Regular Meeting
Board of Trustees
of the Employees' Retirement System
of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, Room 4W05
May 16, 2012
9:06 a.m.

Trustees Present:

Dr. Edgar L. Chase, III, Chairman

Ms. Lisa M. Hudson, Vice Chairperson

Mr. Norman S. Foster, Treasurer/CFO

Ms. Lynne Schackai

Ms. Courtney B. Bagneris

Others Present:

Jesse Evans, Jr., Director of Employees' Retirement System
Janet H. Easterling, Adm. Support Supervisor, Employees' Retirement System
Brenda Breaux, City Attorney's Office
Kimberly Smith, City Attorney's Office
Harby Kreeger, Morgan Stanley Smith Barney
Michael Kreeger, Morgan Stanley Smith Barney
Raymond Urban, Tradewinds
Robert Gebrian

The chairman recognized a quorum and called the meeting to order at 9:06 am.

<u>Board Election – Retiree Election</u> Dr. Chase recognized Robert Gebrian the newly elected retiree representative on the Board. Ms. Schackai gave background information on Mr. Gebrian. She said that Mr. Gebrian will be joining the Board effective July 1st.

OLD BUSINESS

Rewrites of Chapter 114 no change.

Mr. Foster arrived to the meeting.

<u>City Council Motion to Employ Special Counsel</u> Mr. Evans informed the Board that the meeting with Councilmember Head has been rescheduled to June 14th at 1:00 p.m.

Ms. Bagneris arrived to the meeting.

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NEW BUSINESS

The Board agreed to schedule its next regular meeting for Wednesday, June 20th at 9:00 am pending meeting place.

<u>RFP for Investment Consultant – Status</u> Mr. Evans informed the Board that the RFP for the Investment Consultant was sent out on May 4th and the deadline for responses are due May 25th at 4:00 pm.

MONTHLY REPORTS

Minutes of Meetings for March 12, 21, & April 18, 2012 was presented to the Board. A motion was made by Ms. Hudson and seconded by Ms. Schackai to approve the minutes for March 12th. The motion passed unanimously. A motion was made by Ms. Schackai and seconded by Dr. Chase to approve the minutes for March 21st with corrections. The motion passed unanimously. A motion was made by Ms. Schackai and seconded by Ms. Hudson to approve the minutes for April 18th. The motion passed unanimously.

Retirements for the month of May 2012 were presented to the Board. A motion was made by Ms. Schackai and seconded by Ms. Bagneris to approve the retirements for the month of May 2012. The motion passed unanimously.

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

<u>Status Report on Transfers as of April 2012</u> was presented to the Board. The Board received the Status Report on Transfers as of April 2012.

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

COMMITTEE REPORT

Budget Committee – Trustees Conference Review and Approval Dr. Chase inquired about the conference Ms. Hudson attended. Ms. Hudson said that the title of the conference was Rebuilding American. She briefly summarized the information provided at the conference. Dr. Chase said that he is requesting to attend the International Foundation Portfolio Concepts and Management Sessions at the Wharton School in Philadelphia, Pennsylvania and additional funds are needed. Mr. Evans said that Dr. Chase signed up for a conference last year but could not attend. He said that Dr. Chase has a credit with the International Foundation but needs about

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\$1,500 or \$2,000 from other Board members' travel fund in order to attend the conference. Ms. Bagneris and Mr. Foster agreed to donate \$1,000 each from their travel fund. A motion was made by Mr. Foster and seconded by Ms. Hudson that \$1,000 each is taken from Ms. Bagneris and Mr. Foster's travel funds. The motion passed unanimously. A motion was made by Ms. Schackai and seconded by Ms. Hudson to approve Dr. Chase request to attend the International Foundation conference from May 20-24, 2012. The motion passed unanimously.

<u>Investment Committee – Morgan Stanley Smith Barney</u> Mr. Kreeger informed the Board that Raymond Urban from Tradewinds is here to make a presentation on performance. Mr. Urban said that Tradewinds manages an international strategy for NOMERS since 2005. He said that Nuveen owns Tradewinds. Mr. Urban made a presentation on the portfolio performance, as of April 30, 2012. Dr. Chase thanked Mr. Urban for his presentation.

Michael Kreeger discussed the NOMERS Asset Allocation as of May 14, 2012 versus the MSSB greater than \$20 million as of January 20, 2012. He summarized the risk reward scatter, NOMERS investment target and the projected 7-year returns.

<u>Southeastern Asset Management – Chesapeake Energy Corporation Stock</u> Mr. Kreeger discussed an update dated May 14th from Lee Harper on the decline of Chesapeake Energy Corporation stock. He informed the Board that they will continue to monitor this stock, but as of yesterday it is up 6%.

Mr. Kreeger informed the Board that as of May 14, 2012, the fund is up by 6.55%. He talked about taking funds from investments that offer poor opportunities and fund areas of emerging equity markets. Mr. Kreeger said that there will be a time to move money from Hancock. He said that Rogge is a very good conservative bond manager but is not needed. He said that there is \$5.2 million with Rogge. Mr. Kreeger suggested that the Board take funds from Hancock and Rogge when needed.

2011 Fund Performance Review Mr. Kreeger made a presentation on the December 31, 2011 composite of the fund. He talked about the actual versus target allocation of the fund. Mr. Kreeger discussed the 5-year contributions to the fund versus the withdrawals for the year 2011. He briefly summarized the managers' performances for the year 2011.

<u>Contract Compliance Committee – Status of Contract for Custodian Bank</u> Ms. Smith informed the Board that the contract has been reviewed; however, there are some issues and she will contact the bank's legal department.

Headline Risk Committee Dr. Chase said that the Board discussed the Chesapeake issue earlier.

Member Relations nothing to report.

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Staffing Committee nothing to report.

EXECUTIVE SESSION

A motion was made by Dr. Chase and seconded by Ms. Hudson to go into executive session to discuss on-going litigation and ordinary disabilities. The motion passed unanimously.

The meeting resumed.

A motion was made by Ms. Schackai and seconded by Ms. Bagneris to approve the Ordinary Disability for **Emily Walker** based on the Board's physician report. The motion passed unanimously.

Dr. Chase said that no actions were taken on the other items under executive session.

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

Jesse Evans, Jr.

Director JE/jhe

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