

**Investment Committee Meeting
Board of Trustees
of the Employees' Retirement System
of the City of New Orleans
1100 Poydras Street, Suite 3250
Morgan Stanley Conference Room
July 11, 2012
11:25 a.m.**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Lisa M. Hudson
Mr. Norman S. Foster
Mr. Robert Gebrian

Absent Trustees:

Ms. Courtney B. Bagneris

Others Present:

Jesse Evans, Jr., Director
Janet H. Easterling, Administrative Support Supervisor
Harby Kreeger, Morgan Stanley
Michael Kreeger, Morgan Stanley
Kimberly Smith, City Attorney's Office
Lynne Schackai
Edmund Grant

The Chairman called the meeting to order at 1:25 p.m.

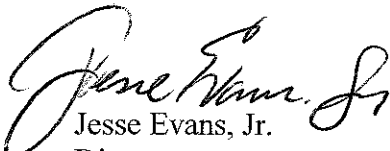
Mr. Kreeger gave background information on Edmund Grant from Alliance Bernstein. Michael Kreeger briefly talked about the educational topic Treasury Inflation Protected Securities (TIPS). Mr. Grant made a presentation on TIPS versus Liquid Real Assets. Mr. Grant discussed the risk associated with TIPS. He said that inflation protection depends on two factors; 1) your inflation sensitivity which includes liabilities, investment allocation, non-investment income and 2) cost of inflation protection. Mr. Grant talked about the two types of TIPS strategies; 1) Pure includes passive index fund/ETF and actively managed and 2) Multi-sector with high yield credit/emerging market debt and combine TIPS with multi-section portfolio. He also discussed pros and cons of the two TIPS strategies. Mr. Grant made a presentation on liquid real assets. He said that there are two typical real assets choices; inflation-linked bonds and real assets which include real estate stocks, natural resource stocks, commodities and precious metal. Mr. Grant summarized inflation sensitivity. He talked about the global inflation betas versus volatility adjusted returns from 1970 to 2011. Mr. Grant summarized the bond-like and equity-like risks related to real asset combinations of CPI plus 2%.

Morgan Stanley Smith Barney Mr. Kreeger talked about the performance of the US versus China. Michael Kreeger informed the Board that the fund is up by 5.2% for the 2nd quarter. He summarized the managers' performances as of June 30th. Michael Kreeger discussed the hedge fund and fund-of-fund managers' performance bar charts ending May 31, 2012.

Investment Committee Meeting
Board of Trustees
July 11, 2012
Page 2

The Board discussed moving the August 17th special meeting for investment consultant interviews to August 22nd with a backup date of August 24. The Board agreed.

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


Jesse Evans, Jr.
Director

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