

**Regular Meeting
Board of Trustees
of the Employees' Retirement System
of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, Room 4W05
August 15, 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
Harby Kreeger, Morgan Stanley Smith Barney
Michael Kreeger, Morgan Stanley Smith Barney
Jane Armstrong, Phelps Dunbar
Tony Gelderman, BLB&G
Katherine Burke
Mark Weiller, Ashmore
Lynne Schackai
Theodore Sanders, LAMP
Luther Speight, Luther Speight & Company

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

PRESENTATIONS

Ashmore Presentation Mr. Weiller gave an overview of the firm. He made a presentation on the portfolio performance as of June 30, 2012. Mr. Weiller said that the Board is invested in the LCD and the emerging market funds. He discussed the total return fund with Ashmore. Mr. Kreeger recommended that the Board move funds to the total return fund with Ashmore. A motion was made by Dr. Chase and seconded by Mr. Gebrian to move out of the LCD and emerging market into the total return fund. The motion passed unanimously.

Bernstein, Litowitz, Berger & Grossman Mr. Gelderman gave background information on the firm. He made a presentation on developing a Securities Litigation Policy. Mr. Gelderman summarized best practices and recommendations for litigation. Dr. Chase requested that the Board draft a securities litigation policy. Mr. Evans suggested that the Board forward this request to the Headline Risk Committee. The Board agreed.

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2011 Annual Audit Report Mr. Speight made a presentation on the 2011 Audit Report for the Employees' Retirement System as of December 31st. Mr. Evans will draft the management response related to the 2011 annual audit findings which is due by August 31st. The Board acknowledged receipt of the 2011 annual audit report.

OLD BUSINESS

Rewrites of Chapter 114 – IRS Favorable Determination Letter Ms. Armstrong prepared the administrative procedures for IRS tax compliance which needs to be adopted by the Board and signed by Dr. Chase. A motion was made by Mr. Foster and seconded by Ms. Bagneris to adopt the administrative procedures for the IRS tax compliance. The motion passed with all in favor. Ms. Armstrong informed the Board that the entire document of Chapter 114 rewrites needs to be presented to the City Council for adoption.

City Council Motion to Employ Special Counsel no change.

RFP for Investment Consultant Dr. Chase briefly summarized the RFP process for investment consultant and the firms that were eliminated due to not meeting the minimum requirements. He said that the Board is scheduled to interview four firms (FFC, Segal Rogerscasey, Meketa and the Bogdahn Group) on August 24th for the Investment Consultant. Mr. Kreeger expressed his concerns regarding the minimum requirements for the RFP Investment Consultant which eliminated them for participating. Ms. Schackai presented public comments on the RFP process for investment consultant.

NEW BUSINESS

The Board agreed to schedule a special meeting for Monday, August 27th at 9:00 am pending meeting place.

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

COLA Mr. Evans presented the cost of last year's COLA and estimated cost on this year's COLA payments. He said that this is the month that the Board determines whether COLAs will be given and if not retirees will be notified by September. A motion was made by Mr. Gebrian and seconded Ms. Hudson to agree to give a COLA to retirees and the amounts to be determined. The motion passed unanimously.

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MONTHLY REPORTS

Minutes of Meetings for June 20th & 29th, July 11th Special and Investment Committee was presented to the Board. A motion was made by Dr. Chase and seconded by Mr. Gebrian to adopt the minutes for June 20th & 29th, July 11th Special and Investment Committee. The motion passed unanimously.

Retirements for the month of August 2012 were presented to the Board. A motion was made by Ms. Bagneris and seconded by Dr. Chase to ratify the retirements for the month of August 2012. The motion passed unanimously.

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

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

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

COMMITTEE REPORT

Budget Committee Dr. Chase inquired about funding for payment of the five year actuarial study. Mr. Evans informed the Board that the budget committee met on yesterday and recommended that funding for the five year actuarial study should be paid out of the fund based on Chapter 114 states that "the Board shall cause for a five year actuarial study to be done." A motion was made by Mr. Foster and seconded by Mr. Gebrian to make an amendment to the Board's current budget in the amount of \$23,000 to pay for the five year actuarial study. The motion passed unanimously.

Trustees Conference Review & Approval A motion was made by Ms. Hudson and seconded by Ms. Bagneris that Mr. Foster, Ms. Hudson, Ms. Bagneris and Mr. Gebrian would be attending LAMP'S 2012 Annual Meeting in New Orleans, October 18-19, 2012. The motion passed unanimously.

Dr. Chase suggested amending the travel policy at the next meeting regarding no cost conference.

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INVESTMENT COMMITTEE

Morgan Stanley Smith Barney Mr. Evans informed the Board about amending the investment policy statement regarding the continuing education requirements. A motion was made by Mr. Foster and seconded by Mr. Gebrian to amend the Investment Policy Statement regarding continuing education in the first paragraph remove the word “must” and add “encouraged to”. Also remove “must be completed by” and add “will be provided to”. The second paragraph remove “will be responsible for completing” and add “is encouraged to complete”. In the third paragraph, remove “of the required 14” and add “continued”. Eliminate the fourth paragraph. The motion passed unanimously.

The Board agreed to break for a few minutes.

The meeting resume.

Michael Kreeger informed the Board that addendum A has been added to the investment policy statement which includes managers’ description, style of management, benchmark and whether they are on or off platform. Mr. Harby discussed asset allocation and PSN performance report for the period ending June 30, 2012.

Ms. Bagneris left the meeting.

Mr. Harby recommended that Board the raise York Credit to \$5 million which requires about \$3.7 million and the funds would come from Hatteras liquidation.

Mr. Evans informed the Board funds are need for September 1st payroll. A motion was made by Mr. Foster and seconded by Mr. Gebrian to authorized Mr. Evans to withdraw \$ 1.2 million from Hancock if necessary for September 1st payroll. The motion passed with four (Mr. Foster, Mr. Gebrian, Ms. Hudson and Dr. Chase) in favor.

Contract Compliance Committee – Status of Contract for Custodian Bank deferred.

Headline Risk Committee deferred.

Member Relations deferred.

Staffing Committee deferred.

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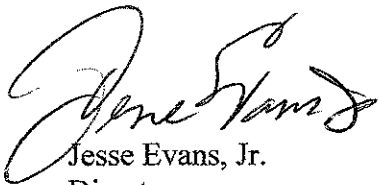
EXECUTIVE SESSION

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

The meeting resumed.

A motion was made by Mr. Gebrian and seconded by Ms. Hudson to approve the Ordinary Disability retirement for Wallace Dickerson based on the Board's physician reports. The motion passed with four (Mr. Gebrian, Ms. Hudson, Mr. Foster and Dr. Chase) in favor.

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