminate their investments in PIMCO's Unconstrained and Total Return strategies

- 3 or 4 former key PIMCO investment professionals who left the firm while Bill Gross was still there have returned to PIMCO since Gross' departure
- PIMCO's October performance for the Plan was in line with the Barclay's Aggregate benchmark
- The Plan's PIMCO portfolio is currently managed by primary portfolio manager Mr. Sudi Mariappa and secondary portfolio manager Mr. Mike Cudzil, and Summit is comfortable with these managers
- The Plan's PIMCO portfolio is liquid with over half of the investments (cash and cash equivalents and derivatives) categorized as very liquid

Mr. Ralph reviewed the Plan's current PIMCO performance-based fee structure and a new proposed fee structure with the Committee. The new fee structure was not completely defined yet. Mr. Neikirk asked Mr. Ralph to ask PIMCO at an upcoming meeting with Summit for more specific details of the new fee structure, and to ensure that the new structure would in no circumstances be higher than the existing fee structure. Mr. Neikirk asked Mr. Ralph to provide fee calculations using hypothetical future performances under the current and proposed fee structures.

Mr. Ralph reviewed several active core fixed income managers that might replace PIMCO if the Board decides to terminate them. Summit's top tier fixed income manager recommendations were: Dodge & Cox, MacKay Shields and Western Asset. Mr. Ralph also stated that Summit is currently not recommending PIMCO to new clients seeking a single core fixed income manager. He also estimated that the cost of transitioning the PIMCO portfolio to another manager was approximately 9-20 basis points. Ms. Calliott asked Mr. Ralph if the Board decides to terminate PIMCO, then why should the Plan invest with active fixed income manager(s) instead of a passive index? Mr. Ralph identified several reasons why Summit prefers active over passive management. Mr. Neikirk asked Summit to provide a brief written summary outlining why Summit prefers active in the current investment environment.

The Committee recommended and the Board approved Tortoise Capital Advisor's request to increase the investment guideline limitation of 20% investment in the gathering and processing sector to 30%.

Mr. Neikirk reviewed the Plan's assets as of September 30, 2014. Plan assets were just over \$1.0 billion and the asset allocations were within the policy target ranges, and the Plan was 87% funded as compared to the most recent pension liability calculation. Mr. Ralph provided comments on the current investment markets.

Other Topics

Ms. Calliott announced that the City Council selected Arthur M. Eason, III as new member to the Board of Trustees. Mr. Eason will be appointed at the November 25, 2014 meeting of the City Council.

The next Retirement Board meeting is scheduled for December 3, 2014 at 12:00 noon. There will be an Investment Committee meeting.

There being no further business, the meeting adjourned at 1:23 p.m.

A motion was made, seconded, and approved that the Board assemble in an executive session pursuant to Virginia Code Section 2.2-3711 A 7 for the discussion of a personnel matter. At the conclusion of the closed session, the Board adopted the following Resolution:

A RESOLUTION CERTIFYING AN EXECUTIVE SESSION OF THE BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NORFOLK IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT.

WHEREAS, the Board of Trustees of the Employees' Retirement System of the City of Norfolk convened an executive session on November 5, 2014 pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia requires a certification of this Board that such executive session was conducted in conformity with Virginia law; now, therefore,

BE IT ORDAINED by the Board of Trustees of the Employees' Retirement System of the City of Norfolk:

Section 1: - That the Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

Section 2: - That this resolution shall be in effect from and after its adoption.

Chairperson

Executive Director