

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, 4W05
November 30, 2016
9:32 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 K. Smith, City Attorney's Office
Alex Chasick, City Attorney's Office
Jane Armstrong, Phelps Dunbar
Thomas Meagher, NOFF&RF
Dubravke Gilic
Brian Firstley
Kwame' Juakai

The chairman called the meeting to order at 9:32 am.

OLD BUSINESS

RFP for Investment Consultant Mr. Evans informed the Board that nine submissions were received for the RFP for Investment Consultant. He is reviewing the submissions with the Procurement Office to ensure that the minimum requirements are met for the RFP for Investment Consultant. Mr. Evans will forward possible meeting dates to the Board and a summary of the submissions.

N.O. Firefighters' Pension & Relief Fund staff – Request to join the plan Mr. Evans said that the at the last meeting there were a number questions, and it was requested that he meet with the City Attorney's Representative who wrote the legal opinion. He meet with Alex Chasick and Kimberly Smith from the City Attorney's Office, and it was suggested that he reach out to the N.O. Firefighters requesting from their Board information on how they operate as an attached Board to the Department of Finance. Dr. Chase said that the Board has some concerns that some of the policies of the City of New Orleans are not implemented by the N.O. Firefighters' staff. Mr. Meagher said that they provided information from the City Charter which states that the N.O. Firefighters' Pension & Relief Fund is attached to the Department of Finance. Mr. Meagher said that he understands that this request must be approved by the City Council. Mr. Chasick from the City Attorney's Office discussed the written opinion related to this request. He said that the code provides two different ways

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that NOMERS can determine; who is the eligible employer and whether they are eligible to participate in the plan. Mr. Chasick said that the City Council can amend the Code specifically to provide that the N.O. Firefighters' Pension or anyone else is a member of NOMERS plan. He said that Chapter 114-57 specifically provides for 911 Communication and the French Market to be included in the plan. Ms. Bagneris inquired as to how the N. O. Firefighters' Pension Board is going to pay the employer portion. Mr. Meagher said that the employer portion for the N.O. Firefighter's staff would be done the same way the employer portion is requested for NOMERS. He said that this request is for only three people. Dr. Chase said that as we go forward it may be more than just three people. Mr. Foster said that a request was forwarded to the N.O. Firefighters' Pension Board related to the legal opinion from the City Attorney's Office. He asked whether a response was received from the N. O. Firefighters' Pension Board. Mr. Evans said that no response was received. He asked whether the N. O. Firefighters' Pension Board will respond in writing. Mr. Meagher said no. Mr. Evans said that the N. O. Firefighters' Pension Board does not plan to respond to the request from this NOMERS Board. Mr. Foster said that given the advice we received from the City Attorney's Office, the Board cannot conclude if the Firefighters' Pension staff fits that definition without the requested information. Ms. Hudson inquired as to whether the other agencies follow the City policies. Mr. Foster said no because Orleans Communication and French Market are listed as employers in the Code. Ms. Hudson said that the Board can vote to include the Firefighters' Pension staff just like some of the other agencies who are not subject to follow the City's policies. Mr. Firstley made public comments. A motion was made by Dr. Chase and seconded by Ms. Hudson to forward a request to the City Council to determine whether the N.O. Firefighters' Pension staff should be included in NOMERS plan. Motion failed due to lack of a majority, two voted in favor (Dr. Chase & Ms. Hudson) and two opposed (Mr. Foster & Ms. Bagneris).

N. O. Industrial Development Board staff – Request to join the plan Ms. Armstrong informed the Board that the NOMERS is a tax qualified plan because it is a governmental plan and cannot cover private sector employees. Mr. Chasick said that N.O. Industrial Development Board does not meet the definition of employer required for NOMERS membership. Its employees may not participate in NOMERS. Mr. Foster said that the N.O. Industrial Development Board is a non-profit corporation. A motion was made by Dr. Chase and seconded by Mr. Foster to deny the request based upon the legal opinion from the City Attorney's Office that the N.O. Industrial Development Board is not an employer, and the employees may not participate in NOMERS. The motion passed with four in favor (Dr. Chase, Mr. Foster, Ms. Hudson and Ms. Bagneris).

NEW BUSINESS

Leave Conversion Request – Dubrayke Gilic Mr. Evans said that Ms. Gilic was in the DROP program and retired. He handle out copies of Ms. Gilic DROP exit forms that indicated that she wanted to convert annual/sick leave toward retirement credits which gave her an additional monthly benefit. Mr. Evans said that in Ms. Gilic's letter she indicated that she made a mistake and wanted to get paid for her leave. He said that our rules do not allow that. It is an irrevocable transaction. Ms. Gilic said that she made a mistake on the conversion of leave. She asked whether it is possible to reverse that decision. The Board denied Ms. Gilic request.

Ms. Kahn arrived to the meeting.

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Request for Actuarial Analysis Mr. Evans discussed the request from Council President Head on the actuarial analysis. He said that some of these suggestions were in the Bureau Governmental Research report. 1) For future hires and members with less than ten years of service, a change in the multiplier from 2.5% to 1.9%. 2) For future hires and members with less than ten years of service, a change in the terms of retirement eligibility would become at age 65 with 5 or more years of service, at age 62 with 20 or more years of service, and at any age with 30 or more years of service. The Rule of 80 would be eliminated. 3) For future hires and members with less than ten years of service, a change in the salary used to compute benefits will limit to \$100,000 annually. 4) For future hires and members with less than ten years of service, a change in the salary used to compute benefits will initially limit the salary according to the rate of inflation define by the Federal Bureau of Labor Statistics. Mr. Evans informed the Board that these items were forwarded to Mr. Conefry.

Date for next regular meeting The Board's next regular meeting is scheduled for December 21, 2016 at 9:30am with the location to be determined.

COMMITTEE REPORTS

Investment Committee – The Bogdahn Group

Mr. Jones informed the Board the Bogdahn Group will be changing the name of the firm at the beginning of next year.

Monthly Flash Report - Mr. Jones made a presentation on the monthly flash report ending September 30, 2016 for the managers' performance. He said that the total fund was approximately \$353,264,242 at the end of September 30, 2016. Mr. Jones recommended that the Board terminated York Credit Opportunities due to low returns and poor performance. A motion was made by Dr. Chase and seconded by Mr. Foster to liquidate York Credit Opportunities and use the funds to pay benefits. The motion passed with four in favor (Dr. Chase, Mr. Foster, Ms. Bagneris and Ms. Kahn) and one against (Ms. Hudson). Mr. Evans talked about the termination of Millennium and Sunnymeth and redistributing the funds to the Global Tactic Allocation.

Mr. Foster requested to put on December agenda the amount of cash needed to pay benefits for the year of 2017.

Discuss TCW Collective Investment Trust Mr. Jones said that TCW requested that the Board invest in their collective investment trust instead of the current vehicle. He compared the current vehicle, the mutual fund and the collective investment trust. Mr. Jones said that the collective investment trust was establish in 2015. He said there is no problem moving from the current vehicle to the collective investment trust with TCW. Mr. Jones said that TCW informed him that because of the low investment amount, they cannot manage the fund. He said that the Board will be better served in the comingled fund with TCW instead of the current vehicle. Mr. Jones recommended that the Board move to the collective investment trust with TCW because the fees are lower. A motion was made by Dr. Chase and seconded by Mr. Foster to move to the collective investment trust with TCW. Mr. Foster inquired about the fee schedule for the current vehicle with TCW. Mr. Jones will forward the fee schedule to the Board. Dr. Chase withdrew his motion. Deferred.

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Review summary of private equity investment Mr. Jones made a presentation on Private Equity in the portfolio as of November 30, 2016. He informed that the Board that private equity investments rate of returns is 9.1%. Mr. Jones said that private equity investments have not added value to the fund.

Budget Committee - Trustees Conference Review & Approval Mr. Evans informed the Board the LATEC Conference is February 2017.

Member Relations Committee nothing to report.

Contract Compliance Committee – Five Year Actuarial Study Mr. Evans said that the Contract Compliance Committee recommended Nyhart to the Board for the Five Year Actuarial Study. A motion was made by Ms. Hudson and seconded by Ms. Bagneris to authorized Mr. Evans to enter into negotiations with Nyhart for Five Year Actuarial Study. The motion passed unanimously.

Headline Risk Committee – City Council Budget Committee – Information Request Mr. Evans informed the Board that they are ready to present the requested information to Council President Head. He will forward the information to the Board.

Staffing Committee nothing to report.

MONTHLY REPORTS

Minutes of Regular Meeting for October 26, 2016 was presented to the Board. A motion was made by Dr. Chase and seconded by Ms. Hudson to approve the minutes of the Regular Meeting for October 26, 2016. The motion passed with unanimously.

Retirements for the month of November 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 November 2016. The motion passed unanimously.

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

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

Employer Contribution Reports for the month of September 2016 were presented to the Board. The Board received the Employer Contribution Reports for the month of September 2016.

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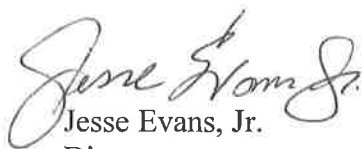
EXECUTIVE SESSION

A motion was made by Dr. Chase and seconded by Ms. Hudson to go into executive session. The motion passed unanimously.

The meeting resumed.

Klausner, Kaufman, et al v. Dr. Edgar Chase, et al no action taken by the Board.

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

A handwritten signature in cursive script, appearing to read "Jesse Evans, Jr.", is positioned above the printed name.

Jesse Evans, Jr.
Director

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