

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, 4W05
September 20, 2018
9:36am**

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
Ian Jones, AndCo Consultant
Bernard Robertson, RWA
Kimberly Smith, City Attorney's Office
Jane Armstrong, Phelps Dunbar
Katie Lasky, Lasky Murphy
Theo Sanders, LAMP
Katherine Burke
Hannah Ross, BLBG
Tony Gelderman, BLBG
Dorian Nunez
Rocsean Spencer, Office of Supplier Diversity
Matthew Cullinen, SWB

The vice chairperson called the meeting to order at 9:36 am.

PRESENTATION

Securities Litigation Overview – Bernstein, Litowitz, Berger & Grossman (BLBG) Mr. Gelderman gave an overview of the firm. He briefly discussed the class action cases where NOMERS was the lead plaintiff. Mr. Gelderman talked about the Private Securities Litigation Reform Act and the fiduciary duty of the pension fund trustees. He discussed the three categories of shareholder securities litigation (Securities Class Action, Corporate Governance/Derivative Litigation and Direct Actions).

Dr. Chase left the meeting.

Mr. Gelderman summarized the News Corp. Derivative Lawsuit that NOMERS was the lead plaintiff. Ms. Ross informed the Board about the portfolio watch monitoring platform with Bernstein, Litowitz, Berger & Grossman. She talked about the two ways that clients log-in directly to the website with a login ID and password. Ms. Ross demonstrated how to review the securities litigation cases online.

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NEW BUSINESS

COLA Bonus Mr. Evans said that in the package is a copy of the City Council Ordinance on COLAs and the Board's COLA policy. He said that City Council Ordinance states that the system's funded ratio has to be at least ninety-five (95) percent in order to give a COLA to retirees. Mr. Evans said that the COLA policy created by the Board states that in order to give a bonus or 13th check, the fund has to be at least seventy-five (75) percent funded or permanent cost of living adjustment the fund has to be at least eighty-five (85) funded. He said that under the Board's COLA policy there were circumstances that the Board could consider to give a COLA to retirees, but the City Council Ordinance does not allow for it. Mr. Evans said that the system's current funded ratio is sixty-eight (68) percent.

Date for next regular meeting The Board's next regular meeting is tentatively scheduled for October 18, 2018 at 9:30am the location to be determined.

COMMITTEE REPORTS

Investment Committee – AndCo Consultant

Discussion of GTAA Manager – Deferred.

Performance Report for July 31, 2018 Mr. Jones handed out and discussed the 2018 market environment index returns, dated for September 14, 2018. He recommended that the Board lower the target allocation for hedge funds from 5% to 3%, the current allocation is 2.8%. Mr. Jones made a presentation on the investment performance report dated, July 31, 2018, the year-to-date beginning market value was approximately \$378 million, net contributions -\$8.3 million with gains of \$10.2 million and the ending market value of \$380 million. He said that the year-to-date returns for the fund was up three (3) percent, as of July 31, 2018. Mr. Jones said that the LAMP assets were about \$15 million, as of July 31, 2018. He said that the total NOMERS fund plus the LAMP account is approximately \$395 million. Mr. Jones discussed the managers' performance ending July 31, 2018.

Mr. Nunez made public comments.

Funding Liquidity

Budget Committee - Trustees Conference Review & Approval Ms. Bagneris made comments about the behavioral investing session from LAPERS.

Member Relations Committee – Policy Rehired Employees Mr. Evans informed the Board that he had a meeting with a Sewerage and Water Board representatives regarding the reciprocal agreement between the two systems. He said that if the reciprocal agreement with Sewerage and Water Board is removed, employees would be treated the same as a state transfers. Ms. Armstrong said that the ordinance would have to be changed regarding the reciprocal agreement with Sewerage and Water Board on the state and city levels. Ms. Hudson

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asked about grandfathering those S&WB employees in our system prior to the ordinance change. Mr. Evans said that it is a different retirement system. Ms. Hudson said that Civil Service considered S&WB employee as City employees because of the consecutive employment date. Ms. Bagneris said that the reciprocal agreement would have to be changed. Ms. Armstrong said that at the last meeting the Board agreed to revisit the reciprocal agreement with Sewerage & Water Board or revise it. Mr. Evans said that the Sewerage & Water Board representatives do not want to move forward with the reciprocal agreement. Ms. Hudson would like the Sewerage and Water Board representatives to meet with the Board regarding the reciprocal agreement.

Contract Compliance Committee Mr. Evans informed the Board that there is an agreement with Segal and the contract should be received next week.

Headline Risk Committee nothing to report.

Staffing Committee Mr. Evans informed the Board that the Retirement budget was submitted to the Chief Administrative Office along with the Finance Department.

MONTHLY REPORTS

Minutes of Special Meeting for August 7, 2018 and Regular Meeting for August 15, 2018 were presented to the Board. A motion was made by Ms. Bagneris and seconded by Ms. Kahn to approve the minutes of the Special Meeting for August 7, 2018 and the Regular Meeting for August 15, 2018. The motion passed with four in favor (Ms. Bagneris, Ms. Kahn, Mr. White and Ms. Hudson).

Retirements for the month of September 2018 was presented to the Board. A motion was made by Ms. Bagneris and seconded by Ms. Kahn to ratify the retirements for the month of September 2018. The motion passed with four in favor (Ms. Bagneris, Ms. Kahn, Mr. White and Ms. Hudson).

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

Member Refunds Report for the month of August 2018 were presented to the Board. The Board received the member refunds reports for the month August 2018.

Governance Committee – Diversity and Local Manager Policy Mr. Evans informed the Board that he met Rocsean Spencer and Matthew Cullinen from the Office of Supplier Diversity regarding the diversity manager policy. Mr. Evans handed out the draft diversity manager policy to the Board. Ms. Hudson asked Mr. Evans to give an overview of the diversity manager policy. Mr. Evans said that this diversity manager policy came out of an unofficial (lack of quorum) Governance committee meeting attended by him, Mr. White, and Dr. Chase. He said that the purpose of the policy is to increase investment manager participation of minority, women and disabled managers in the system. Mr. Evans discussed the criteria, additional screening process and parameters

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for the diversity manager policy. Ms. Hudson expressed concerns with the diversity manager policy and would like to include guidelines or ranges in the policy. Ms. Hudson said that the City Attorney's Office and Ms. Armstrong need to review the draft policy.

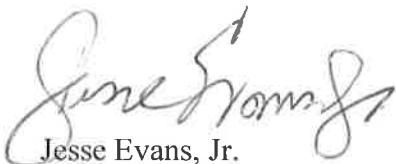
Mr. Nunez made public comments.

EXECUTIVE SESSION

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

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

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



Jesse Evans, Jr.
Director

JE/jhe