

**Regular Meeting
Board of Trustees
of the Employees' Retirement System
of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, Room 4W05
April 18, 2012
9:10 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 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
Neal Harrison, Mgmt. Dev. Analyst II, Purchasing
Mary Kay Zamora, Procurement Officer, Purchasing
Kahe Dignan

The chairman recognized a quorum and called the meeting to order at 9:10 am.

OLD BUSINESS

Rewrites of Chapter 114 no change.

Board Election – Retiree Election- Status Mr. Evans informed the Board that the nomination period closed on last Friday, April 13, 2012 with one person getting the required twenty-five retirees signatures. He said that the candidate's name was forwarded to Civil Service and once it has been determined that the candidate is domiciled in Orleans Parish and a registered voter of Louisiana, the candidate will be the retiree representative on the Board as of July 1st.

Mr. Foster arrived to the meeting.

Mr. Evans said that Ms. Schackai is the current retiree representative on the Board and her term will end on June 30th. Mr. Foster suggested having new Board members document that they have attended investment orientation.

Regular Meeting
Board of Trustees
April 18, 2012
Page 2

City Council Motion to Employ Special Counsel Mr. Evans informed the Board that he met with Ms. Smith from the City Attorney's Office to incorporate the suggested language into the motion, and he requested a meeting with Councilmember Stacy Head for Monday at 12:00 but has not received a confirmation.

NEW BUSINESS

The Board agreed to schedule its next regular meeting for Wednesday, May 16th at 9:00 am pending meeting place.

LA Board of Ethics – Annual Personal Financial Disclosure Statement – Tier 2.1 Form 417

Mr. Evans said that the State requires that all Board members complete and forward the annual personal financial disclosure statement by May 15th.

RFP for Investment Consultant – Status Mr. Evans informed the Board that he drafted the RFP for investment consultants and it is in the process of being forwarded to the OIG for review and/or comments. He said that the RFP for investment consultants will be sent out the 1st or 2nd week in May and it will be posted for three weeks. Mr. Evans informed the Board that he has received a number of calls and emails for the RFP. He said that in reviewing past investment consultants contracts they were executed by the Chairman of the Board. Mr. Evans inquired as to whether this contract and the Custody contract will be signed by the Chairman of the Board or the Mayor. Dr. Chase suggested that the contracts be signed by the Chairman of the Board. Ms. Bagneris said that for consistency purposed the Board should follow the City's policy on procurement. She asked whether the Board has a procurement policy. Mr. Evans said that the Board has a procurement policy for investments and this contract would follow those same steps. Ms. Hudson said that the Board should have its own procurement policy that would mirror the City's policy but would not be the same.

Ms. Bagneris stepped out of the meeting.

Mr. Foster said that Mr. Evans' question is whether the contract should be a Board contract or a City contract because procurement is part of the Mayor's executive order. Mr. Evans said that the Board followed the City's procurement process as it relates to the custody RFP; however, his question is who executes the contract the Mayor or the Board. Ms. Armstrong asked whether it makes a difference as to where the funds come from to pay the contracts. Mr. Foster said clarification is needed on this issue of execution of Board contracts.

MONTHLY REPORTS

Minutes of Meeting for March 21, 2012 deferred.

Regular Meeting
Board of Trustees
April 18, 2012
Page 3

Ms. Schackai arrived to the meeting.

Retirements for the month of April 2012 were presented to the Board. A motion was made by Ms. Hudson and seconded by Ms. Schackai to approve the retirements for the month of April 2012. The motion passed unanimously.

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

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

Employer Contribution Report for the month of March 2012 was presented to the Board. The Board received the Employer Contribution Report for the month of March 2012.

COMMITTEE REPORT

Budget Committee – Trustees Conference Review and Approval Ms. Hudson said that she is requesting to attend the National Conference on Public Employee Retirement System (NCPERS) held in New York from May 5- 10, 2012. A motion was made by Ms. Schackai and seconded by Mr. Foster to approve Ms. Hudson request to attend the NCPERS conference from May 5-10, 2012. The motion passed with three in favor (Ms. Schackai, Mr. Foster, and Dr. Chase)

Ms. Bagneris returned to the meeting.

Mr. Evans said that he asked Ms. Kamora, the Chief Procurement Officer to attend this meeting to provide the status of the RFP for investment consultant. Mr. Harrison informed the Board that the RFP will be forwarded to the OIG today. Ms. Kamora said that the OIG has 72 hours to review and provide comments on the RFP. She said that if any comments are received from the OIG they will be forwarded to Mr. Evans. Dr. Chase inquired about the scoring metric for the RFP. Ms. Kamora said that there is a suggested metric for scoring of RFP. The Board reviewed the selection technical criteria for scoring the RFP investment consultants. A motion was made by Ms. Schackai and seconded by Dr. Chase to increase the percentage from 5% to 10% for maintenance of an office, residence or domicile in Orleans Parish, to the extent permitted by law; and decrease the percentage from 20% to 15% on cost. The motion passed with three in favor (Ms. Schackai, Dr. Chase and Mr. Foster) and two opposed (Ms. Bagneris and Ms. Hudson).

Investment Committee Michael Kreeger handed out an investment folders. Mr. Kreeger discussed the Daily Market Barometer dated April 17, 2012. He talked about the mutual fund flow chart performance from 2000 to 2012 which included domestic and world equities, taxable

**Regular Meeting
Board of Trustees
April 18, 2012
Page 4**

bond and tax exempt bond, hybrid and money market. Mr. Kreeger made a presentation on the annualized returns of Oppenheimer, Wasatch and Well Fargo as of April 17, 2012. Michael Kreeger informed the Board of the updated Investment Policy Statement which included the asset class under equities is the Opportunistic/Themed and adjusting the Actuarial Return Assumption to 7.50%.

Mr. Foster stepped out of the meeting.

A motion was made by Ms. Schackai and seconded by Ms. Hudson to amend the Investment Policy Statement as of April 18th which included the asset class of Opportunistic/Themed and adjustment of the Actuarial Return Assumption to 7.50%. The motion passed with four in favor (Ms. Schackai, Ms. Hudson, Ms. Bagneris and Dr. Chase).

Mr. Foster returned to the meeting.

Material for Investment Committee Meeting Michael Kreeger handed out information on the new Opportunities Hedge Fund Search and Review of current Hedge Fund-of-Fund managers for the upcoming Investment Committee meeting scheduled for Monday, April 23rd to be held at Morgan Stanley Conference Room, 1100 Poydras Street, Suite 3250, New Orleans, LA 70113. The Board reviewed the PSN performance bar for the period ending December 31, 2011 regarding the Opportunities Hedge Fund Search. Mr. Kreeger said that he will provide an update reduced list for the Investment Committee meeting on Opportunities Hedger Fund Search.

Update on Personnel Changes at Tradewinds Michael Kreeger informed the Board that David Ivon and three stock analysts left Tradewinds. He said that Tradewinds has already replaced Mr. Ivon with another person. Michael Kreeger said that Mr. Ivon was not a key person in decision maker for Tradewinds. He informed the Board of the underperformance of Tradewinds. Mr. Kreeger said that he would like Tradewinds to make a presentation at the Board's next meeting.

Contract Compliance Committee – Status of Contract for Custodian Bank Dr. Chase said that he would like to invite Attorney, Ms. Smith to be part of the Contract Compliance Committee. Mr. Evans said that Dr. Chase and Ms. Bagneris are on the committee. Dr. Chase said that Ms. Bagneris is the Chairperson of the Contract Compliance Committee. Mr. Evans said yes.

Headline Risk Committee no meeting has been held by the committee. Mr. Evans informed the Board that he has received calls regarding Tradewinds. Dr. Chase informed the Board that he is a member of Bureau of Governmental Research (BGR). He said that the BGR is looking at local pension funds and getting ready to send out information describing different types of pension funds. Dr. Chase requested that the Headline Risk Committee review any reports from the BGR regarding pension plan.

**Regular Meeting
Board of Trustees
April 18, 2012
Page 5**

Member Relations nothing to report.

Staffing Committee Mr. Evans talked about the retirement office being under staffed and how the workloads have increased over the past couple of years. He asked that when the Board receives calls regarding a delay in requested information that they consider the staffing level. Mr. Evans said that he will continue to ask for more staff. He discussed how requests are being handled in the office. Ms. Schackai said that the retirement office had an assistant manager but the position was cut from the budget. Mr. Evans said that he would like to have another accountant or analyst to work in the office. Dr. Chase requested that Mr. Evans provide something in writing regarding the requests for more staff.

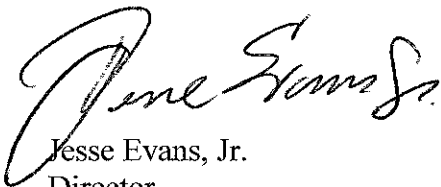
EXECUTIVE SESSION

A motion was made by Ms. Hudson and seconded by Ms. Schackai to go into executive session to discuss any on-going litigation. The motion passed unanimously.

The meeting resumed.

Dr. Chase said that no action was taken on any items under executive session.

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



Jesse Evans, Jr.

Director

JE/jhe