

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, 4W05
August 24, 2016
9:33 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, Active Representative
Ms. Marina M. Kahn, Retiree Representative

Others Present:

Jesse Evans, Jr., Director of Employees' Retirement System
Janet H. Easterling, Administrative Support Supervisor
Ian Jones, the Bogdahn Group
Mike Welker, the Bogdahn Group
Kimberly Smith, City Attorney's Office
Alex Glaser, Phelps Dunbar
Ed Shanklin, Gavion
Stephen Daste, FFC Capital
Bernard Robertson
Howard C. Rodgers, IV, Raymond James Company
Dorien Nunez, Omni
Toni Hackett

The chairman called the meeting to order at 9:33 am.

OLD BUSINESS

RFP for Investment Consultant Mr. Evans read the revised minimum qualifications of the RFP for Investment Consultant. The Board reviewed and accepted the technical criteria for the RFP for Investment Consultant. A motion was made by Dr. Chase and seconded by Ms. Bagneris to approve the RFP for Investment Consultant. The motion passed unanimously.

Public Comments made by Dorien Nunez.

Status of RFP for Special Legal Counsel Mr. Evans informed the Board that four responses were received for the RFP for Special Legal Counsel and a Selection Committee meeting needs to be schedule.

NEW BUSINESS

Dates for next regular meetings the Board tentatively scheduled the following regular meeting dates September 21st, October 26th and November 30th at 9:30 location to be determined.

COMMITTEE REPORTS

Investment Committee – The Bogdahn Group

Monthly Flash Report - Mr. Jones made a presentation on the monthly flash report ending June 30, 2016 for the managers' performance. He discussed the 2016 Market Environment index returns, as of August 19, 2016.

Where to draw cash for September benefit payments Mr. Evans said that \$2.5 million is needed for September benefit payments. Mr. Jones suggested taking funds from fixed income managers (Delaware and TCW) for September benefit payment. A motion was made by Dr. Chase and seconded by Ms. Kahn to take \$1.25 million from Delaware and TCW. The motion passed with four in favor (Dr. Chase, Ms. Kahn, Ms. Bagneris and Mr. Foster) and one opposed (Ms. Hudson). Mr. Jones suggested the Board request a redemption from Intercontinental and Principal and take \$1 million from each, so that the funds will be available January 2017. He also suggested taking \$1.25 million from Millennium and Ocean Partners for November benefit payments. Mr. Foster suggested taking \$2.5 from Millennium and Sunnymeach. A motion was made by Ms. Kahn and seconded by Dr. Chase to take \$1.25 million from Millennium and Ocean Partners for November benefit payment. Mr. Foster offered a friendly amendment to take \$2.5 million from Millennium and Ocean Partners. Ms. Kahn accepted the amended motion. A motion was made by Ms. Kahn and seconded by Dr. Chase to take \$2.5 million from Millennium and Ocean Partners pursuant to the liquidity terms of the contracts. The motion passed unanimously.

Status of agreement with Corbin Opportunistic Credit Fund Mr. Evans said that the contract is ready to be executed once funding is determined.

How to fund Corbin Opportunistic Credit Fund Mr. Jones said that the Board agreed to commit \$20 million to Corbin. He suggested funding Corbin with funds from TCW and Delaware. A motion was made by Dr. Chase and seconded by Ms. Kahn to take \$10 million each from TCW and Delaware to fund Corbin. The motion passed with three in favor (Dr. Chase, Ms. Kahn and Ms. Bagneris) and two opposed (Mr. Foster and Ms. Hudson).

Review status of International Equity Manager Search Mr. Jones made a presentation on the International Equity Manager Search. He said that the managers with the highest ranking per the search are Cambiar International ADR, OFI International Growth, TSW International Equity, Harding Loevner International Equity and Bailard International Equity Strategy. Mr. Jones said that the funds from Wentworth Hauser & Violich were placed in an ETF. He said that if the Board does not want to hire an active international equity manager from this search, he would recommended moving the funds to a lower priced investment vehicle such as a commingled mutual fund instead of the current ETF vehicle. A motion was made by Ms. Hudson and seconded by Ms. Kahn to move the funds from the ETF to a Vanguard index fund with lower cost. The motion passed unanimously.

Budget Committee - Trustees Conference Review & Approval – no requests.

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Member Relations Committee Dr. Chase said that the Member Relations Committee had a meeting regarding COLAs and they received an email from Ms. Armstrong. Mr. Evans distributed the Cost of Living Adjustment policy to the Board. He asked whether the Board wants to give a COLA this year. Mr. Evans said that if the Board grants a COLA this year, he suggested giving more to those retirees who retired prior to 2002 because of the change in the accrual rates. Dr. Chase asked whether there are any recommendations from the Member Relations Committee on granting a COLA this year. Ms. Bagneris said there is no recommendation from the Member Relations Committee to grant a COLA this year based on the Board's COLA policy. Ms. Hudson said that the COLA policy allows the Board to consider a COLA based on other factors. Mr. Evans said that last year the Board granted a COLA based on that part of the policy. Ms. Hudson asked why is granting a COLA a violation of the policy. Ms. Bagneris said because the Board set a funding ratio 75%, in order to grant a COLA. She said that notification needs to be sent to retirees, if the Board does not grant a COLA. Ms. Kahn agreed with Ms. Hudson on granting a COLA to retirees. Dr. Chase agreed with Ms. Bagneris on not granting a COLA to retirees. Mr. Foster said that the fund had a -4.8% return last year and the inflation rate is .1%. A motion was made by Ms. Bagneris and seconded by Dr. Chase to not grant a COLA to retirees based on the policy. The motion passed with three in favor (Ms. Bagneris, Dr. Chase and Mr. Foster) and two opposed (Ms. Hudson and Ms. Kahn).

Contract Compliance Committee Mr. Evans said that Phelps Dunbar contract is signed. He said that Ms. Armstrong is reviewing the Corbin agreement.

Headline Risk Committee nothing to report.

Staffing Committee Mr. Evans informed the Board that he requested additional staffing in the 2017 budget. He said that he would like to offer a permanent position to one of the temporary employees who is working in the office.

Mr. Foster that Mr. Evans schedule a budget committee.

MONTHLY REPORTS

Minutes of Regular Meeting for July 20, 2016 and Special Meetings Minutes for August 4 & 9, 2016 was presented to the Board. A motion was made by Ms. Hudson and seconded by Dr. Chase to approve the minutes of the Regular Meeting for July 20, 2016 and Special Meetings Minutes for August 4 & 9, 2016. The motion passed unanimously.

Retirements for the month of August 2016 were presented to the Board. A motion was made by Ms. Hudson and seconded by Ms. Bagneris to ratify the retirements for the month of August 2016. The motion passed unanimously.

Report of deceased retirees for the month of August 2016 was presented to the Board. The Board received the report of deceased retirees for the month of August 2016.

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Member Refunds Report for the month of July 2016 was presented to the Board. The Board received the member refunds report for the month of July 2016.

Status Report on Transfers for the month of July 2016 was presented to the Board. The Board received the status report on transfers for the month of July 2016.

Employer Contribution Reports for the month of June 2016 were presented to the Board. The Board received the Employer Contribution Reports for the month of June 2016.

EXECUTIVE SESSION

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

The meeting resumed.

No action taken by the Board on the executive session item.

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



Jesse Evans, Jr.

Director

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