

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
March 21, 2005

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 2:10 p.m. on Monday, March 21, 2005, 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 |
| N. Johnson | Vacant |
| F.V. Martin | Vacant |
| A.B. Nusbaum | |

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 February 25, 2005 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 did not have a meeting.

Investment Management Review Committee:

Mr. Martin reported that the Committee met to hear Small Cap Value Equity Manager presentations from Byram Capital Management and Wellington Management Company. Mr. Martin made a motion to hire Wellington Management Company as the System's Small Cap Equity Manager subject to a due diligence visit. This motion was seconded by Mr. Nusbaum and approved unanimously by the Board.

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

Mr. Ives informed the Board that the next item would be discussed in Executive Session. A motion for Executive Session was read and approved by a vote of 5 to 0. A resolution certifying an executive meeting of the Employees' Retirement Board of the City of Norfolk in accordance with the provisions of the Virginia Freedom of Information Act, VA Code Section 2.2-3600 et seq for the purpose of discussing legal and personnel matters was read and approved by a vote of 5 to 0. At the conclusion of the Executive Session, a resolution was adopted in which the Retirement Board certified that, to the best of each member's knowledge, (i) only business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the executive meeting to which the certification resolution applied, and (ii) only such business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Retirement Board. Ms. Johnson made a motion that Mr. J.T. Chester Lathon be approved for ordinary disability retirement and Mr. George E. Harper be approved for accidental disability retirement. This motion was seconded by Mr. de Mik and approved unanimously by the Board. Ms. Johnson made a motion that Ms. Linda Dagner's application for ordinary disability and Ms. Colleen Thrush's application for ordinary disability be deferred until the next Board meeting. This motion was seconded by Mr. de Mik and approved unanimously by the Board.

Mr. Shaka Rasheed and Mr. Cris Posada of J.P. Morgan Fleming Asset Management gave a presentation to the Board. Their presentation covered the following topics:

- Preview
- Philosophy and Process
- Performance and Portfolio Review
- Outlook and Strategy

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.

New Business

A. Applications for early service retirement:

Randolph A. Moore, Active No. 21162, April 1, 2005, with no refund due.

Patricia Goodman, Active No. 29838, April 1, 2005, with no refund due.

Charles H. McCluney, Active No. 23189, May 1, 2005, with no refund due.

B. Applications for normal service retirement:

Susan E. Strattner, Active No. 18647, April 1, 2005, with no refund due.

William G. Williams, Active No. 20073, April 1, 2005, with no refund due.

Diana R. Carter, Active No. 22175, April 1, 2005, with no refund due.

Ralph E. Irby, Active No. 23481, April 1, 2005, with no refund due.

Frances R. Blair, Active No. 19553, May 1, 2005, with no refund due.

Charles R. Moore, Active No. 20652, May 1, 2005, with no refund due.

James B. Sullivan, Jr., Active No. 20656, May 1, 2005, with no refund due.

Albert C. Roper, Active No. 28935, May 1, 2005, with no refund due.

C. Recommendations by the Medical Board that the following be denied:

Jocelyn V. Marsh, Active No. 26498, April 1, 2005, with no refund due.

D. Death of retired members:

John R. Thompson, Ret. No. 01795, death occurred February 9, 2005, with no refund due. Spouse elected monthly benefit of \$202.19.

Julian F. Hirst, Ret. No. 02966, death occurred February 27, 2005, with no refund due. No benefit payable due to no surviving spouse or dependent children.

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

| <u>Name of Member</u> | <u>Active Number</u> |
|------------------------|----------------------|
| Ronald L. Mayo | 29534 |
| Peter R. Batt | 30052 |
| Maceo J. Barnes, III | 30102 |
| Stephanie Yvonne Kirby | 30583 |
| James C. Allen | 30590 |
| Kathryne B. Hubbard | 30651 |
| Total - 6 | |

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

| | | |
|-------------------------------------|-----|------------------------|
| Baker's Crust, Inc. | (1) | \$ 154.84 |
| FedEx | (2) | 50.62 |
| The Virginian-Pilot | (3) | 124.99 |
| Putnam Advisory Company, LLC | (4) | 12,358.44 |
| Kempsville Road Medical Association | (5) | 896.00 |
| Summit Strategies Group | (6) | 38,475.00 |
| Virginia Retirement System | (7) | |
| 16,363.86 | | |
| Lotus Financial Consulting | (8) | 14,583.00 |
| Retirement Payroll (est. March 05) | | |
| <u>3,644,000.00</u> | | |
| Total | | <u>\$ 3,727,006.75</u> |

Money manager invoices submitted to custodian for payment:

| | | |
|---------------------------|------|----------------------|
| SSgA Conservative S&P 500 | (9) | \$ |
| 17,281.66 | | |
| SSgA Bond Market Index | (9) | 3,429.92 |
| SSgA Russell 2000 Value | (9) | 4,842.37 |
| JP Morgan | (9) | 41,561.35 |
| Tattersall | (10) | <u>49,039.00</u> |
| Total | | <u>\$ 116,154.30</u> |

- (1) Lunch served for meeting with Retirement Board and consultant, Summit Strategies Group
- (2) Information sent to State Street and Kamal Khanna
- (3) Subscription for the period April 3, 2005 through April 1, 2006
- (4) Investment management fee for the quarter ended 9-30-04
- (5) Medical exams for George Harper, Roy Watson, Linda Dagner and Colleen Thrush
- (6) Investment consulting services for January 1, 2005 through March 31, 2005

- (7) Transfer of City of Norfolk Retirement Assets to the VRS (Portability) for Raymond G. Rottler
- (10) Consulting services for the period March 1, 2005 through March 31, 2005
- (11) Investment management fees for the period 10/01/2004-12/31/2004
- (12) Investment management fees for the period ended 03/31/05

Mr. Ives distributed to the Board a letter from Mellon Human Resources & Investor Solutions outlining the steps that lead to the changes in the asset valuation method and the 20-year amortization method for the unfunded accrued liability contribution rate. This letter is attached as part of the minutes.

There being no further business, the meeting was adjourned at 3:32 p.m.

Chairperson

Executive Director