

**REGULAR MEETING
BOARD OF TRUSTEES
CITY OF NEW ORLEANS EMPLOYEES' RETIREMENT SYSTEM
VIRTUAL
APRIL 20, 2022**

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Trustees Present:

Ms. Amy B. Trepagnier, Trustee
Mr. Norman L. White, Treasurer/CFO
Ms. Marina M. Kahn, Retired Employees' Representative
Mr. Kim T. DeLarge, Sr., Trustee

Trustees Absent:

Ms. Courtney B. Bagneris, Active Employees' Representative

Others Present:

Jesse Evans, Jr., Director, Employees' Retirement System
Ian Jones, AndCo Consulting
Kimberly Smith, City Attorney's Office
Michael Williams, Phelps Dunbar
Bernard Robertson, Robertson Wealth Advisors
Gwelda Swilley, AndCo Consulting
Zachary Chichinski, AndCo Consulting

Mr. Evans called the meeting to order at 9:41 am after roll call.

Mr. DeLarge was sworn in as a trustee.

MONTHLY REPORTS

Meeting Minutes - Regular Meeting - March 19, 2022

A motion was made by Ms. Kahn and seconded by Ms. Trepagnier to approve the March 19, 2022 regular meeting minutes. The motion passed with all in favor (Ms. Trepagnier, Mr. White, Mr. DeLarge and Ms. Kahn).

Board to Ratify Retirement Allowances

A motion was made by Mr. White and seconded by Mr. DeLarge to approve the retirement allowances for April. The motion passed with all in favor (Ms. Trepagnier, Mr. White, Mr. DeLarge and Ms. Kahn).

Refund Report - Marked received

Contribution Report - Marked received

Transfer Report - Marked received

Deceased Member Report - Marked received

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Mr. Evans paused to ask for any public comments. There were no public comments.

Date for the next regular meeting - The board's next regular meeting is scheduled for Wednesday, May 11th at 9:30am virtually.

Review Year to Date Market Environment and February 28, 2022 Performance Report

Mr. Jones presented the February 28, 2022 flash report and market environment as of April 19, 2022. He reviewed a chart that detailed inflationary periods of 6% or greater since 1941, noting that of the 16 periods when inflation was greater than 6%, in eight of the periods the equity market had positive returns, and in the other eight periods the equity market had negative returns.

He noted the challenging emerging market equity results of Wasatch and Invesco and touched on the attributing factors as to why they both have trailed their benchmark by wide margins in 2022, including their exposure to Russia and Taiwan.

He confirmed that the retirement system was in compliance with its asset allocation policy targets and ranges.

Benefit and Other Payment Funding for 2022

Mr. Jones reviewed an asset rebalancing spreadsheet and made recommendations to raise \$12 million of cash to cover benefit and operating needs for the balance of 2022. A motion was made by Mr. White and seconded by Ms. Kahn to trim the portfolio as recommended and described in the AndCo report and below to meet the funding needs for the balance of 2022.

- Reduce the Vanguard 500 Index by approximately \$4.5M
- Reduce Cornerstone by approximately \$3M
- Reduce the Vanguard Growth Fund by approximately \$1.1M
- Reduce Wedge Capital by approximately \$500,000
- Reduce Invesco by approximately \$1.9M
- Reduce Wasatch by approximately \$1.2M

The motion passed with all in favor (Ms. Trepagnier, Mr. White, Mr. DeLarge and Ms. Kahn).

Review on Status of Infrastructure Manager Queues

Mr. Jones noted that both managers (KKR and JP Morgan Global Transport fund) anticipate that the capital commitments will be called within roughly six to nine months.

Review Status of International Equity Manager Request For Proposal

Mr. Jones reviewed the status of the international equity manager request for proposal. He noted that we are currently evaluating the manager candidates by a combination of quantitative and qualitative factors, including but not limited to the following:

- Returns (net of fee): annualized periods, calendar years, rolling periods, market cycles, etc.
- Return/risk statistics: standard deviation, Sharpe ratio, information ratio, downside market capture, batting average, etc.
- Portfolio characteristics: # of holdings, diversification/concentration, market capitalization, geographic orientation (developed/emerging markets), style (growth/value/core)
- Benchmark
- Firm
- Philosophy and process
- Portfolio management and research team
- Fees
- Fit within the Retirement System's asset allocation and manager structure

The goal is to present a short list of manager candidates at the May 11th meeting.

Mr. Evans paused to ask for any public comments. There were no public comments.

Budget Committee

A motion was made by Ms. Trepagnier and seconded by Mr. White to allow Ms. Kahn to attend the National Conference on Public Employee Retirement Systems (NCPERS) conference to be held May 21st - 25th in Washington, D.C. The motion failed. A motion was made by Ms. Trepagnier and seconded by Mr. DeLarge to allow Ms. Kahn and Mr. White to attend the National Conference on Public Employee Retirement Systems (NCPERS) conference to be held May 21st - 25th in Washington, D.C. The motion passed with all in favor (Ms. Trepagnier, Mr. White, Mr. DeLarge and Ms. Kahn).

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Member Relations Committee

Nothing new to report.

Contract Compliance Committee

Mr. Evans indicated that the board will move forward with scheduling a selection committee meeting to review the actuary RFP submissions and make a selection for that service. A final contract will be generated and will require review.

Headline Risk Committee

Mr. Williams discussed House Bill 25, which would prohibit state and statewide retirement systems from investing in companies that have policies that are adverse to energy and energy related companies. Mr. Williams also discussed House Bill 213, which relates to the automatic removal of a former spouse as a beneficiary upon divorce.

Mr. Jones provided a detailed report of the current fossil fuel exposure of the investment portfolio. In reviewing the report, the portfolio had roughly \$15M or 3.3% total portfolio fund exposure to fossil fuel and fossil fuel related companies. The report included manager comments from those managers who hold those assets.

Governance Committee

Mr. Evans advised that emerging managers were included in the 79 responses to the international equity RFP.

Staffing Committee

Nothing new to report.

Mr. Evans paused to ask for any public comments. There were no public comments.

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

The meeting ended at 11:01 am

Jesse Evans, Jr.
Director