

**Regular Meeting
Board of Trustees
of the Employees' Retirement System
of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, Room 4W05
February 15, 2012
9:07 a.m.**

Trustees Present:

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

Others Present:

Jesse Evans, Jr., Director
Janet H. Easterling, Administrative Support Supervisor
Patrice N. Vaughn, Chief Accountant
Kimberly Smith, City Attorney's Office
Jane Armstrong, Phelps Dunbar
Harvey Kreeger, Morgan Stanley Smith Barney
Michael Kreeger, Morgan Stanley Smith Barney
Darien Nunez, Omni Research

The chairman recognized a quorum and called the meeting to order at 9:07 am.

OLD BUSINESS

Rewrites of Chapter 114 Mr. Evans informed the Board that in the package is a copy of the letter from Ms. Armstrong regarding the original certificate of compliance signed by the chairman and revised administrative procedures related to the plan's IRS determination letter.

Board Election – Retiree Election Mr. Evans informed the Board that the month of March is the opening period for nomination. He said that at the last meeting Ms. Hudson indicated that there were no funds in her budget for this election, but her staff is looking into getting estimates on the cost of this election. The cost of a regular election without a runoff last year was \$2,950. Ms. Hudson said that the nomination period for this election is from March 2nd to March 16th.

Draft of the City Council Motion to Employ Special Counsel Mr. Evans informed the Board that there is a draft copy of the motion in the Board package. He spoke with the President of the Council Pension Committee Stacy Head and the Chief of Staff for Council President Clarkson regarding the Board's request for special counsel and was told to bring something in writing. The Board requested that Mr. Evans provides copies of the City Council's motion regarding employment of special counsel.

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NEW BUSINESS

The Board agreed to schedule its next regular meeting for Wednesday, March 21th at 9:00 am pending meeting place.

MONTHLY REPORTS

Minutes of Meetings for December 21, 2011 and January 18, 2012 were presented to the Board. A motion was made by Ms. Schackai and seconded by Ms. Bagneris to approve the minutes for December 21, 2011 and January 18, 2012 with a correction to page 4 under investment committee add the word “million” after \$2.6. The motion passed unanimously.

Retirements for the month of January 2012 deferred.

Report of deceased retirees for the month of January 2012 deferred.

Status Report on Transfers as of December 2011 deferred.

Employer Contribution Report for the month of December 2011 was presented to the Board. The Board received the Employer Contribution Report for the month of December 2011.

COMMITTEE REPORT

Budget Committee Ms. Schackai informed the Board that the budget committee met on February 13th and Mr. Evans provided information on the annual cash flow analysis for the fund and reviewed the proposal from JPMorgan on custody. Ms. Schackai informed the Board that there are no funds in the 2012 retirement budget for the Five-Year Actuarial Study. Mr. Evans said that funds were in the 2011 budget but were not put in the 2012 budget. Ms. Schackai suggested that the Investment Consultants be involved in the review of the proposal from JPMorgan on custody. Mr. Evans suggested that a budget committee meeting be scheduled with the Investment Consultants and JPMorgan regarding the proposed custody. The Board scheduled a budget committee meeting for Monday, March 12th at 12:30 pm to be held at Morgan Stanley Office, 1100 Poydras Street, Suite 3250, New Orleans, Louisiana.

Headline Risk Committee Dr. Chase informed the Board about the newspaper article in the Times Picayune regarding “State pension system petition court to liquidate hedge fund”. Mr. Evans informed the Board about further pension reform items from Councilmember Head as follows;

Proposed plan changes that would apply to new hires – vesting would increase to 10 years, rate of 2.5% for all years of service, no rule-of-80 and option to select a defined contribution plan

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Proposed plan changes that would be phased in over time – eliminate DROP, shorten period, move assets to LAMP, no interest, require members to contribution during DROP period and phase out the rule of 80 over time

Proposed changes in the granting of COLAs to current retirees – require City Council approval; require certain plan performance levels to be met prior to granting a COLA

Dr. Chase said that the headline risk committee will review the newspaper article about State pension system petition court to liquidate hedge fund and further pension reform items from Councilmember Head. Ms. Hudson chairperson of the Headline Risk Committee scheduled a meeting for Monday, March 5th at 2:00 pm to be held at Civii Service, 7th Floor.

Investment Committee

Mr. Kreeger made a presentation on Daily Market Barometer reports dated January 31, and February 14, 2012. Michael Kreeger recommended that the Board schedule an Investment Committee meeting to review and begin a search for fund-of-funds. The Board scheduled its next investment committee meeting for Monday, March 12th at 1:30 pm to be held at Morgan Stanley Office, 1100 Poydras Street, Suite 3250, New Orleans, Louisiana. A motion was made by Dr. Chase and seconded by Ms. Schackai to allow Mr. Evans to advertise a search for fund-of-fund. The motion passed unanimously. Dr. Chase recommended that the Board do an RFP for Investment Consultants. He asked Mr. Evans to provide a draft RFP for Investment Consultants.

Member Relations nothing to report.

Staffing Committee nothing to report.

Doran Nunez addressed the Board regarding his consulting firm Omni Research and made a presentation on their services. He informed the Board of a trustee educational conference held at the New Orleans Crown Plaza Hotel this week from Wednesday to Friday. Mr. Evans said that several Board members are registered for the conference.

EXECUTIVE SESSION

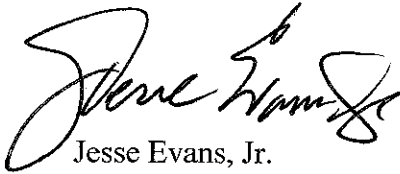
A motion was made by Ms. Hudson and seconded by Dr. Chase to go into executive session to discuss any on-going litigation, ordinary disabilities and Jerome Davis's attorney fees. The motion passed unanimously.

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The meeting resumed.

Dr. Chase said that the Board took no decisive actions on any issues listed under executive session.

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

A handwritten signature in black ink, appearing to read "Jesse Evans, Jr.", with a stylized flourish at the end.

Jesse Evans, Jr.
Director
JE/jhe