



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board of NEW ORLEANS

MITCHELL J. LANDRIEU, *President*
WM. RAYMOND MANNING, *President Pro-Tem*

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June 4, 2014

TO THE HONORABLE PRESIDENT AND MEMBERS OF THE SEWERAGE AND WATER BOARD
OF NEW ORLEANS

Mesdames and Gentlemen:

The PENSION COMMITTEE of the Sewerage and Water Board of New Orleans ("Board") met on Wednesday, June 4, 2014 at 10:30 a.m. in the Board Room at 625 St. Joseph Street.

ATTENDANCE

PRESENT: Mr. Wm. Raymond Manning (Chairman), Mr. Harold Heller, Jr., Mr. Marvin R. Russell, Jr., Mr. Gerald Tilton and Mr. John H. Wilson III

ABSENT: None

Also in attendance were Director's Office, Legal, Finance, Budget and Personnel Department staff; Octave Francis and Stephen Daste of FFC Capital Management; John Weiler of Weiler & Rees; Janice Leaumont of Capital One.

The Committee meeting was called to order at approximately 10:33 a.m. to discuss and act upon the following matters:

APPROVAL OF PREVIOUS REPORTS (ACTION)

The Pension Committee received the Pension Committee Report of May 7, 2014 for review and action. Mr. Tilton motioned to approve the report and Mr. Wilson seconded the motion. The motion passed.

VOLUNTARY RETIREMENTS

There were two (2) voluntary retirement applications submitted to the Pension Committee for review:

Bennett, Ann M.

Service: 22.18 years; Retirement Date: 06/06/14; Group: 6010 (DROP)

Gray, Thomas L.

Service: 33.63 years; Retirement Date: 06/04/14; Group: 3226 (DROP)

FFC MONTHLY REPORT (PRESENTATION)

Octave Francis of FFC Capital Management presented to the committee the Executive Summary Performance Table and Market Index Performance Report for the period ending April 30, 2014.

REVIEW OF FINANCIAL STATEMENTS

Prior to its meeting, the Pension Committee was provided with the following Financial Statements:

EARNEST PARTNERS-INTERNATIONAL MANAGER

The portfolio performance statement submitted by the Board's International Investment Manager indicates that the portfolio increased in value from \$17,532,758.00 to \$17,702,040.00 for the period ending April 30, 2014. This resulted in a one-month return rate of 0.97% compared to the MSCI ACWI ex US Index return rate of 1.32% for the same period.

NEWSOUTH CAPITAL MANAGEMENT-SMALL/MID CAP EQUITY MANAGER

The portfolio performance statement submitted by the Board's Small/Mid Cap Equity Investment Manager indicates that the portfolio decreased in value from \$30,582,925.00 to \$29,520,221.00 for the period ending April 30, 2014. This resulted in a one-month return rate of -0.39% (Gross) and -0.39 (Net) compared to the Russell 2500 Index return rate of -2.31% for the same period. (\$950,000.00 was withdrawn from this account)

PYRAMIS GLOBAL ADVISORS-US FIXED INCOME CORE PLUS MANAGER

The portfolio performance statement submitted by the Board's U.S. Fixed Core Plus Investment Manager indicates that the portfolio increased in value from \$57,457,708.00 to \$57,993,254.00 for the period ending April 30, 2014. This resulted in a one-month return rate of 0.93% (Gross) and 0.91% (Net) compared to the BC US Aggregate return rate of 0.84% for the same period. (\$6,806.00 was credited to this account)

PRISMA CAPITAL PARTNERS-HEDGE FUND ABSOLUTE RETURN MANAGER

The portfolio performance statement submitted by the Board's Hedge Fund Absolute Return Investment Manager indicates that the portfolio decreased in value from \$20,656,639.00 to \$20,461,177.00 for the period ending April 30, 2014. This resulted in a one-month return rate of -0.99% (Gross) and -0.95% (Net) compared to the Dow Jones Credit Suisse HFI return rate of -0.21% for the same period.

CHICAGO EQUITY PARTNERS -LARGE CAP ENHANCED CORE MANAGER

The portfolio performance statement submitted by the Board's Enhanced Index Core Investment Manager indicates that the portfolio increased in value from \$29,581,089.78 to \$29,595,819.86 for the period ending April 30, 2014. This resulted in a one-month return rate of 0.04% (Gross) and 0.02% (Net) compared to the Russell 1000 Index return rate of 0.47% for the same period. (\$32,982.36 was credited to this account)

EQUITAS CAPITAL ADVISORS-HEDGE FUND

The portfolio performance statement submitted by the Board's Hedge Fund Absolute Return Investment Manager indicates that the portfolio decreased in value from \$37,079.00 to \$37,011.00 for the period ending April 30, 2014. This resulted in a one-month return rate of -0.1% (Gross) and -0.2% (Net) compared to the Dollar-Weighted return rate of -0.2%; Credit Suisse Hedge Fund Index return rate of -0.2% and the Evergreen Main Account return rate of -0.6% for the same period.

WESTERN ASSET MANAGEMENT-GLOBAL FIXED INCOME TIPS

The portfolio performance statement submitted by the Board's Global Fixed Income TIPS Manager indicates that the portfolio increased in value from \$17,219,947.00 to \$17,492,251.00 for the period ending April 30, 2014. This resulted in a one-month return rate of 1.58% (Gross) and 1.55% (Net) compared to the Barclay's Capital World Government IL AII Mat Index return rate of 1.65% and the Citigroup World Govt Bond Index, USD Unhedged Index return rate of 1.10% for the same period.

BARROW, HANLEY, MEWHINNEY & STRAUSS-LARGE CAP VALUE MANAGER

The portfolio statement submitted by the Board's Large Cap Value Investment Manager indicated that the portfolio decreased in value from \$24,597,276.00 to \$25,594,286.00 for the period ending April 30, 2014. This resulted in a one-month return rate of -0.01% (Gross) and -0.06% (Net) compared to the Russell 1000 Value Index return rate of 0.95% for the same period.

ISHARES-NAREIT

There was no portfolio performance statement submitted for the period ending April 30, 2014.

POWERSHARES DB COMMODITY INDEX-DOMESTIC COMMODITIES

There was no portfolio performance statement submitted for the period ending April 30, 2014.

VANGUARD INDEX-DOMESTIC REIT

There was no portfolio performance statement submitted for the period ending April 30, 2014.

ZAZOVE-RESIDUAL ASSET

There was no portfolio performance statement submitted for the period ending April 30, 2014.

FIDELITY INST PRIME MMKT CL-CASH

There was no portfolio performance statement submitted for the period ending April 30, 2014.

SECURITIES LENDING REPORT

The Securities Lending Report submitted by BMO Securities Lending indicates that the year-to-date revenue from securities lending is \$47,984.00 as of April 2014.

LAMP/DROP STATEMENTS

There was no statement submitted for the period ending May 2014.

2014 COMMITTEE/BOARD MEETING SCHEDULE

The updated Committee and Board Meeting Schedule was submitted to the Pension Committee for review.

OTHER MATTERS

There were no additional items discussed at this meeting.

REFERENCE MATERIAL (INFORMATION)

The following documents were provided to Pension Committee Members for use during the meeting:

- By-Laws of the Sewerage & Water Board of N.O.
- Rules & Regulations of the Employees' Retirement System of the Sewerage & Water Board of N.O.
- Sewerage & Water Board of N.O. Employees' Retirement System Investment Policy Statement
- Sewerage and Water Board of N.O. Strategic Plan 2011-2020
- Tracking Tool for Comments to City Council
- Bond Rating

ADJOURNMENT

Mr. Russell motioned to adjourn the meeting and Mr. Wilson seconded. The motion passed. The meeting adjourned at approximately 10:58 a.m.

Very Truly Yours,

Wm. Raymond Manning
Chairman