

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
May 17, 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 May 17, 2004, with Vice Chairperson, Robert J. Keogh presiding. The following was the result of the roll call:

Attending the Meeting

W.O. Carrow
J.D. Hopkins
N. Johnson
R.J. Keogh
F.V. Martin
A.B. Nusbaum
K.R. Stephenson

Not Attending the Meeting

M.S. Ives
Vacant

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

The minutes of the monthly meeting held April 19, 2004 were approved as printed.

Committee Reports

Administration and Planning:

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

Asset Allocation:

Mr. Keogh reported that the Committee did not have a meeting. However, there will be a meeting on asset allocation on June 21, 2004.

Investment Management Review Committee:

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

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 met prior to today's Board meeting to review small cap value manager presentations from three finalists (Byram, Brandes, and Burgundy). Mr. Ralph and Mr. Khanna reviewed with the Board the differences between the three finalists. After much discussion, Captain Carrow made a motion to hire Burgundy Asset Management as our small cap value manager, subject to a satisfactory due diligence visit. The motion was seconded by Mr. Martin and unanimously approved by the Board.

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

Mr. Nusbaum made a motion for Mr. Khanna to attend the State Street Analytics Conference to be held in Boston on May 18-19, 2004. This motion was seconded by Mr. Martin and unanimously approved by the Board.

Mr. Ralph distributed and explained the Investment Performance Review for the quarter ended March 31, 2004.

New Business

- A. Application for vested service retirement:
Marva L. Serrano, Active No. 18730, July 1, 2004, with no refund due.
- B. Application for early service retirement (deferred):
Bruce A. Anderson, Active No. 23756, August 1, 2004, with no refund due.
- C. Applications for early service retirement:
Roberto G. Lovick, Active No. 22783, June 1, 2004, with no refund due.
Lynn M. Brodnax, Active No. 25847, June 1, 2004, with no refund due.
Katherine A. Brown, Active No. 20612, July 1, 2004, with no refund due.

D. Applications for normal service retirement:

Thurman L. Poole, Active No. 17768, June 1, 2004, with no refund due.

John M. Langlois, Active No. 17958, June 1, 2004, with no refund due.

Charlie E. Batte, Jr., Active No. 18751, June 1, 2004, with no refund due.

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

Shirley B. Query, Active No. 18634, July 1, 2004, with no refund due.

Gary Slaughter, Active No. 26435, July 1, 2004, with no refund due.

Janet B. Glasier, Active No. 28043, July 1, 2004, with no refund due.

E. Recommendation by the Medical Board that the following be retired:

Morgan L. Puyear, Jr., Active No. 23077, June 1, 2004, with no refund due.

This member requested ordinary disability retirement.

F. Recommendation by the Medical Board that the following be denied:

J.T. Chester Lathon, Active No. 22373, June 1, 2004, with no refund due.

This member requested ordinary disability retirement.

G. Ordinary death:

David J. Lavertu, Active No. 26570, death occurred March 27, 2004. Ordinary death benefit of \$22,542.44 payable to Stanley J. Lavertu, father.

H. Death of retired members:

Elree W. Duer, Ret. No. 694, death occurred January 9, 2004. No benefit payable due to election of Option I, spouse deceased.

James H. Donovan, Ret. No. 2349, death occurred February 6, 2004.

No benefit payable due to no surviving spouse or dependent children.

Mary L. Bingham, Ret. No. 4569, death occurred April 6, 2004. Spouse elected monthly benefit of \$1,790.57.

Charles P. Mangum, Jr., Ret. No. 2124, death occurred April 8, 2004. Spouse elected monthly benefit of \$965.55.

John H. Gray, Ret. No. 3127, death occurred April 10, 2004. No benefit payable due to no surviving spouse or dependent children.

John Fields, Ret. No. 2183, death occurred April 14, 2004. No benefit payable due to no surviving spouse or dependent children.

Marjorie Bailey, Ret. No. 4825, death occurred April 24, 2004. No benefit payable due to no surviving spouse or dependent children.

I. Death of spouses:

Mary E. Brock, Spouse No. 221, death occurred March 25, 2004. No benefit payable.

Millard P. Doyle, Spouse No. 554, death occurred April 21, 2004. No benefit payable.

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

Baker's Crust	(1)	\$	215.17
Grubb Printing & Stamp Co.	(2)		30.00
Theodore Wilder	(3)		604.07
FedEx	(4)		16.99
Bayview Physician Services	(5)		448.00

Orthopaedic Associates of VA	(6)	350.00
Lotus Financial Consulting, LLC	(7)	12,500.00
Retirement Payroll (est. May 04)		<u>3,500,000.00</u>
Total		\$ 3,514,164.23

Money manager invoices submitted to custodian for payments:

Mellon Capital Management	(8)	\$ 1,321.14
Pacific Investment Management Co.	(9)	67,430.90
Putnam Investments - (OTC)	(9)	202,099.99
Wellington Management	(9)	61,275.50
J.P. Morgan Investment	(9)	<u>39,242.90</u>
		\$ 371,370.43

- (1) Lunch for Trustee Education Session held on Monday, April 19, 2004.
- (2) Purchase of new validating stamp to read: CITY HALL SOUTH GARAGE.
- (3) Reimbursement expenses for Ted Wilder and Kamal Khanna to attend the Association of Municipal Retirement Systems of VA held in Roanoke, VA on May 6-7, 2004.
- (4) Information sent to State Street.
- (5) Medical exams for Carolyn Horne and William Carpenter.
- (6) Reviewed medical records and issued report regarding Jean E. Held.
- (7) Consulting services for the period 05-01-04 through 05-31-04.
- (8) Investment management fee for quarter ended 12/31/03.
- (9) Investment management fee for quarter ended 3/31/04.

Mr. Khanna informed the Board that the asset-liability study will take place prior to the June 21, 2004 Board meeting.

There being no further business, the meeting was adjourned at 3:18 p.m.

Chairperson

Executive Director