

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Civil Service Commission Conference Room
1340 Poydras Street, Suite 964
May 25, 2016
9:30 a.m.**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Lisa M. Hudson, Vice Chairperson
Mr. Norman S. Foster, 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, the Bogdahn Group
Kimberly Smith, City Attorney's Office
Jane Armstrong, Phelps Dunbar
Dan McHale, Alternative Investment Partners
Mark van der Zwan, Alternative Investment Partners
Jarrod Guigley, Alternative Investment Partners
Ryan Mason, Siguler Guff & Company
James G. Gereghty, Jr., Siguler Guff & Company
Ralph Vasami, Corbin Capital Partners, L.P.
Craig Bergstrom, Corbin Capital Partners, L.P.
Gregg S. Hymowitz, EnTrustPermal
Omar Kodmani, EnTrustPermal
Sandra M. Johnson
Elsie Cobb-Wright
DeShira Horton
Dorien Nunez
Cary Grant
Lynn Ramagos
Stephen Daste

The chairman called the meeting to order at 9:30 am.

NEW BUSINESS

RFP for 5-year Actuarial Study Mr. Evans handed out and discussed a copy of the last RFP for the 5-year actuarial study regarding technical criteria and experience. The Board recommended changing the 5 to 10 years of experience for the RFP 5-year actuarial study.

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Retirement Option – Sandra Johnson Mr. Evans informed the Board that Ms. Johnson retired from the retirement system in 2004, elected an option III to receive a reduced retirement allowance payable throughout her life and upon her death the designated beneficiary will receive one-half of the monthly benefit amount payable for life. He said that Ms. Johnson requested that the Board review her case and allow her to change her benefit to the maximum option. Mr. Evans said that our ordinances do not allow for changing of retirement option. He said that the form that Ms. Johnson signed in 2004 states “All options of retirement benefits have been explained to me and I understand them. After consideration, I select the Option 3 benefit for my retirement. I understand that I will not be allowed to change to another option at any time in the future.” Ms. Johnson addressed the Board to request to change her retirement option due to medical and financial reasons. The Board denied Ms. Johnson’s request to change her retirement option.

Date for next Regular Meeting – June 22nd the Board tentatively scheduled its next regular meetings for Wednesday, June 22nd at 9:30 am location to be determined.

Elsie Cobb-Wright made public comments.

COMMITTEE REPORTS

Investment Committee – The Bogdahn Group

Opportunistic Manager Presentations Mr. Jones informed the Board of the four managers (Alternative Investment Partners, Siguler Guff & Company, Corbin Capital Partners, L.P., and EnTrustPermal) that will make a presentation on Opportunistic Investments.

Impact of cash flows on Asset Allocation Mr. Evans handed out and discussed the 2016 estimated cash flow and budget Analysis of the Fund. He said that the estimated total contributions are \$32,403,899 and estimated total distributions are \$71,133.140 with a difference of -\$38,709.241. Mr. Evans said that the estimated liquidity for June – December to meet benefit payments/other expenses are \$12,372.057 and to meet capital calls are \$10,208,833. A motion was made by Dr. Chase and seconded by Ms. Kahn to take \$3 million from fixed income if a need for funds occurs within the next thirty days. The motion passed with four in favor.

Dorian Nunez made public comments.

Mr. Foster left the meeting.

Ms. Hudson arrived to the meeting.

Opportunistic Manager Presentations (Cont.)

Alternative Investment Partners – Riverview Strategic Opportunities Fund II (Closed End Fund) Mr. McHale gave background information on Alternative Investment Partners. He said that the firm is 100% owned by Morgan Stanley and has \$22 billion in assets under management in Hedge Funds. Mr. Zwan discussed structure and secondary investment. Mr. Guigley made a presentation on co-investments and market opportunities.

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Siguler Guff & Company, LP – Distressed Opportunities Fund V (Closed End Fund) Mr. Mason gave an overview of the firm. He said that they have more than \$10 billion in assets under management and 160 employees worldwide. Mr. Gereghty gave an overview of the distressed opportunities funds program. He said that the investment rate of returns is 13.5%. Mr. Gereghty discussed the performance highlights and history returns from 2008 to 2015. Mr. Gereghty made a presentation on market opportunities.

Break

The meeting resumed.

Corbin Capital Partners, L.P. – Credit Opportunities Fund (Open End Fund) Mr. Vasami gave an overview of the firm. He discussed key distinctions of their firm versus other firms. Mr. Vasami said that the firm is employee-owned and operated.

Mr. Foster returned to the meeting.

Mr. Bergstrom talked about the investment strategies of credit opportunities funds with loans and bonds. Mr. Bergstrom made a presentation on the best opportunities in the market. He discussed the credit opportunities and fund performance from December 2008 to April 2016.

EnTrustPermal – Special Opportunities Fund III (Closed End Fund) Mr. Hymowitz gave an overview of the firm. He said that they have \$27 billion in assets under management and said they are one of the largest global hedge funds. Mr. Hymowitz said that they do not pay manager's fees but performance fees, which is 10%. He is the largest individual investor in the special opportunities fund III. He discussed the history of this fund. Mr. Hymowitz summarized the credit and equity related investments from February 2009 to April 2016. He talked about the Special Opportunities Fund I and said it significantly protected in negative markets and out performed by 355 basis points. Mr. Hymowitz said fund II out performed by 183 basis points with a 27% down market. He said that the funds are three-year commitments and no fees are charge during the committed period. Mr. Hymowitz said the minimum investment is \$1 million. He said that special opportunities funds have generated gross profit of \$548 million. Mr. Hymowitz said that most of the investments are proprietary vehicles.

RFP for Special Legal Counsel Mr. Evans said that he received a letter of resignation letter from John Weiler withdrawing from representing the Board as legal counsel. He handed out the RFP for special legal counsel and asked whether the Board wanted to put it back out for RFP. A motion was made by Ms. Hudson and seconded by Dr. Chase to move forward with the RFP for special legal counsel. The motion passed with three in favor (Ms. Hudson, Dr. Chase and Ms. Bagneris) and two opposed (Mr. Foster and Ms. Kahn).

Budget Committee - Trustees Conference Review & Approval – no requests.

Member Relations Committee nothing to report.

Contract Compliance Committee nothing to report.

Headline Risk Committee nothing to report.

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Staffing Committee Mr. Evans handed out copies of past board meeting minutes regarding staff where the Board granted hiring a CPA for the Retirement Office. He asked this Board to grant him the same opportunity to hire three temporary accountants. Mr. Evans handed out and discussed the 2016 estimated cash flow and budget analysis. He said that 0.3% is added to the contribution rate each year and that is where the expense will come from. Mr. Evans said that he is asking to hire three temporary accountants for the remainder of this year which will cost approximately \$59,000, based on the temporary firm he spoke with. He said that this would allow the office to catchup the back log. He informed the Board that staff is working on members who entered DROP in September 2014. Mr. Evans said that he received resumes from the temporary company on the individuals. A motion was made by Ms. Bagneris and seconded by Ms. Kahn to grant Mr. Evans the authority to hire three temporary accountants for the remainder of this year and the funds come from the 0.3%. The motion passed with four in favor (Ms. Bagneris, Ms. Kahn, Ms. Hudson and Dr. Chase) and one opposed (Mr. Foster).

MONTHLY REPORTS

Minutes of Regular Meeting for April 26, 2016 were presented to the Board. A motion was made by Dr. Chase and seconded by Ms. Kahn to approve the minutes of the Regular Meeting for April 26, 2016. The motion passed unanimously (Dr. Chase, Ms. Kahn, Ms. Bagneris, Ms. Hudson, and Mr. Foster).

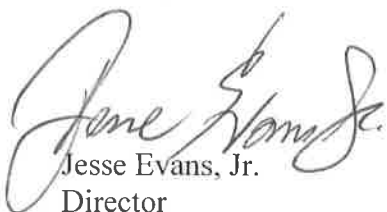
Retirements for the month of May 2016 were presented to the Board. A motion was made by Dr. Chase and seconded by Ms. Hudson to ratify the retirements for the month of May 2016. The motion passed unanimously (Dr. Chase, Ms. Hudson, Ms. Kahn, Ms. Bagneris and Mr. Foster).

Report of deceased retirees for the month of May 2016 was presented to the Board. The Board received the report of deceased retirees for the month of May 2016.

Member Refunds Report for the month of April 2016 was presented to the Board. The Board received the member refunds report for the month of April 2016.

Status Report on Transfers for the month of April 2016 was presented to the Board. The Board received the status report on transfers for the month of April 2016.

Employer Contribution Reports for the months of February & March 2016 were presented to the Board. The Board received the Employer Contribution Reports for the months of February & March 2016. There being no further business, a motion was made by Ms. Hudson and seconded by Dr. Chase to adjourn. The motion passed unanimously.



Jesse Evans, Jr.
Director

JE/jhe