

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
February 16, 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 2:15 p.m. on Thursday, February 16, 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
J. D. Hopkins
A. B. Nusbaum
S.G. Laisure

Not Attending the Meeting

F. V. Martin
Vacant
Vacant
Vacant

Mr. Kamal Khanna, Chief Investment Officer, and Ms. Jessica Portis, Summit Strategies, also attended the meeting.

The minutes of the monthly meeting held January 19, 2006 were approved as printed.

Committee Reports:

Administration and Planning:

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

Asset Allocation:

Mr. Ives reported that the Committee met prior to today's Board Meeting to discuss a presentation from our consultant and CIO regarding increasing our exposure to total return bond funds. Mr. Ives stated that as an interim step, the Committee would like to convert PIMCO's total funds from the fund into their total return fund pending further research and reports from our consultant or CIO. Mr. de Mik made a motion that the portion of funds currently held by PIMCO in their core program for bonds be converted to their total return fund. This motion was seconded by Dr. Hopkins and approved unanimously by the Board.

Investment Management Review:

Mr. Wilder 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:

Dr. Hopkins reported that the Committee did not have a meeting.

Manager Search & Selection:

Mr. Wilder 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.

Ms. Portis distributed and reviewed with the Board the investment performance review for the quarter ended December 31, 2005.

Mr. Khanna informed the Board that the PIMCO's Client Conference will be held from March 26-28, 2006 in Newport Beach, CA. Dr. Hopkins made a motion that Steve de Mik be the Board's delegate to attend the 2006 PIMCO Client Conference. This motion was seconded by Mr. Nusbaum and approved unanimously by the Board.

Mr. Khanna informed the Board that the Hedge Fund Institutional Forum will be held on April 5, 2006 in Santa Barbara, CA. Mr. de Mik made a motion that Kamal Khanna be allowed to attend the Hedge Fund Forum. This motion was seconded by Dr. Hopkins and approved unanimously by the Board.

Mr. Wilder presented an application for Ordinary Disability Retirement for Glendora Farmer. Dr. Hopkins made a motion to approve Ms. Farmer for Ordinary Disability Retirement. This motion was seconded by Mr. de Mik and approved unanimously by the Board.

Mr. Wilder presented an application for Accidental Disability Retirement for Derek B. Warren. Dr. Hopkins made a motion to approve Mr. Warren for Accidental Disability Retirement with the provision that Mr. Warren be reexamined in one year. This motion was seconded by Mr. de Mik and approved unanimously by the Board.

Mr. Wilder presented an application for Ordinary Disability Retirement for Tami J. McKeon. Dr. Hopkins made a motion to defer taking any action pending the outcome of surgery. This motion was seconded by Mr. de Mik and approved unanimously by the Board.

Mr. Wilder presented an application for Ordinary Disability Retirement for Thomas Huetter. Dr. Hopkins made a motion to deny Mr. Huetter's request for Ordinary Disability Retirement on the basis that disability from narcotic medication is not a permanent disability. This motion was seconded by Mr. de Mik and approved unanimously by the Board.

New Business:

A. Application for vested service retirement:

Gladys W. Stokes, Active No. 18210, March 1, 2006, with no refund due.

B. Applications for early service retirement:

Ruby M. Mitchell, Active No. 21636, March 1, 2006, with no refund due.

Debra A. Edmonds, Active No. 21539, April 1, 2006, with no refund due.

C. Applications for normal service retirement:

Cornelius Franklin, Jr., Active No. 16674, March 1, 2006, with refund of \$459.36.

Denise Y. Brown, Active No. 17690, March 1, 2006, with no refund due.

Juanita Morehead, Active No. 16199, April 1, 2006, with refund of \$824.14.

Marie M. Ellis, Active No. 19911, April 1, 2006, with no refund due.

Andrew Herring, Active No. 21585, April 1, 2006, with no refund due.

D. Death of retired members:

Joseph Campbell, Ret. No. 02763, death occurred December 2, 2005. Spouse elected monthly benefit of \$736.78.

Harold D. Webster, Ret. No. 04601, death occurred January 9, 2006. Spouse elected monthly benefit of \$225.83.

Mildred Nixon, Ret. No. 02602, death occurred January 12, 2006. No benefit payable due to no surviving spouse or dependent children.

E. Death of spouses:

Luciana Gentry, Spouse No. 00666, death occurred December 20, 2005. No benefit payable.

Ella L. Spellman, Spouse No. 0752, death occurred January 23, 2006. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
Nate W. Lockhart	29340
Lisa L. Beck	29343
Bruce G. Aird	29623
William Francis Duggan, III	29659
Holly A. Masterson	30105
Anne M. Massey	30263
Brandy L. Belsha	30278
Norman Sewell	30323
Christopher Austin Jones	30574
Jane B. Vaughn	30828
Stephen M. Collins	30870
Shelly Banks	30922
William D. Nichols	30947
Maria A. Romero	30952
Bridgette R. Jackson	31141
Total - 15 Members	

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

Director of Finance	(1)	114.77
Baker's Crust	(2)	175.43
FedEx	(3)	166.90
Bayview Physician Svcs.	(4)	224.00
C I Travel	(5)	590.60
HealthSouth Holdings	(6)	780.00
Lotus Financial Consulting	(7)	15,000.00
Retirement Payroll (est. Feb. 06)		<u>4.</u>
<u>300,000.00</u>		
Total		<u>\$ 4,317,051.70</u>

Money manager invoices paid by Custodian:

SSgA S&P 500 Flagship SL Provisional	(8)	9-30-05	\$
12,941.75			
SSgA Bond Market Index	(8)	9-30-05	2,933.42
Wellington Management Scv (Sq 26)	(8)	9-30-05	
83,009.54			

Wellington Management Scv (Sq 26)	(9)	12-31-05	
91,432.89			
Tattersall	(10)	3-31-06	48,363.00
Wellington Management (Sq 19)	(9)	12-31-05	
67,755.08			
PIMCO	(9)	12-31-05	
59,428.00			
Mellon Capital	(10)	12-31-05	
2,618.72			
Oberweis	(9)	12-31-05	99,046.00
			<u>\$ 467,528.40</u>

- (1) Expenses incurred on due diligence trip to visit international managers
- (2) Lunch served for Board Meeting 1-19-06
- (3) Information sent to RSM McGladrey, State Street, Certificate of Achievement & Kamal Khanna
- (4) Medical exam for Christopher Smith
- (5) Airfare for Frederick Martin to attend JP Morgan Conference
- (6) Functional capacity exam for John Lockwood
- (7) Consulting services for the period February 1, 2006 through February 28, 2006
- (8) Investment management fee for quarter ended 9-30-05
- (9) Investment management fee for quarter ended 12-31-05
- (10) Investment management fee for quarter ended 3-31-06

There being no further business, the meeting was adjourned at 2:53 p.m.

Chairperson

Executive Director