

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
June 21, 2004

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, June 21, 2004, with Chairperson, Michael S. Ives presiding. The following was the result of the roll call:

Attending the Meeting

M.S. Ives
W.O. Carrow
J.D. Hopkins
N. Johnson
F.V. Martin
K.R. Stephenson

Not Attending the Meeting

R.J. Keogh
A.B. Nusbaum
Vacant

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

The minutes of the monthly meeting held May 17, 2004 were approved as printed.

Committee Reports:

Administration and Planning:

Mr. Ives reported that the Committee's primary task was to get together with Mr. Kamal Khanna to review the Board's proposals for continuation of his consulting relationship and once an agreement was reached to have Mrs. Nexsen finalize and execute the agreement. Mr. Ives stated that an agreement was reached with Mr. Khanna to continue as our consultant and Chief Investment Officer for another two years in accordance with the Board's wishes. Mr. Khanna has drafted a work plan, as was discussed, to be attached to the agreement and forwarded to Mrs. Nexsen for execution.

Asset Allocation:

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

Investment Management Review Committee:

Mr. Martin reported that the Committee met via e-mail to discuss fixed versus performance-based fees for Oberweis. Mr. Khanna stated that he and Summit are of the opinion that the performance -based fee schedule properly aligns the interests of Norfolk and Oberweis. After some discussion, Mr. Martin made a motion to place Oberweis on the performance- based fee schedule. The motion was seconded by Dr. Hopkins and unanimously approved by the Board. Mr. Martin informed the Board that he, along with Robert Keogh, Kamal Khanna, Eric Ralph and Ted Wilder would visit Burgundy Asset Management in Toronto, Canada on July 8-9, 2004.

Training and Education:

Mrs. Stephenson 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:

Captain Carrow reported that the Committee did not have a meeting.

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

Mr. Ralph commented that it was nice to have a positive return after a couple of years of negative returns. Mr. Ralph expressed his pleasure with the progress the Fund has made over the past year and looks forward to working with the Board and Kamal in the future.

Mrs. Stephenson informed the Board that Mr. Steven de Mik would be returning to the City of Norfolk as the Director of Finance effective August 2, 2004.

New Business

A. Applications for early service retirement:

Phyllis H. McFarland, Active No. 19187, July 1, 2004, with no refund due.

Deanne E. Jansohn, Active No. 21540, July 1, 2004, with no refund due.

B. Applications for normal service retirement:

James N. Perry, Active No. 16526, July 1, 2004, with no refund due.

Emmeitt Kello, Active No. 16914, July 1, 2004, with refund of \$269.50.

Maurice E. Beaulieu, Jr., Active No. 18880, July 1, 2004, with no refund due.

Milton E. Odom, Active No. 21612, July 1, 2004, with no refund due.

Patricia A. West, Active No. 17991, August 1, 2004, with no refund due.

William B. Everett, Active No. 21617, August 1, 2004, with no refund due.

Paul T. O'Neil, Jr., Active No. 24654, August 1, 2004, with no refund due.

Elizabeth G. Abbott, Active No. 26033, August 1, 2004, with no refund due.

Cheryl B. Sumrell, Active No. 19016, September 1, 2004, with no refund due.

Frederick P. Howard, Active No. 25930, September 1, 2004, with no refund due.

C. Death of retired members:

Barbara E. Prudence, Ret. No. 03169, death occurred April 14, 2004. No benefit payable due to no surviving spouse or dependent children.

Janie E. Adams, Ret. No. 02622, death occurred May 3, 2004. No benefit payable due to no surviving spouse or dependent children.

Spouse Joseph I. Coffman, Ret. No. 04609, death occurred May 12, 2004. elected monthly benefit of \$1,177.53.

Louise E. Younger, Ret. No. 01461, death occurred May 17, 2004. No benefit payable due to no surviving spouse or dependent children.

Mary S. Long, Ret. No. 02717, death occurred May 17, 2004. No benefit payable to due to no surviving spouse or dependent children.

Zelma Morris, Ret. No. 02703, death occurred May 21, 2004. No benefit payable to due to no surviving spouse or dependent children.

Robert E. Jordan, III, Ret. No. 04769, death occurred June 1 2004. No benefit payable to due to no surviving spouse or dependent children.

Samuel W. McGann, Jr., Ret. No. 03286, death occurred June 2, 2004. No benefit payable to due to no surviving spouse or dependent children.

D. Death of spouses:

No Beatrice Davis, Spouse No. 0783N, death occurred May 15, 2004. benefit payable.

Lillian K. Newbern, Spouse No. 0470N,death occurred June 5, 2004. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
Jennie S. Burge	28826
Clinton James Price	28899
Jessie S. Peed	29158
Alex Sunkins	29271
Brant Sraver, Jr.	29302
Peter S. Koepp	29433
Tawanna Baker	29513
Ronnie F. Clark	29516
Nelson Velez	29612
John C. Woods, Jr.	29625
Seth Martin, Jr.	29957
Belinda Deloris Boyette	29987
Jorge L. Santana, Jr.	30037
Stephan Mentler	30070
George Jason Ford	30089
John Zamora, Jr.	30137

Jennifer K. Walborn	30313
William John Seay	30382
Teri L. Bennett	30391
Brian S. Beasley	30409
Andrew W. Perkins	30430
Patrick L. Richardson	30432
Jeffrey D. Sheppard	30454
Lawrence E. Jakobs	30459
Total Members - 24	

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

Baker's Crust	(1)	\$ 145.32
Wall Street Journal	(2)	99.00
Lotus Financial Consulting, LLC	(3)	12,500.00
State Street Corporation	(4)	15,258.65
Kamal Khanna	(5)	4,563.17
Bayview Physician Services	(6)	448.00
Retirement Payroll (est. June 04)		<u>3,500,000.00</u>
Total		\$ 3,533,014.14

Money manager invoices submitted to custodian for payment:

Mellon Capital Management	(7)	\$ 1,356.44
Putnam Investments (US Growth)	(7)	<u>140,531.65</u>
		\$ 141,888.09

- (1) Lunch for Small Cap Value interviews on May 17, 2004, with Brandes, Burgundy and Byram
- (2) One-year subscription
- (3) Consulting services for the period 06-01-04 through 06-30-04
- (4) Custodial services for the month of March 2004
- (5) Reimbursement of expenses for Kamal Khanna to attend the following: 2004 AIMR Conference in Denver, CO.; State Street Analytics Client Conference in Boston, MA; SCG Manager Finals; Oberweis Visit; JPM Client Conference; Goldman Sachs Meeting and the Public Funds Conference
- (6) Medical exams for Whitman Jones and Chester Lathon
- (7) Investment management fee for quarter ended 3/31/04

Mr. Patrick Donohoe, Ms. Katherine Vaillancourt, Ms. Jennifer McCarthy and Mr. Jeffrey Keating from State Street were on hand for their presentation. Their review covered the following topics:

- State Street Corporate Overview
- State Street Public Funds Division
- SSgA Update
- Securities Lending

There being no further business, the meeting was adjourned at 3:37 p.m.

Chairperson

Executive Director