

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Homeland Security Conference Room
1300 Perdido Street, 8E10
February 22, 2018
9:37am**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Lisa M. Hudson, Vice Chairperson
Ms. Beverly B. Gariepy, 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, AndCo Consultant
Bernard Robertson, RWA
Alex Glaser, Phelps Dunbar
Kimberly Smith, City Attorney's Office
Katie Lasky, Lasky Murphy, LLC
Michael K. Carroll, NOMTCB
Chante' Powell, S&WB

The chairman called the meeting to order at 9:37 am.

Mr. Evans requested to add an item to the agenda under new business - Retiree Representative Election. A motion was made by Dr. Chase and seconded by Ms. Bagneris to add Retiree Representative Election under new business to the agenda. The motion passed with four in favor (Dr. Chase, Ms. Bagneris, Ms. Gariepy and Ms. Hudson).

Ms. Kahn arrived to the meeting.

OLD BUSINESS

Draft Policy Pension on Emergency Pay Mr. Evans informed the Board that Ms. Armstrong provided an administrative procedure for emergency paid. A motion was made by Dr. Chase and seconded by Ms. Hudson to approve the administrative procedure for emergency paid. The motion passed unanimously.

Michael Carroll made public comments.

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Amendment of NOMERS – Legal Opinion Mr. Evans said that clarity is needed on some of the amendment items approved by the City Council, such as, rehires, separations, COLA and Sewerage & Water Board transfers. Ms. Hudson suggested that this item be forwarded to the Member Relations Committee. Mr. Evans suggested preparing a list of those amendment items that need to be clarified and submit them to the new City Council. Mr. Glaser said that there are a lot of gaps in the ordinances approved by the City Council. He said that the Board could prepare an amendment to the ordinance or submit a new ordinance and present it to the City Council. Mr. Glaser agreed with Mr. Evans suggestion of preparing a list of those amendment items that need to be clarified and submit them to the new City Council. Ms. Hudson suggested that the list of those amendment items be presented at the next Board meeting. Mr. Evans said that the Member Relations Committee will define rehires, separations and Sewerage & Water Board transfers and submit to the Board. Mr. Glaser will research how other retirement systems in the state of Louisiana define rehires, separations and transfers. Ms. Lasky talked about the issue with the \$100,000 cap on pensionable compensation.

NEW BUSINESS

Date for Actuary Services – RFP Selection Committee Meeting Mr. Evans said that there are two possible dates for the RFP Selection Committee to meet; February 26, 2018 from 9:30am to 2:00pm or February 27, 2018 from 10:00am to 1:00pm. The Selection Committee agreed to meet February 26, 2018 from 10:30am to 2:00pm to be held in Purchasing Conference Room 4W05.

Date for next regular meeting The Board's next regular meeting is tentatively scheduled for March 20, 2018 at 10:00am with the location to be determined.

Retiree Representative Election Ms. Hudson said that Ms. Kahn's seat is up for election. Mr. Evans said that he met with Ms. Hudson regarding the election. Ms. Bagneris asked whether Ms. Hudson had funding for the election. Ms. Hudson said no. She said that the nomination period is from March 9 - 29, 2018. Ms. Bagneris asked how much will the mailing service cost for this election. Ms. Hudson said that it depends on whether the nomination form can be included in the retiree monthly mailing of the benefit statements. She said that the mailing of the ballots are contracted out, and they are in the process of receiving bids. Ms. Hudson said that the initial cost is about \$5000 to \$6000. She said that the cost was paid for by the Department of Finance in the past. Ms. Gariepy said that there is no funding in Finance for this election. Ms. Bagneris said that she will figure out how to pay for the election.

COMMITTEE REPORTS

Investment Committee – AndCo Consultant

Performance Report for December 30, 2017 Mr. Jones discussed equities and fixed income year-to-date index returns for December 31, 2017 versus January 21, 2018. He said that the total assets at the end of the year were approximately \$377.5 million. He talked about the Board adjusting the Hedge Funds. The current allocation is 2.7%, but the target allocation is 5%. Mr. Jones suggested reducing the hedge fund target allocation to from 5% to 2.5%. He suggested allocating 2.5% to increase real estate or 1.5% to real estate and 1% to public equities. Ms. Gariepy said that the Board can discuss where to allocate the target percentage from the hedge fund at another meeting. The Board deferred action on the hedge fund allocation. Mr. Jones said that the year-to-date beginning market value was approximately \$345 million, net contributions -\$18 million with gains of \$51 million. He said that the total fund year-to-date returns were up by 15.5% as of December 3, 2017. He made a presentation on the year-to-date managers' performance, as of December 31, 2017.

Asset Allocation Review Mr. Jones made a presentation on the asset allocation review, dated December 29, 2017. He said that an asset allocation is made up of three things, returns, risks and correlations. Mr. Jones talked about the different capital market assumptions of equity, debt, and private equity markets. He said that the returns, risks and correlations provided an annualized expected return and expected risk for the one-year time horizon. Ms. Gariepy said that the Board's expected returns should be the target. She said that the Board needs to review the asset allocations of the fund. Mr. Jones said that adjustments to the targets for hedge funds and real estate can be made. He talked about taking funds from bonds and investing in a different asset class would increase possible returns and risks. Mr. Evans said that Mr. Jones would provide some scenarios of GTAA investments for the next Board meeting.

Fund Liquidity Policy Deferred.

Revised Investment Manager Selection Process Deferred

Budget Committee - Trustees Conference Review & Approval nothing to report.

Member Relations Committee nothing to report.

Ms. Gariepy left the meeting

Contract Compliance Committee nothing to report.

Headline Risk Committee Mr. Evans talked about the derivative action with Wynn Resort.

Governance Committee nothing to report.

Staffing Committee nothing to report.

MONTHLY REPORTS

Minutes of Regular Meeting for January 31, 2018 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 December 19, 2017. The motion passed unanimously. (Ms. Hudson, Dr. Chase, Ms. Kahn and Ms. Bagneris).

Retirements for the month of February were presented to the Board. A motion was made by Dr. Chase and seconded by Ms. Hudson to ratify the retirements for the month of February 2017. The motion passed unanimously (Dr. Chase, Ms. Hudson, Ms. Bagneris and Ms. Kahn).

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

Status Reports on Transfers for the months of January 2018 were presented to the Board. The Board received the status reports on transfers for the months of January 2018.

Member Refunds Reports for the months of January 2018 were presented to the Board. The Board received the member refunds reports for the months January 2018.

Employer Contribution Report for the month of December 2017 were presented to the Board. The Board received the Employer Contribution Report for the month of December 2017.

EXECUTIVE SESSION

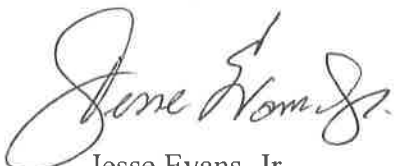
A motion was made by Dr. Chase and seconded by Ms. Hudson to go into executive session. The motion passed with four in favor (Dr. Chase, Ms. Hudson, Ms. Bagneris and Ms. Kahn).

The meeting resumed.

Fishman Haygood no action taken by the Board.

Legal Discussion of Options – Amendment of NOMERS no action taken by the Board.

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



Jesse Evans, Jr.

Director

JE/jhe