

REGULAR MEETING
BOARD OF TRUSTEES
CITY OF NEW ORLEANS EMPLOYEES' RETIREMENT SYSTEM
VIRTUAL
JUNE 10, 2020

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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 Employees' Representative
Ms. Marina M. Kahn, Retired Employees' Representative

Others Present:

Jesse Evans, Jr., Director, Employees' Retirement System
Ian Jones, AndCo, Consultant
Gwelda Swilley, AndCo, Consultant
Bernard Robertson, Robertson Wealth Advisors
Jeff Williams, Segal Consulting

The chairman called the meeting to order at 9:41am.

Minutes of Regular Meeting - February 13, 2020 Meeting - Motion to approve by Ms. Bagneris and seconded by Ms. Hudson. The motion passed with five in favor (Dr. Chase, Ms. Bagneris, Ms. Hudson, Ms. White, Ms. Kahn)
March 11, 2020 Special Meeting - Motion to approve by Ms. Bagneris and seconded by Ms. Hudson. The motion passed with five in favor (Dr. Chase, Ms. Bagneris, Ms. Hudson, Ms. White, Ms. Kahn)

Deceased Report - Marked Received

Date for the next regular meeting the Board's next regular meeting is scheduled for, Wednesday, July 15th at 9:30am. The July, August and September meeting will be held virtually.

2019 Audit - The board will request an extension of the June 30th deadline to submit the 2019 Annual Audit to the Louisiana Legislative Auditor.

Board Election - Active Employee Representative Election - Ms. Bagneris received the required number of nominations as required to be a candidate for the active member board seat. As no other candidates reached the required number of nominations, Ms. Bagneris will continue in her current board seat.

Regular Meeting
Board of Trustees
June 10, 2020
Page - 2

Amortization Methodologies and Proposed Retirement Incentive Plan - Segal Consulting - Jeffrey Williams

A presentation on some additional requested amortization methodologies with some expanded sample projections was made by Mr. Williams from Segal Consulting. The presentation also included a detailed presentation of some possible retirement incentive plan options to be considered

A motion was made by Mr. White to add the actionable agenda item "Retirement Plan Assumptions, Proposed Plan Changes and Early Retirement Options" to the agenda. The motion was seconded by Dr. Chase. The motion passed with five in favor (Dr. Chase, Ms. Hudson, Ms. Bagneris, Mr. White, Ms. Kahn).

Retirement Plan Assumptions, Proposed Plan Changes and Early Retirement Options

A motion was made by Dr. Chase and seconded by Ms. Kahn to adopt new plan assumptions and amortization methodology.

Plan Assumptions

- Discount Rate/Investment Return
 - 7.25%
- Inflation/Payroll Growth Rate
 - 2.50%
- Salary Increases
 - Age-based rates declining with age
- Mortality
 - PubG-2020 amount weighted tables, projected generationally with Scale MP-2018
- Retirement
 - Age-based rates from ages 55 through 70
 - Current rates greatly overstated expected retirements
 - Rates 20% to 60% less than current rates
- Turnover
 - Age and sex-based rates, with higher turnover years 1-5
 - Rates modified to better reflect experience
- Disability
 - Maintain current rates, but eliminate rates for those with less than 10 years of service or at least 60 years of age
- Updated amortization method –layered, 25-year percent-of-pay amortization basis

The motion passed with five in favor (Dr. Chase, Ms. Hudson, Ms. Bagneris, Mr. White, Ms. Kahn).

**Retirement Plan Assumptions, Proposed Plan Changes and Early Retirement Options
- Cont.**

A motion was made by Dr. Chase and seconded by Ms. Hudson to move the proposed plan changes to the city council for further consideration.

Benefit Multiplier: 2.50% for all years

Normal Retirement: 65yo & 5years of service

Unreduced Early Retirement: 30 years of service or 80 points (age and service equal 80) or 62yo & 20 years of service

Reduced Early Retirement: 60yo & 10 years of service

Pensionable Compensation: Capped at \$150,000

Vesting Period: 5 years

The motion passed with five in favor (Dr. Chase, Ms. Hudson, Ms. Bagneris, Mr. White, Ms. Kahn).

A motion was made by Ms. Bagneris and seconded by Ms. Hudson to move the amended Early Retirement – “Rule of 70” and Voluntary Retirement Option proposed plan changes to the city council for further consideration.

Early Retirement Option – “Rule of 70”

- Age plus creditable service totals at least 70, e.g., age 55 + 15 years, age 50 + 20 year
- Does not meet any other criteria for retirement
- Must have at least 15 years of creditable service
- Member permanently separates from full-time employment after retirement (cannot enter DROP)
- Purchase of service and/or the conversion of sick/annual leave may be used to attain 15 years
- All sick leave must be applied to purchase of creditable service
- No early retirement reduction if age less than 62

Voluntary Retirement Option

- Currently eligible to retire or will become eligible during the incentives period
- Member permanently separates from full-time employment after retirement (cannot enter DROP)
- All sick leave must be applied to purchase of creditable service
- Annual increase of 1% in the retirement benefit beginning January 1, 2022

Regular Meeting
Board of Trustees
June 10, 2020
Page - 4

- Annual payment of \$50 for each full year of employment (\$1,000 minimum) for 10-year period beginning January 1, 2022; benefit paid to beneficiary if member passes away during the 10-year period

The motion passed with five in favor (Dr. Chase, Ms. Hudson, Ms. Bagneris, Mr. White, Ms. Kahn).

A motion was made by Ms. Bagneris and seconded by Ms. Kahn to move the amended Early Retirement – “Rule of 70” as a single option to the city council for further consideration. The motion passed with five in favor (Dr. Chase, Ms. Hudson, Ms. Bagneris, Mr. White, Ms. Kahn).

A motion was made by Ms. Bagneris and seconded by Dr. Chase to move the amended Voluntary Retirement Option as a single option to the city council for further consideration.

A motion was made by Mr. White and seconded by Dr. Chase to move the Proposed Plan Changes, the amended Early Retirement – “Rule of 70”, and the amended Voluntary Retirement Option as a package to the city council for further consideration. The motion passed with five in favor (Dr. Chase, Ms. Hudson, Ms. Bagneris, Mr. White, Ms. Kahn).

PRESENTATIONS

Investment Committee - AndCo Consulting - Ian Jones

Mr. Jones discussed the investment market environment. He further reviewed the investment performance through April 30th followed by a May 31st snapshot of the portfolio. He further discussed challenges on the horizon and the narrow market leadership. Mr. Jones continued his detailed market discussion and how various asset classes may be impacted in the current environment. Additionally, he discussed the current asset allocation and recommended no changes.

Mr. White left the meeting.

Regular Meeting
Board of Trustees
June 10, 2020
Page - 5

COMMITTEE REPORTS

Budget Committee - Mr. Evans will provide information on virtual conference opportunities.

Member Relations Committee - Ms. Bagneris discussed holding a future virtual meeting for members, once we have more clarity from the administration on moving forward with the proposed plan changes and/or the retirement incentive plan.

Contract Compliance Committee - No new contracts

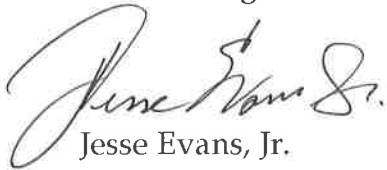
Headline Risk Committee - Nothing to report.

Governance Committee - Emerging Manager and Diversity Policy is still in the works.

Staffing Committee - Mr. Evans discussed current office operations in the COVID-19 environment. Ms. Bagneris and Ms. Hudson discussed requesting additional staffing as the demand to service members may increase with the possibility of a layoff and/or furlough situation or if the retirement incentive plan is implemented.

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

The meeting ended at 11:22am



Jesse Evans, Jr.
Director