

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, Room 4W05
November 5, 2012
9:09 a.m.**

Trustees Present:

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

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
Harby Kreeger, Morgan Stanley Smith Barney
Michael Kreeger, Morgan Stanley Smith Barney
Michael Conefry, Conefry & Company, LLC
Theodore Sanders, LAMP

The chairman called the meeting to order at 9:09 am.

PRESENTATION

DROP Analysis by Michael Conefry Mr. Conefry made a presentation on DROP analysis of funds being placed with LAMP. He discussed the historical DROP interest rates and the historical estimates DROP credited interest and the approximate gain/loss to the fund from 1995 to 2011. Mr. Conefry said that if the Board decides to segregate the DROP funds it would require liquidation of approximately \$12 million from investments. Mr. Foster suggested that the Board transition DROP funds to LAMP beginning with January 1st, July 1st, January 1st, July 1st and finally January 1st. He suggested that Mr. Evans start with new DROP participants and DROP participants in their fifth years, fourth years, third years, second years and first years. Mr. Evans said that the transition of DROP funds to LAMP will take a period of two year. Ms. Armstrong said that the Board will need a resolution on DROP interest rate, because there will be two rates over a two year period until all the DROP funds are with LAMP. Mr. Foster said that the Board will apply the LAMP interest rate to DROP funds in the plan until all the funds have been transferred. Dr. Chase requested the Ms. Armstrong prepare a motion that complies with the Board moving DROP funds to LAMP for the next meeting.

**Regular Meeting
Board of Trustees
November 5, 2012
Page 2**

OLD BUSINESS

Rewrites of Chapter 114 – Pending Meeting with Council Staff no change.

City Council Motion to Employ Special Counsel no change.

COLA Mr. Evans handed out a copy of Chapter 114 Section 204 regarding COLAs payments for Board review. Mr. Conefry talked about the history of COLAs payments. Mr. Evans also handed out a copy of the annual actuarial evaluation that shows the COLA reserve amounts and payments. Dr. Chase suggested that the Board create a policy to provide COLA payments to retirees. The Board discussed various dollar amounts for the COLAs and estimated costs. A motion was made by Ms. Bagneris and seconded by Mr. Gebrian to approve COLAs in the amount of \$12.50 for first the ten years of retirement, \$20 for the next ten years and \$40 for twenty-one plus years, with a minimum of \$100. The motion passed unanimously.

NEW BUSINESS

The Board agreed to schedule its next regular meeting for Wednesday, December 19th at 9:00 am pending meeting place.

MONTHLY REPORTS

Retirement for the month of November 2012 was presented to the Board. A motion was made by Ms. Bagneris and seconded by Mr. Gebrian to ratify the retirements for the month of November 2012. The motion passed unanimously.

Report of deceased retirees for the month of November 2012 was presented to the Board. The Board received the report of deceased retirees for the month of November 2012.

Status Report on Transfers as of October 2012 was presented to the Board. The Board received the Status Report on Transfers as of October 2012.

COMMITTEE REPORTS

Budget Committee

Trustees Conference Review & Approval Dr. Chase informed all board members that they must complete the One hour Annual Ethics Requirement for the State of Louisiana. He requested that the board members provide a copy of the Ethics certificate to staff.

**Regular Meeting
Board of Trustees
November 5, 2012
Page 3**

2013 Budget (City General Fund) Mr. Gebrian informed the Board that the budget committee met on October 30th to review the 2013 recommended budget for the Retirement Office in which the vacant position was not funded. Mr. Evans informed the Board that the Annual Benefit Statements to active employees was not funded. He said that the recommended budget for 2013 is \$55,124 less than 2012. He informed that Board that it will continue to be difficult to operate the office with the current budget. Mr. Evans said that pre-Katrina the Retirement office had fourteen employees and it is down to five full-time and one part-time employee. He informed the Board that the workload is back to pre-Katrina levels.

INVESTMENT COMMITTEE

Morgan Stanley Smith Barney Mr. Kreeger discussed the benchmark returns as of October 31, 2012 for the indices from PIMCO and the market timing of 500 stock index for 30-years ending 9/28/12 from Standard and Poor's Corporation. Michael Kreeger discussed the NOMERS monthly meeting worksheet dated November 1, 2012 and made a presentation on the mangers' performance.

Contract Compliance Committee Mr. Evans said that a meeting needs to be scheduled to review the contract for the Bogdahn Group.

Headline Risk Committee Ms. Hudson informed the Board that the Headline Risk Committee met on October 31st to draft a securities litigation policy.

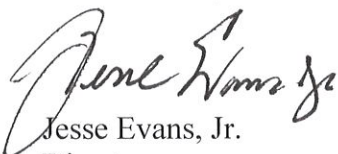
Member Relations Ms. Bagneris said that a meeting needs to be schedule with ITI.

EXECUTIVE SESSION

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

The meeting resumed.

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



Jesse Evans, Jr.

Director

JE/jhe

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