

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, 4W05
December 19, 2018
10:00 am**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Courtney B. Bagneris, Active Representative
Ms. Marina M. Kahn, Retiree Representative

Absent Trustee:

Ms. Lisa M. Hudson, Vice Chairperson
Mr. Norman L. White, Treasurer/CFO

Others Present:

Jesse Evans, Jr., Director of Employees' Retirement System
Janet H. Easterling, Administrative Support Supervisor
Ian Jones, AndCo Consultant
Bernard Robertson, RWA
Kimberly Smith, City Attorney's Office
Alex Glaser, Phelps Dunbar
Katie Lasky, Lasky Murphy

The chairman called the meeting to order at 10:00 am.

NEW BUSINESS

Fiduciary Insurance Policy Mr. Evans said that the Board is covered by a fiduciary insurance policy. He said that the rider in the insurance policy, which is called a waiver of recourse, covers trustees from doing something that violates the fiduciary policy. Mr. Evans said that the insurance premium costs about \$35,000.00 and the rider portion costs \$25 per trustee. He requested that Ms. Armstrong review the insurance policy and determine who pays for the rider portion, the fund or the individual trustees. Mr. Glaser said that the rider portion of the insurance protects the trustee from acting outside the fiduciary scope. He said that in past years the rider portion was paid by the assets of the trust, but the fund policy does not allow it to be paid from the assets for the trust. Mr. Glaser said that the rider portion of the insurance payment for trustees can come from two sources; 1) assets outside of the fund provided the City is comfortable that there is no kind of state law or prohibition on them covering the rider portion of the insurance, or 2) board members can pay individually. Also, the board could choose not to purchase the rider portion of the fiduciary insurance. He found a Louisiana statute that protects the trustees from liability in the individual capacity provided that trustee was acting in good faith and the scope of duty, as a trustee. The Board members agreed to pay their own portion of the rider insurance. Mr. Evans said that the insurance renewal is not due until February 2019. Dr. Chase requested that invoices be forwarded to each trustee. He inquired as to the name of the insurance company. Mr. Evans said American Life Insurance Company.

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Ms. Kahn asked how much is covered for trustees. Mr. Evans said \$5 million dollars. A motion was made by Ms. Bagneris and seconded Ms. Kahn that going forward for the next renewal that each trustee will pay out of pocket for the waiver of recourse premium. The motion passed with three in favor (Ms. Bagneris, Ms. Kahn and Dr. Chase).

Date for next regular meeting The Board's next regular meeting is tentatively scheduled for January 16, 2019 at 9:30am the location to be determined.

COMMITTEE REPORTS

Investment Committee – AndCo Consultant

Mr. Jones handed out and discussed information on reducing allocation targets and trimming equity and fixed income managers to fund GMO and Blackrock. He recommended reducing allocation targets from 44% to 42% for equity managers and trimming Vanguard Growth Large Cap in the amount of \$1,524,290, Vanguard 500 Index in the amount of \$1,284,371, and Vanguard Extended Market Index in the amount of \$1,826,100. A motion was made by Ms. Bagneris and seconded by Dr. Chase to trim and reduce allocation target from 44% to 42% for the equity managers Vanguard Growth Large Cap - \$1,524,290, Vanguard 500 Index - \$1,284,371, Vanguard Extended Market Index -\$1,826,100) based on the recommendation by Mr. Jones to fund GMO and Blackrock. The motion passed with three in favor (Ms. Bagneris, Dr. Chase and Ms. Kahn). A motion was made by Ms. Bagneris and seconded by Dr. Chase to trim and reduce target from 5% to 2% the fixed income manager (Ashmore -\$13,293,986) based on the recommendation by Mr. Jones to fund GMO and Blackrock. The motion passed with three in favor (Ms. Bagneris, Dr. Chase and Ms. Kahn).

Performance Report for October 31, 2018 Mr. Jones handed out and discussed the market updates for equities and fixed income index returns, as of October 31, 2018. He handed out and discussed the 2018 market environment equities and fixed income index returns, dated for December 14, 2018.

Funding Liquidity The Board agreed to take funds from Cornerstone, if funds are needed for the next thirty days.

Mr. Jones suggested that the Board invite Cornerstone and Southeastern to make presentations on the portfolio within the first quarter of 2019. He suggested that the Board not have both managers in at the same time but one in January and the other the following month.

Budget Committee - Trustees Conference Review & Approval Mr. Evans informed the Board of 2019 Institutional Investor Forum sponsored by Bernstein, Litowitz, Berger & Grossman (BLB&G) held April 10-13, 2019 in New Orleans. He informed the Board that BLB&G is one of the Board's litigation firms. Dr. Chase suggested that all Board members attend and Ms. Smith. Ms. Kahn will not be able to attend the BLB&G conference. Mr. Evans informed the Board about the one day conference, 6th Annual Institutional Forum held February 26, 2019 in St. Louis, Missouri. He said that there is no charge for the Board to attend except for travel cost. Ms. Bagneris said that she would like to attend.

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Member Relations Committee – Policy Rehired Employees no change.

Contract Compliance Committee nothing to report.

Headline Risk Committee nothing to report.

Governance Committee nothing to report.

Staffing Committee no change.

MONTHLY REPORTS

Minutes of Regular Meeting for November 14, 2018 were presented to the Board. A motion was made by Ms. Bagneris and seconded by Ms. Kahn to approve the minutes for November 14, 2018. The motion passed with three in favor (Ms. Bagneris, Ms. Kahn and Dr. Chase,).

Retirements for the month of December 2018 was presented to the Board. A motion was made by Ms. Bagneris and seconded by Dr. Chase to ratify the retirements for the month of December 2018. The motion passed with three in favor (Ms. Bagneris, Dr. Chase and Ms. Hudson).

Report of deceased retirees for the month of December 2018 was presented to the Board. The Board received the report of deceased retirees for the month of December 2018.

EXECUTIVE SESSION

A motion was made by Dr. Chase and seconded by Ms. Bagneris to go into executive session. The motion passed with three in favor (Dr. Chase, Ms. Bagneris and Ms. Kahn).

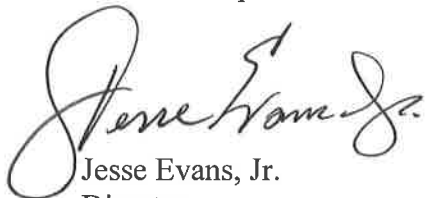
A motion was made by Ms. Bagneris and Ms. Kahn seconded by to come out of executive session. The motion passed with three in favor (Dr. Chase, Ms. Bagneris and Ms. Kahn).

Dr. Chase inquired as to the legal name for the retirement system. Mr. Evans said that the legal name is the Employees' Retirement System of the City of New Orleans.

Fishman Haygood – Update Dr. Chase said that the Board was briefed on the consent agreement and agreed to it, dated December 17, 2018. A motion was made by Dr. Chase and seconded by Ms. Bagneris to accept the consent agreement with minor changes and trustees present will sign the agreement. The motion passed with three in favor (Dr. Chase, Ms. Bagneris and Ms. Kahn).

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There being no further business, a motion was made by Dr. Chase and seconded by Ms. Bagneris to adjourn. The motion passed with three in favor (Dr. Chase, Ms. Bagneris and Ms. Kahn).

A handwritten signature in cursive script, appearing to read "Jesse Evans, Jr.", written in black ink.

Jesse Evans, Jr.
Director
JE/jhe