

**Regular Meeting  
Board of Trustees  
Of the Employees' Retirement System  
Of the City of New Orleans  
Purchasing Conference Room  
1300 Perdido Street, 4W05  
March 20, 2019  
9:45 am**

**Trustees Present:**

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

**Absent Trustees:**

Mr. Norman L. White, Treasurer/CFO

**Others Present:**

Jesse Evans, Jr., Director of Employees' Retirement System  
Ian Jones, AndCo Consultant – Conference Call  
Bernard Robertson, RWA  
Kimberly Smith, City Attorney's Office  
Jane Armstrong, Phelps Dunbar  
Jason Burge, Fishman Haygood  
Katie Lasky, Lasky Murphy  
Ross Glotzback, Southeastern  
Gary Wilson, Southeastern  
Jarrett Coheen, JE Coheen & Co.

The chairman called the meeting to order at 9:45am.

**EXECUTIVE SESSION**

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

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

**Fishman Haygood – Update** Dr. Chase said that the Board was briefed regarding changes to the consent agreement. A motion was made by Dr. Chase and seconded by Ms. Kahn to sign the updated consent agreement and forward to the City of New Orleans. The motion passed with four in favor (Dr. Chase, Ms. Kahn, Ms. Bagneris and Ms. Hudson).

**Regular Meeting  
Board of Trustees  
March 20, 2019  
Page 2**

**NEW BUSINESS**

**Date for next regular meeting** The Board's next regular meeting is tentatively scheduled for April 17, 2019 at 9:30am the location to be determined.

**COMMITTEE REPORTS**

**Investment Committee – AndCo Consultant**

**Presentation – Southeastern Asset Management** Mr. Jones provided background information on Southeastern Asset Management. Mr. Glotzbach gave an overview of the firm. He said that Southeastern was founded in 1975 and 100% employee owned. He expressed the principle investment style of Southeastern, such as, long term, concentrated, engaged and value investing. Mr. Glotzbach discussed the partnership of investing with Southeastern. He talked about the performance review over a long term returns for 30 years. Ms. Glotzbach discussed four reasons why they underperformed over the last five to ten years; (1) held a lot of cash in the portfolio, (2) owned a number of energy companies which declined, (3) had too many international stocks in the portfolio and (4) value stocks versus growth stocks. He discussed the price-to-value ratio with Southeastern. Mr. Wilson talked about the opportunities in the investment market. Mr. Glotzbach briefly summarized top holdings in the portfolio. Mr. Wilson discussed the calendar periods of underperformance followed by strong outperformance.

**Performance Report for January 31, 2019** Mr. Jones discussed the market updates for equities and fixed income index returns, as of March 15, 2019. He said that the S&P500 returned 13% and the Russell 2000 returned 15% for the first quarter of 2019. Mr. Jones said that growth investments performed better than value investments. He said that growth stocks are up by 14.8% versus value 12.3%. Mr. Jones said that the international market EAFE was up by 10.50% and the EM was up by 9.78%. He said that the fixed income aggregate was up by 1.7%, corporates was up by 3.4% and the high yield was up by 6.6% for the quarter. Mr. Jones said that the year-to-date beginning market value was approximately \$350 million, net contributions -\$1.5 million with loss of \$18 million and the ending market value was \$367 million plus the LAMP assets of \$15.2 million for a total of \$383 million. He said that the comparative performance returns shows a loss of -4.3 in 2018 but the year-to-date results, as of January 2019 shows the fund up by 5.4%. Mr. Jones made a presentation on the investment managers' performance, as of January 31, 2019. He asked whether they wanted to keep or terminate Southeastern. Ms. Kahn was in favor of keeping Southeastern and requesting a fee reduction. Dr. Chase suggested doing a new contract with Southeastern regarding the fees. Mr. Jones will request a fee reduction from Southeastern. Ms. Hudson suggested putting Southeastern on watch for their investment performance. Ms. Bagneris talked about when Southeastern gets it right they outperform. She is in favor of keeping Southeastern but also asked about a fee reduction and putting them on watch.

**Funding Liquidity** Mr. Jones recommended that funds be taken from Vanguard Extended Market Equity Index, if funds are needed for the next 30 thirty days. A motion was made by Dr. Chase and seconded by Ms. Hudson to take funds from Vanguard Extended Market Equity Index, if funds are needed for the next thirty days. The motion passed with four in favor (Dr. Chase, Ms. Hudson, Ms. Kahn and Ms. Bagneris)

**Regular Meeting  
Board of Trustees  
March 20, 2019  
Page 3**

**Budget Committee - Trustees Conference Review & Approval** Mr. Evans said that in the package is the NCPERS Conference May 18-22, 2019 held in Austin, Texas. Ms. Hudson requested to attend this conference.

Dr. Chase stepped out.

**Member Relations Committee- Reciprocity Agreement with Sewerage & Water Board** nothing to report.

**Contract Compliance Committee** nothing to report.

**Headline Risk Committee** nothing to report.

**Governance Committee** nothing to report.

**Staffing Committee** Mr. Evans informed the Board that he received a copy of the retirement budget and reviewed it. He said that maybe two positions will be added to the office.

Mr. Evans handed out the schedule for the 2019 Retirement Planning & the Municipal Employees Retirement System class that is taught by Shawn Augustine in the Retirement Office. He suggested that the Board members attend the class. Ms. Bagneris said that she recommended that Ms. Augustine teach the class. Mr. Evans said that Ms. Augustine does a really good job on this class. He said that Ms. Hudson will have to approve Board members who are not employees to attend the class.

Dr. Chase returned to the meeting.

Ms. Hudson and Ms. Kahn requested to attend the NCPERS Conference May 18-22, 2019 held in Austin, Texas. A motion was made by Ms. Bagneris and seconded by Dr. Chase to approve Ms. Hudson to attend the NCPERS conference May 18-22, 2018 held in Austin, Texas. 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 approve Ms. Kahn to attend the NCPERS conference May 18-22, 2018 held in Austin, Texas. The motion passed with three in favor (Ms. Bagneris, Dr. Chase and Ms. Hudson).

Dr. Chase left the meeting.

**MONTHLY REPORTS**

**Minutes of Special Meeting for February 11, 2019 and Regular Meeting for February 21, 2019** were presented to the Board. A motion was made by Ms. Bagneris and seconded by Ms. Hudson to approve the special meeting minutes for February 11, 2019. The motion passed with three in favor (Ms. Bagneris, Ms. Hudson and Ms. Kahn). A motion was made by Ms. Hudson and seconded by Ms. Bagneris to approve the regular meeting minutes for February 21, 2019. The motion passed with three in favor (Ms. Hudson, Ms. Bagneris and Ms. Kahn).

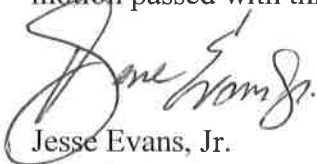
**Regular Meeting  
Board of Trustees  
March 20, 2019  
Page 4**

Retirements for the month of March 2019 was presented to the Board. A motion was made by Ms. Hudson and seconded by Ms. Bagneris to ratify the retirements for the month of March 2019. The motion passed with three in favor (Ms. Hudson, Ms. Bagneris and Ms. Kahn).

Report of deceased retirees for the months of February and March 2019 were presented to the Board. The Board received the reports of deceased retirees for the months of February and March 2019.

Status Reports on Transfers for the month of March 2019 was presented to the Board. The Board received the status reports on transfers for the month of March 2019.

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



Jesse Evans, Jr.  
Director  
JE/jhe