



**"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY"**

# **Sewerage & Water Board OF NEW ORLEANS**

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

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November 4, 2015

The Pension Committee of Sewerage and Water Board of New Orleans met on Wednesday, November 4, 2015 at 4:00 PM in the Board Room at 625 St. Joseph Street.

## **ATTENDANCE**

**PRESENT:** Mr. Wm. Raymond Manning (Chairman)  
Mr. Alan Arnold  
Mr. Harold Heller, Jr.  
Mr. Scott Jacobs  
Mr. Joseph Peychaud  
Mr. Marvin R Russell, Jr.  
Mr. John H. Wilson III

**ABSENT:** Mr. Gerald Tilton

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; John Weiler of Weiler & Rees.

## **CHANGES TO THE EQUITY, FIXED INCOME, AND ALTERNATIVE INVESTMENT ALLOCATIONS AND MANAGERS**

Mr. Francis presented FFC's analysis of the Q-3-2015 Investment Program Status. FFC recommended:

- Termination of Western Asset, Elements Rogers Commodities, and Powershares DB Commodities with proceeds allocated to the remaining system investment managers within the terminated investment managers asset class or placed in cash until a suitable asset class is selected or investment can be selected.
- Placing Ernest Partners, Vanguard, and iShares on probation for 90 days.

The unanimous approval from the October 7, 2015 Pension Committee meeting to terminate Western Asset TIPS and allocate 100% those proceeds into Pyramis Global was reaffirmed.

Mr. Arnold motioned to sell Elements Rogers and Powershares DB at the earliest convenience. Upon a second by Mr. Jacob, the motion was approved.

Mr. Arnold motioned to sell iShares and place the proceeds in cash but the transition sale would not be effected for the next 30 day. Upon a second by Mr. Wilson, the motion was approved.

### **2015 ANNUAL AFFIRMATION STATEMENT**

Mr. Francis presented his Affirmation Statement for 2015 confirming his compliance with the professional services agreement with the Board regarding no conflicts of interest.

### **RECONCILIATION OF INVESTMENT RETURN INFORMATION**

Mr. Miller noted that there were discrepancies between the investment returns reported from the investment managers and the investment returns reported from the pension investment consultant. Staff met with the pension investment consultant to review the attached reports and determined these conclusions:

The investment return reports from the actively managed investment funds are ad hoc legacy reports requested by provided directly to the Pension Committee for the purpose of providing information as soon as practicable following the month end and do not contain adjustments and corrections that occur following the month end. Staff considers the differences between the investment returns reported from the investment managers and the investment returns reported from the pension investment consultant to be immaterial over the long term.

### **PRESENTATION OF SEPTEMBER 2015 FINANCIAL RESULTS**

Mr. Francis presented FFC's September 2015 Flash Performance Report.

### **PRESENTATION BY ALAN ARNOLD**

Mr. Arnold distributed information and presented remarks regarding *Analysis of US Equity Managed Portfolios Relative to Cost Effective of Passive Alternative for this Space*.

Mr. Manning called on Mr. Francis and Mr. Miller to come back to the next meeting with a schedule and process for concluding the current discussions on asset allocation and investment selections.

### **ADJOURNMENT**

There being no further business to come before the Committee, the meeting adjourned at approximately 6:00PM.

Respectfully Submitted,

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Wm. Raymond Manning  
Chairman