

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
September 18, 2006

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 2:05 p.m. on Monday, September 18, 2006, with Chairperson, Michael S. Ives presiding. The following was the result of the roll call:

<u>Attending the Meeting</u>	<u>Not Attending the Meeting</u>
M.S. Ives	J. D. Hopkins
S.G. de Mik	Vacant
S.G. Laisure	Vacant
F.V. Martin	Vacant
A.B. Nusbaum	

Mrs. Mary L.G. Nexsen, Deputy City Attorney, Mr. Kamal Khanna, Chief Investment Officer, Mrs. Jessica Portis and Mr. Eric Ralph, Summit Strategies Group, also attended the meeting.

The minutes of the monthly meeting held August 21, 2006 were approved as printed.

New Business

A. Application for vested service retirement:

Myrtle A. Jones, Active No. 24046, August 1, 2006, with no refund due.

B. Application for early service retirement:

Carlos A. Wheeler, Active No. 30124, November 1, 2006, with no refund due.

C. Applications for normal service retirement:

Curtis P. Taylor, Active No. 16148, October 1, 2006, with refund of \$821.07.

Carolyn J. Chambers, Active No. 19004, October 1, 2006, with no refund due.

Sandra S. Hansen, Active No. 25147, October 1, 2006, with no refund due.

Molly R. White, Active No. 26698, October 1, 2006, with no refund due.

John Lerner, Active No. 29702, December 1, 2006, with no refund due.

D. Ordinary deaths:

Belinda A. Moran, Active No. 27182, death occurred January 2, 2006. Lump sum benefit payable to son in the amount of \$16,511.99.

Stephen A. Wickizer, Active No. 27569, death occurred August 7, 2006. Lump sum benefit payable to spouse in the amount of \$14,654.28.

E. Death of retired members:

Claude R. Moore, Ret. No. 03987, death occurred July 7, 2006. No benefit payable due to no surviving spouse or dependent children.

Willis R. Peters, Ret. No. 03430, death occurred July 8, 2006. No benefit payable due to no surviving spouse or dependent children.

Irvin Riddick, Ret. No. 03072, death occurred July 11, 2006. Spouse elected monthly benefit of \$326.68.

Charles B. Haynes, Ret. No. 04243, death occurred July 19, 2006. No benefit payable due to no surviving spouse or dependent children.

William E. Thompson, Ret. No. 01911, death occurred July 21, 2006. No benefit payable due to no surviving spouse or dependent children.

Gilbert Matthews, Ret. No. 05001, death occurred July 31, 2006. No benefit payable due to no surviving spouse or dependent children.

Estella J. McMann, Ret. No. 03479, death occurred August 1, 2006. No benefit payable due to no surviving spouse or dependent children.

Alfonzo Dunn, Ret. No. 03592, death occurred August 4, 2006. No benefit payable due to no surviving spouse or dependent children.

William D. Smith, Ret. No. 04090, death occurred August 7, 2006. No benefit payable due to no surviving spouse or dependent children.

Royal C. Andrews, Ret. No. 02596, death occurred August 26, 2006. No benefit payable due to no surviving spouse or dependent children.

Carl M. Nolan, Ret. No. 03501, death occurred September 2, 2006. No benefit payable due to no surviving spouse or dependent children.

F. Death of spouses:

James F. Graves, Sr., Spouse. No. 00627N, death occurred July 10, 2006. No benefit payable.

Terri L. Woodard, Spouse No. 0719N, death occurred August 6, 2006. No benefit payable.

Annie Drake, Spouse No. 0397N, death occurred August 14, 2006. No benefit payable.

Violet Boyce, Spouse No. 0120N, death occurred August 15, 2006. No benefit payable.

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

<u>Name of Member</u>	<u>Active No.</u>
Princess D. Sawyer	29624
James Villers	29690
Christopher D. Rutherford	29732
Isha E. Davie	29745
Jennifer Moreau	29872
Derrick Lankford	29873
James Hollis Cox	29876
Catherine Louise Joyce	29968
Janet L. Westbrook	29983

Cena S. Vaillancourt	29993
Robin Lynne Stewart	30179
Stephen G. Cross	30211
Amy E. Cutter	30295
Junius Summerfield Grimes, IV	30369
Angelique E. Coates	30450
Anthony K. Williams	30479
Aneka W. Williams	30488
Janelle K. Smith	30586
Brian Ballard	30647
Gerald C. Peebles	30669
David F. Morris	30673
Clifford A. Parker	30700
Irva R. Magnus	30716
Kenneth A. Munford	30737
Shirley J. Black	30781
Elizabeth Boone Copeland	30889
Tamika C. Bond	31037
Megan Vick	31099
Constance J. Jones	31151
William J. Surran	31197
Douglas S. Weatherly	31202
Kenyette T. Barnes-Harper	31245
Andrew J. Mortimore	31310
Shenida A. Towns	31314
Rhonda Elaine Scott	31347

Total Members - 35

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

Theodore Wilder	(1)	\$
20.06		
Bayview Physicians	(2)	
224.00		
HealthSouth Holdings, Inc.	(3)	
780.00		
Cheiron	(4)	
4,159.58		
FedEx	(5)	
106.62		
FedEx	(6)	
149.93		
State Street Corporation	(7)	
8,530.73		

State Street Corporation	(8)
11,615.24	
City of Norfolk	(9)
18,876.50	
Lotus Financial Consulting	(10)
15,000.00	
Employees' Retirement System (payroll est. Aug. 06)	
4,650,000.00	
Baker's Crust	(11)
132.55	
Cheiron	(12)
5,207.08	
Summit Strategies	(13)
40,713.50	
Lotus Financial Consulting	(14)
15,000.00	
Employees' Retirement System (payroll est. Sept. 06)	
4,675,000.00	
Shelton Darden	(15)
<u>17.49</u>	
Total	\$
<u>9,445,533.28</u>	

- (1) Reimbursement for brownies and cookies for Board Meeting on July 17, 2006
- (2) Medical exam for James Spraggins
- (3) Functional capacity exam for Barbara Sparks
- (4) Retainer for July 06 and compliance letter with Code Section §51.1-800
- (5) Information sent to State Street, PIMCO and Edward Hernholm
- (6) Information sent to NewStar Asset Management, State Street Corporation and PIMCO
- (7) Custodial service for May 1-31, 2006
- (8) Custodial service for June 1-30, 2006
- (9) Reimbursement to City of Norfolk for administrative expenses incurred for June 22, 2006 through July 25, 2006 as per ordinance #36847
- (10) Consulting services for the period August 1, 2006 through August 31, 2006
- (11) Lunch for Board Meeting held 8-21-06
- (12) Retainer for August 2006 and Portability calculations
- (13) Investment consulting services July 1, 2006 through September 30, 2006
- (14) Consulting services for the period September 1, 2006 through September 30, 2006
- (15) Refund of contributions

Mr. Peter P. Appicciafuoco and Mr. Scott J. Donaldson of TheVanguardGroup gave a presentation to the Board. Their presentation covered the following topics:

- Vanguard Overview

- Defined Benefit Investment Strategies
- Vanguard® STAR Fund

After much discussion, Mr. Martin made a motion to invest about 5% of our total fund (about \$45 million) in Vanguard Star Fund. This motion was seconded by Mr. de Mik and approved unanimously by the Board.

Mr. Thomas B. Burton and Mr. Shannon Fake of Evergreen Investments, Tattersall Advisory Group, gave a presentation to the Board. Their presentation covered the following topics:

- Closed End Funds
- Preview
- Philosophy and Process
- Performance
- Strategies

Committee Reports:

Administration and Planning:

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

Asset Allocation & Investment Management Review:

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

Training and Education:

Mr. de Mik reported that the Committee did not have a meeting.

Benefit Claims:

Mr. Wilder reported that the Committee did not have a meeting. Mrs. Nexsen informed the Board on her research regarding obesity. Mrs. Nexsen stated that her inquiry with Social Security revealed that obesity in and of it self is not grounds for disability. However, obesity tends to lead to other complications (diabetes, cholesterol, heart disease, and strokes) which are grounds for disability. The Board asked Mrs. Nexsen and Mr. Wilder to work with Human Resources regarding a policy on obesity.

Manager Search & Selection:

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

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.

Mr. Ralph informed the Board that a draft of the Statement of Investment Policy would be distributed to each Trustee for review and comments prior to the next Board meeting.

Mr. Wilder distributed to the Board a letter from our Actuary, Fiona Liston that states that based on the data provided for the June 30, 2005 valuation, the System appears to be in full compliance with Section 415 of the Internal Revenue Code which states that all benefits fall below the maximum threshold of \$175,000.

There being no further business, the meeting was adjourned at 4:30 p.m.

Chairperson

Executive Director