

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
December 19, 2005

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 2:08 p.m. on Monday, December 19, 2005, with Chairperson, Michael S. Ives presiding. The following was the result of the roll call:

Attending the Meeting

M.S. Ives
S.G. de Mik
J. D. Hopkins
F.V. Martin
A. B. Nusbaum

Not Attending the Meeting

R. V. K. Williams
Vacant
Vacant
Vacant

Mrs. Mary L.G. Nexsen, Deputy City Attorney, and Mr. Kamal Khanna, Chief Investment Officer, also attended the meeting.

The minutes of the monthly meeting held November 21, 2005 were approved as printed.

Messrs. Steve O'Brien and Steve Moorehead, of Wellington Management, gave a presentation to the Board. Their review of the Large Core Domestic Equity portfolio covered the following topics:

- Wellington Management Company, LLP Overview and Relationship Review
- Small Cap Value Update
- Large Cap Research Equity Update
- Appraisals

Committee Reports:

Administration and Planning:

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

Asset Allocation, Investment Management Review & Manager Search & Selection Committees:

Mr. Khanna reported that he and Mr. Eric Ralph have reviewed the trust documents for commingled funds from LSV, Fidelity, Sanderson, and New Star. We sought Mary Lou Nexsen's opinion as to whether we need external legal counsel review before executing these agreements. She has discussed this with Bernard Pishko who agrees that retaining outside counsel for limited services to review these specialized documents would be fine. Mr. Khanna further stated

that he and Eric, in consultation with the City Attorney's office, are in the process of identifying the appropriate attorney/law firm for this assignment.

Training and Education:

Mr. de Mik stated that a draft Trustee Manual was distributed at the November Board meeting for review and comments. Dr Hopkins made a motion to adopt the Trustee Manual. This motion was seconded by Mr. de Mik and approved unanimously by the Board.

Benefit Claims:

Dr. Hopkins reported that he is in the process of contacting several physicians in an attempt to expand our Medical Board to a total of six physicians.

Mr. Khanna distributed for the Board's information a report summarizing the Fund's performance and commentary on the economy and the markets. This report is attached as part of the official minutes.

New Business:

- A. Recommendation by the City Manager that the following January 1, 2006 retirement be extended (previously extended from Nov. 1, 2005 & Sept. 1, 2005):

Bobby G. Crowder Active No. 16136 April 1, 2006

- B. Applications for vested service retirement:

Eugene D. White, Active No. 16600, February 1, 2006, with refund of \$566.45.

Janice L. Parks, Active No. 23949, February 1, 2006, with no refund due.

Betty A. Webb, Active No. 26861, February 1, 2006, with no refund due.

- C. Application for early service retirement:

John A. Artis, Active No. 27426, February 1, 2006, with no refund due.

- D. Applications for normal service retirement:

Aldena H. Gardner, Active No. 17357, January 1, 2006, with no refund due

Charles L. Waugh, Active No. 21107, January 1, 2006, with no refund due.

Dean E. Desboine, Active No. 25470, January 1, 2006, with no refund due.

Bobby S. Thorne, Active No. 29115, January 1, 2006, with no refund due.

James W. Brooks, Active No. 19315, February 1, 2006, with no refund due.

Jeffrey B. Muzzy, Active No. 30299, February 1, 2006, with no refund due.

E. Death of retired members:

Christine M. Justus, Ret. No. 01052R, death occurred November 7, 2005. No benefit payable due to no surviving spouse or dependent children.

James W. Godsey, Ret. No. 04120, death occurred November 9, 2005. No benefit payable due to no surviving spouse or dependent children.

Catherine Kearney, Ret. No. 03635, death occurred November 10, 2005. No benefit payable due to no surviving spouse or dependent children.

Louis Hitchings, Ret. No. 01444, death occurred November 12, 2005. No benefit payable due to no surviving spouse or dependent children.

Austin A. Moore, Jr., Ret. No. 04611, death occurred November 22, 2005. Spouse elected monthly benefit in the amount of \$375.28.

Clifton Edwards, Ret. No. 03168R, death occurred December 4, 2005. Spouse elected lump sum payment in the amount of \$7,219.49.

John L. Jacob, Sr., Ret. No. 03769, death occurred December 5, 2005. No benefit payable due to no surviving spouse or dependent children.

Ophelia Graves, Ret. No. 01600, death occurred December 10, 2005. No benefit payable due to no surviving spouse or dependent children.

F. Death of spouses:

Mary Murray, Spouse No. 0611N, death occurred October 18, 2005. No benefit payable.

Ruth Staylor, Spouse No. 0249N, death occurred November 21, 2005. No benefit payable.

Martha B. Lincoln, Spouse No. 0545N, death occurred November 29, 2005. No benefit payable.

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

| <u>Name of Member</u> | <u>Active No.</u> |
|------------------------|-------------------|
| Eddie T. Murphy | 30231 |
| Penelope A. Cuffee | 30528 |
| Richard B. Daves | 30535 |
| Zakila R. Washington | 30653 |
| James R. King, III | 30777 |
| Joseph Wright | 30814 |
| Valencia R. Deloatch | 30834 |
| Amy C. Coaxum | 30838 |
| Ernest E. Perkins, III | 30948 |
| Raymond M. Goldberg | 30991 |
| Celena M. Newton | 30999 |
| Jon F. O'Neal | 31053 |
| James R. Ink | 31080 |
| David O. Melick | 31088 |
| Amy L. Bradley | 31107 |

Total members - 15

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

| | | |
|----------------------------|-----|-----------|
| FedEx | (1) | 75.80 |
| Bayview Physician Svcs. | (2) | 672.00 |
| Cheiron | (3) | 7,163.33 |
| Baker's Crust | (4) | 152.05 |
| State Street | (5) | 12,149.59 |
| Theodore Wilder | (6) | 412.88 |
| Kamal Khanna | (7) | 6,643.57 |
| Kamal Khanna | (8) | 3,803.44 |
| Lotus Financial Consulting | (9) | 15,000.00 |

Retirement Payroll (est. Dec. 05)
300,000.00

4.

Total

\$ 4,346,072.66

- (1) Information sent to Summit and State Street
- (2) Medical exams for the following:
William Taylor
Kenneth Richardson
Thomas Huett
- (3) Retainer for November 2005 and work on CAFR and audit letter
- (4) Lunch served for joint committee meeting held 11-21-05
- (5) Custodial service for September, 2005
- (6) Reimbursement for expenses to attend Association of Municipal Retirement Systems of Virginia Conference on November 13-15, 2005
- (7) Reimbursement for expenses incurred for Kamal Khanna, Steve de Mik, Fred Martin and Eric Ralph to visit Fidelity, New Star, and Sanderson on October 17, 2005 in London
- (8) Reimbursement for expenses to attend the following conferences:
AMRS-VA Meeting
LSV and Oberweis Visit
PIMCO Seminar
JP Morgan Conference
- (9) Consulting services for December 1, 2005 through December 31, 2005

Mr. Wilder informed the Board that the Actuary will be at the January 19, 2006 Board meeting to present the Sixty-Third Actuarial Valuation. Lunch will be served at 12:00 noon and the presentation to begin at 12:30 p.m.

There being no further business, the meeting was adjourned at 3:23 p.m.

Chairperson

Executive Director