

MINUTES OF A SPECIAL MEETING OF THE BOARDS OF TRUSTEES OF THE EMPLOYEES' AND POLICE RETIREMENT SYSTEMS HELD IN THE CONFERENCE ROOM AT CITY HALL ON WEDNESDAY, NOVEMBER 29, 2000 AT 10:00 AM.

I. ROLL CALL:

Employees' Retirement Board:

Trustees present were Mayor Thomas Ramiccio (Chairman), Vice Chairman John Charest, Finance Director Chuck Powers, and Mr. Pat Testa. Mr. Robert Lepa was absent.

Police Retirement Board:

Trustees present were Mayor Thomas Ramiccio (Chairman), Deputy Chief Patrick Hampshire (Vice Chairman), Finance Director Chuck Powers, Lt. Ken White, and Mr. Philip Blumel.

Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, and Recording Secretary Valerie Hurley, City Clerk's Office.

The Chairman called the meeting to order at 10:03 a.m.

II. BREACH OF INVESTMENT MANAGEMENT GUIDELINES:

Trusco Capital Management report concerning failure to timely sell Finova bonds.

Mr. Larry Cole, Managing Director, Trusco Capital Management, reviewed the last three years, pointing out that value had been out of favor since they were hired. He added that STI's absolute basis had increased 22.7% since March 10, 2000.

Mr. Andy Muldoon, Executive Vice President of Client Services for Trusco Capital Management, explained that Trusco's attorneys were reviewing each fund pertaining to the Finova bonds situation. He briefly explained that Trusco had purchased the bonds due to Finova's record and discussed the history since the bonds were first downgraded on June 1.

Mr. Michael Callaway, Vice President, Merrill Lynch Consulting Services, explained that he had contacted Trusco in early August, prior to the second downgrade on August 17, questioning why the bonds had not been sold, and had received no reply. Trusco made no further contact with him and the bonds were finally sold in September.

III. PRESENTATION FOR CUSTODY SERVICES:

1. Salem Trust Company 10:30 AM

Mr. Robert Darr, Senior Vice President, Salem Trust Company, gave a brief description of Salem Trust's history and performance.

A short period of questions and answers followed.

Action: It was moved by Mr. Powers, seconded by Mr. Charest, to direct the Board Attorney to negotiate a contract with Salem Trust Company to provide custodian services for the Employees' Retirement Board.

Vote: 4 – Aye; Mr. Lepa absent.

Action: It was moved by Mr. Powers, seconded by Lt. White, to direct the Board Attorney to negotiate a contract with Salem Trust Company to provide custodian services for the Police Retirement Board.

Vote: All Aye.

IV. PRESENTATION BY LARGE CAP VALUE INVESTMENT MANAGERS:

1. Morgan Stanley Dean Witter 10:45 AM

Mr. Steven Greenhut, Vice President of New Business, and Mr. Cameron Livingstone, Equity Portfolio Manager, gave a brief description of Morgan Stanley Dean Witter's management style, the total funds managed, the experience of the investment managers, and the fees charged.

A short period of questions and answers followed.

2. Lord, Abbett & Co. 11:15 AM

Ms. Daria Foster, Partner, and Mr. Robert Dow, Chief Investment Officer, gave a brief description of Lord, Abbett's management style, the total funds managed, the experience of the investment managers, and the fees charged.

A short period of questions and answers followed.

(Mr. Blumel left the meeting at 11:45 a.m.)

3. Lazard Asset Management

11:45 AM

Mr. Thomas Franzese and Mr. J. Richard Tutino, Jr., Senior Vice Presidents, gave a brief description of Lazard's management style, the total funds managed, the experience of the investment managers, and the fees charged.

A short period of questions and answers followed.

V. DISCUSS SELECTION OF NEW LARGE CAP VALUE MANAGER:

There was a brief discussion between the members regarding their choice of managers.

Action: It was moved by Mr. Powers, seconded by Mr. Testa, to direct the Board Attorney to terminate the contract between the Employees' Retirement Board and STI/Trusco Capital Management effective immediately.

Vote: 4 – Aye; Mr. Lepa absent.

Action: It was moved by Deputy Chief Hampshire, seconded by Mr. Powers, to direct the Board Attorney to terminate the contract between the Police Retirement Board and STI/Trusco Capital Management effective immediately.

Vote: 4 – Aye; Mr. Blumel not present.

Action: It was moved by Mr. Powers, seconded by Mr. Charest, to direct the Board Attorney to negotiate a contract with Lazard Asset Management to provide investment management services for the Employees' Retirement Board.

Vote: 4 – Aye; Mr. Lepa absent.

Action: It was moved by Mr. Powers, seconded by Deputy Chief Hampshire, to direct the Board Attorney to negotiate a contract with Lazard Asset Management to provide investment management services for the Police Retirement Board.

Vote: 4 – Aye; Mr. Blumel not present.

(The meeting recessed at 12:37 p.m. and reconvened at 1:21 p.m., with everyone present as before.)

VI. PRESENTATION BY FIXED INCOME FUND INVESTMENT MANAGER:

1. PIMCO

1:15 PM

Mr. James Leavy, Vice President, gave a brief description of PIMCO's history and experience, the total funds managed, and the fees charged.

Mr. Callaway pointed out that PIMCO used Mellon Bank as its custodian, which would save approximately three basis points with Salem Trust.

Action: It was moved by Mr. Powers, seconded by Mr. Testa, to direct the Board Attorney to negotiate a contract with PIMCO to provide fixed income management services for the Employees' Retirement Board.

Vote: 4 – Aye; Mr. Lepa absent.

Action: It was moved by Deputy Chief Hampshire, seconded by Lt. White, to direct the Board Attorney to negotiate a contract with PIMCO to provide fixed income management services for the Police Retirement Board.

Vote: 4 – Aye; Mr. Blumel not present.

Mr. Callaway suggested rebalancing the funds at this time.

Action: It was moved by Mr. Powers, seconded by Mr. Testa, to rebalance the portfolio as follows: growth - 25%, value – 25%, bonds – 40%, and international – 10%.

Vote: 4 – Aye; Mr. Lepa absent.

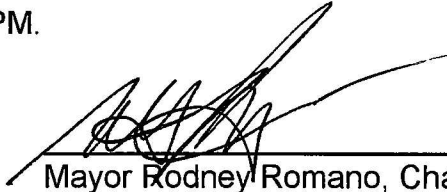
Action: It was moved by Mr. Powers, seconded by Deputy Chief Hampshire, to rebalance the portfolio as follows: growth - 25%, value – 25%, bonds – 40%, and international – 10%.

Vote: 4 – Aye; Mr. Blumel not present.


VII. ADJOURNMENT:

The meeting adjourned at 1:42 PM.

MINUTES APPROVED: 12/12/01



Mayor Rodney Romano, Chair
Employees' and Police Retirement Board



City Clerk Barbara A. Forsythe, Secretary
Employees' and Police Retirement Board

A tape recording of this meeting will be available in the Office of the City Clerk for two years after approval of these minutes.

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