

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
April 17, 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 2:00 p.m. on Monday, April 17, 2006, 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
F.V. Martin
A. B. Nusbaum
N. Johnson

Not Attending the Meeting

J. D. Hopkins
Vacant
Vacant
Vacant

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

The minutes of the monthly meeting held March 20, 2006 were approved as printed.

Committee Reports:

Administration and Planning:

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

Asset Allocation:

Mr. Martin reported that the Committee met prior to today's meeting. The Committee considered the fixed income structure recommendations from Summit Strategies and the CIO and made the following recommendations to the Board:

1. Develop a new set of total return full discretion core plus guidelines for our existing separate account with PIMCO, allowing the use of PIMCO sector funds. Also, revise the performance-based fee schedule as per PIMCO's offer presented in the fixed income discussion presentation package from Summit.
2. Following the revisions of the guidelines and the fee schedule (both of which are attachments to our existing IMA with PIMCO), transfer all funds from our Mellon Aggregate Bond Fund, SSgA Bond Index Fund, and the PIMCO total return fund to our existing PIMCO separate account.

3. Over the next 12 months, explore the fixed income core plus capabilities of Tattersall, including the use of closed-end fixed income funds and determine whether they are competitive in the core plus area [and](#) do a manager search.
4. After the completion of item three, redistribute the total dollars for fixed income allocation between PIMCO and the second manager (Tattersall or a yet-to-be-identified new manager) using allocation of new money coming into the fund (contributions), cash flow, and rebalancing opportunities.
5. Over the course of next year, the Committee will explore the pros and cons of using additional fixed income benchmarks and investment strategies to complement the full discretion core plus total return approach.

Mr. Martin made a motion that the above five recommendations be adopted by the Board. This motion was seconded by Ms. Johnson and approved unanimously by the Board.

Investment Management Review:

Mr. Martin reported that he and John Hopkins, to be accompanied by Messrs. Wilder, Khanna and Ralph would be visiting our Boston based vendors for our biennial due diligence visit on April 26th. These vendors include Wellington Management, SSgA, and State Street.

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.

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. Wilder presented a request from Mrs. Mary Lou Nexsen to attend NAPPA's Annual Legal Education Conference to be held on June 27-30, 2006 at the Grand Hyatt Hotel in New York City. Mr. Nusbaum made a motion to send Mrs. Nexsen to the NAPPA Education Conference to be held on June 27-30, 2006. This motion was seconded by Mr. Martin and approved unanimously by the Board.

Mr. Wilder presented an application for normal service retirement for Mr. James H. Salyers, Active No. 25405, May 1, 2006, with no refund due. Since Mr. Salyers passed on April 4, 2006, Mr. Martin made a motion to approve Normal Service Retirement for Mr. Salyers as of April 1, 2006, in accordance with Section 37-73 of the Norfolk City Code. This motion was seconded by Mr. Nusbaum and approved unanimously by the Board.

Mr. Wilder presented an application for Ordinary Disability Retirement for Lee Ann Kiracofe. Mr. de Mik made a motion to deny Ms. Kiracofe's request for Ordinary Disability Retirement on the basis that there was no subsistence data to warrant a disability retirement. This motion was seconded by Mr. Martin and approved unanimously by the Board.

New Business:

A. Applications for early service retirement:

Scott F. Halverson, Active No. 24476, May 1, 2006, with no refund due.

Robert P. Laurent, Active No. 24752, June 1, 2006, with no refund due.

Johnnie R. Speight, Active No. 30276, June 1, 2006, with no refund due.

B. Applications for normal service retirement:

Michael T. Nero, Active No. 14016, May 1, 2006, with refund of \$8,014.61.

Lynda B. Kennedy, Active No. 20553, May 1, 2006, with no refund due.

Sherry A. Coats, Active No. 18978, June 1, 2006, with no refund due.

Gwendolyn M. Bell, Active No. 26514, June 1, 2006, with no refund due.

Thomas E. Merritt, Active No. 25877, July 1, 2006, with no refund due.

C. Death of retired members:

William P. Lewis, Jr., Ret. No. 03680, death occurred February 10, 2006. Spouse elected monthly benefit of \$414.50.

John T. Morris, Ret. No. 03029, death occurred March 9, 2006. No benefit payable due to no surviving spouse or dependent children.

Bernice L. Doxey, Ret. No. 01735, death occurred March 20, 2006. No benefit payable due to no surviving spouse or dependent children.

Patricia A. Palmer, Ret. No. 05333, death occurred March 21, 2006. No benefit payable due to no surviving spouse or dependent children.

May C. Berry, Ret. No. 02457, death occurred March 27, 2006. No benefit payable due to no surviving spouse or dependent children.

D. Death of spouses:

Elizabeth Q. Davis, Spouse No. 0672N, death occurred February 23, 2006. No benefit payable.

Ellen D. Baker, Spouse No. 0567N, death occurred March 10, 2006. No benefit payable.

Julia K. Smith, Spouse No. 0259N, death occurred March 19, 2006. No benefit payable.

Frances J. Morris, Spouse No. 0649N, death occurred March 23, 2006. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
Vanessa R. Williams	29463
Nena N. Hill	29538
Benjamin T. Poyner, 4 th	29602
Carla L. Plummer	29611
David W. Alberg	29613
Kristina Lea Waters	30101
Latiqua Cousar	30147

Michael Strader	30403
Rosemary M. Carpenter	30520
Jerle Eric Plude	30548
Joseph Robert Schmidt	30551
Jennifer Terrillion	30645
Kesha McLeod	30880
Meredith Lee Eason	30895
Troy Davenport	30907
Christopher McGill	31021
Sasha L. Bell	31046
Tammye D. Abbott	31126
Brenita Vernice Brooks	31131
Renate J. Florence	31163
Shawn M. Neronski	31188
Total - 21 Members	

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

Baker's Crust ⁽¹⁾	\$ 22.29
FedEx ⁽²⁾	47.10
CI Travel ⁽³⁾	906.22
Chieron, Inc. ⁽⁴⁾	4,263.33
ReedSmith ⁽⁵⁾	6,573.30
State Street Corporation ⁽⁶⁾	9,146.12
CI Travel ⁽⁷⁾	565.60
Virginia Retirement System ⁽⁸⁾	16,643.08
CI Travel ⁽⁹⁾	1,261.89
Lotus Financial Consulting ⁽¹⁰⁾	15,000.00
Retirement Payroll (est. April 06)	<u>4,410,000.00</u>
Total	<u>\$4,464,428.93</u>

Money Manager invoices submitted to Custodian for payment:

SSgA S&P 500 Flagship ⁽¹¹⁾	12-31-05	\$ 13,186.29
SSgA Bond Market Index ⁽¹¹⁾	12-31-05	2,856.32
JP Morgan ⁽¹¹⁾	12-31-05	<u>42,111.53</u>
Total		<u>\$ 58,154.14</u>

1. Dessert tray for Board meeting held February 20, 2006.
2. Information sent to Institutional Investors.
3. Airfare for John Hopkins and Ted Wilder to travel to Boston, MA on

April 25-27, 2006 to visit State Street, Wellington and Fidelity.

4. Retainer for April 06 plus work on Portability and Option Factors.
5. Professional services for contract work on international agreements.
6. Custodial service for February 1-28, 2006.
7. Airfare for Eric Ralph and Jessica Portis to travel from New York to Boston for conference on Alternative Investments on April 9-12, 2006. Summit will reimburse System for this cost.
8. Transfer City of Norfolk assets to the VRS for Toni D. Brown.
9. Airfare for Michael Ives, Steven de Mik and Kamal Khanna to travel to New York-Boston on Alternative Investments on April 9-12, 2006.
10. Investment Consulting Services for April 1, 2006 through April 30, 2006.
11. Investment Management fees for the quarter ended December 31, 2005.

There being no further business, the meeting was adjourned at 2:15 p.m.

Chairperson

Executive Director