

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, 4W05
July 17, 2019
9:34 am**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Lisa M. Hudson, Vice Chairperson
Mr. Norman L. White, 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 IV
Ian Jones, AndCo Consultant
Bernard Robertson, Robertson Wealth Advisor
Kimberly Smith, City Attorney's Office
Jane Armstrong, Phelps Dunbar
Jeffery Williams, Segal Consulting

The chairman called the meeting to order at 9:34 am.

PRESENTATIONS

Annual Actuarial Valuation – Segal Consulting Annual Actuarial Valuation Mr. Williams summarized the January 1, 2019 annual actuarial valuation as follows:

The actuarially determined employer contribution (ADEC) for 2019 is \$28,689,759 an increase of \$674,264.
The percentage of payroll the ADEC decreased to 22.32%.
The System's funded ratio is 61.22%.
The actuarial accrued liability increased by \$28,586,175.
The actuarial value of assets increased by \$14,782,032.
The system's return on market value of assets was -4.03%.
The return on the actuarial value of assets was 6.60%.

Mr. Williams said that the plan changes effective January 1, 2018 caused a decline in the total normal cost of \$602,511. He said that the ADEC declined \$648,662 as a result of the plan changes. The Board agreed to accept the annual actuarial valuation.

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Mr. Williams briefly discussed memorandum dated July 17, 2019, impact of rescinding plan changes effective January 1, 2018 as follows:

If no plan changes were made the ADEC would have been approximately \$29,338,421 compared to \$28,689,759.

The benefit multiplier saving was \$355,161.

The base earning cap saving was \$182,003.

The changes to age 62 with 20 years of service and rule of 80 a saving of 78,238.

The early retirement (age 60 with 10 years of service) a saving of \$33,260.

Mr. Williams said that there are some assumption changes that may need to be made to the plan based on the five actuarial study by Nyhart, but he is not sure what those numbers would be. He informed the Board that the mortality tables are a couple of tables behind. The plan is using the RP2000. Mr. Williams said that the most recent mortality table is the RP2014. He said that earlier this year the Society of Actuaries produced the first ever mortality tables just for the public sectors. Mr. Williams said that the other mortality tables were corporate tables versus public sectors tables. He said that in his opinion the Board needs to update the mortality tables for the plan. Mr. Williams said that the median investment return is 7.25% compared to the plan's 7.50%. He will provide a list of alternatives.

NEW BUSINESS

Date for next regular meeting The Board's next regular meeting is tentatively scheduled for August 21, 2019 at 9:30am the location to be determined.

COMMITTEE REPORTS

Investment Committee – AndCo Consultant

Performance Report for May 31, 2019 Mr. Jones discussed the year-to-date market updates for equities and fixed income index returns, as of May 31, 2019. He said that the total fund plus the LAMP account is approximately \$386 million, as of May 31, 2019. Mr. Jones said that the year-to-date beginning market value of the fund was approximately \$350 million, net contributions -\$4.5 million with gains of \$24 million and the ending market value was \$370 million. He said that the comparative performance shows a rate of return of 7.1% year-to-date. Mr. Jones informed the Board that Southeastern and Cornerstone underperformed for the quarter. Mr. Hudson requested to see a comparison of Southeastern's performance versus other value managers. Mr. Jones will provide a peer group analysis and present the June 30, 2019 quarterly report at the next Board meeting. The Board discussed termination of Southeastern due the underperformance. He made a presentation on the investment managers' performance, as of May 31, 2019. Mr. Jones talked about infrastructure investing. Mr. Evans suggested an education session on infrastructure investing for the Board. The Board agreed.

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Mr. White left the meeting.

Funding Liquidity no funding needed.

Budget Committee - Trustees Conference Review & Approval Mr. Evans informed the Board of the upcoming LAPERS seminar for September 15-17, 2019 held at the Roosevelt New Orleans.

Member Relations Committee- Reciprocity Agreement with Sewerage & Water Board no change.

Contract Compliance Committee nothing to report.

Headline Risk Committee nothing to report.

Governance Committee Mr. Evans informed the Board that he contacted the local chapter of National Association of Parliamentarians to discuss having them provide parliamentary procedure training for the Board in late September. He informed the Board that Ms. Armstrong and Ms. Smith put together a policy for hiring minority managers, and he will presented to the committee.

Dr. Chase informed the Board of his reappointment by the Mayor. He suggested a rotation in chairmanship on the Board. Ms. Hudson suggested that the rotation in chairmanship be incorporated into the Governance Policy.

Staffing Committee no change.

MONTHLY REPORTS

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

Report of deceased retirees for the month of July 2019 were presented to the Board. The Board received the reports of deceased retirees for the month of July 2019.

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

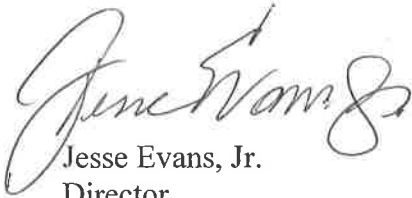
Refund Members Report for the month of June 2019 were presented to the Board. The Board received the refund members report for the month June 2019.

Employer Contributions Report for the month of May 2019 were presented to the Board. The Board received the Employer Contributions Report for the month of May 2019.

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Mr. Evans informed the Board that he received a questionnaire from the Office of Inspector General regarding revenue generating departments. He completed the questionnaire, however, the retirement system only receives contributions from the City and employees.

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



Jesse Evans, Jr.
Director
JE/jhe