



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

Sewerage & Water Board OF NEW ORLEANS

MITCHELL J. LANDRIEU, President
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October 7, 2015

The Pension Committee of Sewerage and Water Board of New Orleans met on Wednesday, October 7, 2015 at 10:30 AM in the Board Room at 625 St. Joseph Street.

ATTENDANCE

PRESENT: Mr. Wm. Raymond Manning (Chairman)
Mr. Alan Arnold
Mr. Harold Heller, Jr.
Mr. Joseph Peychaud
Mr. Gerald Tilton
Mr. John H. Wilson III

ABSENT: Mr. Scott Jacobs
Mr. Marvin R. Russell, Jr.

Also in attendance were Cedric S. Grant, Executive Director; Robert K. Miller, Deputy Director; Nolan P. Lambert, Special Counsel; Director's Office, Legal, Finance and Personnel Department staff; Stephen Daste, Melanie Parent, and Octave Francis of FFC Capital Management; Janice Leaumont of Capital One; John Weiler of Weiler & Rees; and Theo Sanders of LAMP.

The meeting was called to order to discuss and act upon the following matters:

APPROVAL OF PREVIOUS REPORTS

The Pension Committee approved and accepted the Pension Committee Report of August 5, 2015.

MOTION TO INCLUDE PRESENTATION OF RECOMMENDATIONS BY THE EXECUTIVE DIRECTOR AND ACTION ON THE RECOMMENDATIONS ON THE CURRENT AGENDA

Mr. Lambert noted that the motion to include the presentation of recommendations and any actions taken on the recommendations required the unanimous consent of the Committee members present. Upon proper motion and second, the Committee unanimously approved to include Mr. Cedric Grant's presentation on the current agenda.

EXECUTIVE DIRECTOR'S PRESENTATION

Mr. Grant opened the presentation by noting certain pension statistics, particularly the funded ratio and unfunded actuarial liability. He observed that the current strategy underway by the Pension Committee was to review the equity, fixed income, and alternative investment allocations and managers performance in order to ensure adequacy of investments for meeting obligations to vested employees. With that in mind, recommended these next steps:

1. *Sell TIPS / Western Asset Management and allocate funds into Core Plus / Pyramis Global Advisors.*
2. *Sell Commodities / Elements Rogers and Powershares DB and allocate funds to Global Equities / pro-rata into Barrow Hanley, Chicago Equity, NewSouth, and Earnest.*
3. *Sell International REITS / iShare International Real Estate ETF and allocate funds into Domestic REIT / Vanguard REIT.*
4. *Review performance of Active Managers on quarterly basis and consider shift to passive investments.*
5. *Prepare for Upcoming Compensation and Benefit Study to evaluate potential shift from Defined Benefit to Defined Contribution pension for non-vested employees.*

Following the presentation, the Committee discussed the recommendations in detail and there was apparent consensus on items 1, 4, and 5.

Mr. Arnold then made the following motion: to sell TIPS Bonds / Western Assets Management and allocate funds into Core Plus / Pyramis Global Advisors; and to review performance of active managers on quarterly basis and consider shift to passive investments; and to prepare for upcoming compensation and benefit study to evaluate potential shift from a defined benefit to a defined contribution pension plan for non-vested employees. Upon second by Mr. Peychaud, the motion was unanimously approved.

Following action on those items, Mr. Arnold then moved to sell Commodities / Elements Rogers and Powershares and allocate the funds to Global Equities / pro-rata to Barrow Hanley and Chicago Equity. The motion failed for lack of a second.

As an alternative to that motion, Mr. Wilson moved to sell Commodities / Elements Rogers and Powershares and allocate the funds to Global Equities / pro-rata to Barrow Hanley, Chicago Equity, NewSouth, and Earnest. Upon second by Mr. Arnold, the motion failed to receive the unanimous consent of the members present.

ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at approximately 11:20 AM.

Respectfully Submitted,

Wm. Raymond Manning
Chairman