

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, Room 4W05
July 16, 2014
9:01 a.m.**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Lisa M. Hudson, Vice Chairperson
Mr. Norman S. Foster, Treasurer/CFO
Mr. Robert Gebrian, Retiree Representative
Ms. Courtney B. Bagneris, Active Representative

Others Present:

Jesse Evans, Jr., Director of Employees' Retirement System
Janet H. Easterling, Adm. Support. Supervisor, Employees' Retirement System
Kimberly Smith, City Attorney's Office
Jane Armstrong, Phelps Dunbar
Joe Bogdahn, The Bogdahn Group
Carletta Graves, Clerk of Council
David Gavlinski, City Council Fiscal Office
Loretta Brown, District Attorney's Office
Stephen Daste

The chairman called the meeting to order at 9:01 am.

OLD BUSINESS

Rewrites of Chapter 114 no change.

City Council Motion to Employ Special Counsel no change.

Procedure on Transfers deferred.

Draft RFP for Tax Consultant Mr. Evans informed the Board that a draft of the RFP is in the package. He said that approval is needed regarding the Board's procedures on being the five members Selection Review Committee as stated in the Mayor's Executive Order on Procurement. Mr. Evans said that the request for the Board to be the Selection Review Committee was forwarded to the Purchasing Bureau. The Board recommended the following changes to the draft for the RFP for Tax Consultant under Technical Criteria "15% Qualitative Evaluation of Proposal and 5% Willingness to promote full and equal business, etc.

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NEW BUSINESS

Possible Case Abandonment Mr. Evans informed the Board about a letter from Klausner Law firm which indicates that the case regarding the Writ of Mandamus by Jerry Davis will be abandoned as of August, 29, 2014. Ms. Armstrong said that she reviewed the docket sheet and there was a motion to stay filed by the City which was granted. She said that the abandonment date is September 29, 2014. Ms. Armstrong discussed how the case is measured regarding abandonment. Ms. Hudson asked whether the Board needed to vote to allow Ms. Armstrong to proceed with an analysis on the abandonment of this case. Dr. Chase said yes. Ms. Bagneris suggested that one or two Board members meet with the Administration to discuss this issue. Mr. Foster suggested that the Board review the audit and include this issue in discussion of the budget. A motion was made by Ms. Hudson and seconded by Dr. Chase to allow Ms. Armstrong to proceed with a procedural analysis as to whether the case is abandoned by August 29, 2014. The motion passed with four in favor (Ms. Hudson, Dr. Chase, Mr. Gebrian and Mr. Foster) and one abstained (Ms. Bagneris).

Date for next Regular Meeting The Board tentatively scheduled its next regular meeting for Wednesday, August 20th at 9:00 am to be held in Purchasing Conference Room 4W05.

MONTHLY REPORTS

Minutes of Regular Meeting for June 18th were presented to the Board. A motion was made by Ms. Bagneris and seconded by Mr. Gebrian to approve the minutes for June 18th. The motion passed unanimously.

Retirements for the month of July 2014 were presented to the Board. A motion was made by Mr. Gebrian and seconded by Ms. Hudson to ratify the retirements for the month of July 2014. The motion passed unanimously.

Report of deceased retirees for the month of July 2014 was presented to the Board. The Board received the report of deceased retirees for the month of July 2014.

Employer Contribution Report for the month of May 2014 was presented to the Board. Mr. Evans informed the Board about outstanding contribution checks from the City and funds will be needed for payroll. The Board received the Employer Contribution Report for the month of May 2014.

COMMITTEE REPORTS

Investment Committee – The Bogdahn Group

Domestic Large Cap Core Equity Mangers Search – Mr. Bogdahn made a presentation on the Domestic Large Cap Core Equity Managers search. He said that the Board interviewed three managers (Cornerstone, Dana and Vanguard) at the last meeting. Mr. Bogdahn discussed the passive versus active portfolio considerations. He said that changes to the portfolio will reduce the manager fees by twenty-one basis point or \$355,000. A motion was made by Dr. Chase and seconded by Mr. Gebrian to terminate Calamos and use Abel Noser as a transition manager. The motion passed unanimously. A motion was made by Dr. Chase and seconded by Mr. Gebrian to terminate Goldman Sachs. The motion passed with three in favor (Dr. Chase, Mr. Gebrian and Ms. Bagneris) one opposed (Mr. Foster) and one abstained (Ms. Hudson). Mr. Bogdahn discussed the portfolio targets per the Investment Policy Statement. He said that since the Board terminated Calamos and Goldman Sachs a funding source is needed to fund capital calls.

Funding for New Hired Managers Mr. Bogdahn suggested that the Board take \$5 million from Delaware and \$6 million from TCW to bring the target allocation to 25% in fixed income. A motion was made Dr. Chase and seconded by Mr. Gebrian to take \$5 million from Delaware and \$6 million from TCW to get to the target allocation to 25% in fixed income. The motion passed with four in favor (Dr. Chase, Mr. Gebrian, Mr. Foster, and Ms. Bagneris) one opposed (Ms. Hudson). A motion was made by Mr. Foster and seconded by Dr. Chase withdraw the motion to take \$5 million from Delaware and \$6 million from TCW to get to the target allocation of 25% in fixed income. The motion passed unanimously. A motion was made by Mr. Foster and seconded by Dr. Chase to drawdown funds from TCW and Delaware to fund the previous hired managers (Principal, Intercontinental US REIF, Crescent and Cyprium) The motion passed with four in favor (Mr. Foster, Dr. Chase, Ms. Bagneris and Mr. Gebrian) one opposed (Ms. Hudson).

A motion was made by Mr. Foster and seconded by Ms. Bagneris to take \$12 million from Intech. The motion passed unanimously.

A motion was made by Mr. Foster and seconded by Dr. Chase to reduce Southeastern by \$7 million. The motion passed unanimously.

A motion was made by Mr. Foster and seconded by Dr. Chase to invest \$17 million in the Vanguard S&P 500 Index. The motion passed unanimously.

A motion was made by Mr. Foster and seconded by Mr. Gebrian to invest \$26 million in the Vanguard Extended Market Equity Index. The motion passed unanimously.

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A motion was made by Mr. Gebrian and seconded by Dr. Chase to hire Cornerstone as a Core manager and invest \$26 million. The motion passed with four in favor (Mr. Gebrian, Dr. Chase, Ms. Bagneris and Ms. Hudson) one opposed (Mr. Foster).

Budget Committee nothing to report.

Trustees Conference Review & Approval Mr. Evans informed the Board about the upcoming LAPERS Seminar. A motion was made by Mr. Gebrian and seconded by Ms. Bagneris to approve all Board members attendance at the LAPERS Seminar held September 7-9, 2014. The motion passed unanimously.

Contract Compliance Committee- Mr. Evans informed the Board that the contract for Abel Noser needs to be executed.

Headline Risk Committee – nothing to report.

Member Relation Committee – meeting scheduled for July 17th at 1:00.

Staffing Committee - nothing to report.

EXECUTIVE SESSION

A motion was made by Mr. Gebrian and seconded by Mr. Foster to go into executive session. The motion passed unanimously.

The meeting resumed.

Mary Bates versus CNOERS no action taken by the Board.

There being no further business, a motion was made by Mr. Gebrian and seconded by Mr. Foster to adjourn. The motion passed unanimously.


Jesse Evans, Jr.
Director

JE/jhe