



“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 16, 2017

The Pension Committee met on Monday, October 16, 2017 in the Board Room, 625 St. Joseph Street, New Orleans, LA. The meeting convened at approximately 3:00 P.M.

Present:

Director Joseph Psychaud
Director Alan Arnold
Director Ralph Johnson
Ms. Chante’ Powell Pierre
Mr. Christopher Bergeron
Mr. John Wilson
Mr. Marvin Russell

Executive Session

Disability Retirement Application

Mr. Marvin Russell moved to go into Executive Session. Mr. John Wilson seconded the motion. The motion carried.

Mr. John Wilson moved to return from Executive Session. Director Ralph Johnson seconded the motion. The motion carried.

Mr. John Wilson moved to accept the recommendation of the staff of Human Relations on the Executive Session matter as described in the Disability Retirement Application. Mr. Marvin Russell seconded the motion. The motion carried.

ACTION ITEMS:

1. Mission Statement for the Employees’ Retirement System of the Sewerage & Water Board of New Orleans (R-114-2017)

Director Alan Arnold moved to recommend the Board of Trustees adopt the Mission Statement as it is described in resolution R-114-2017. Ms. Chante’ Powell Pierre seconded the motion. The motion carried.

2. Adoption of the CFA Code of Conduct for Members of a Pension Scheme Governing Body by the Employees’ Retirement System of Sewerage & Water Board of New Orleans (R-115-2017)

Mr. John Wilson moved to recommend that the Board of Trustees adopt the CFA Code of Conduct (R-115-2017). Mr. Marvin Russell seconded. The motion carried.

3. Asset Allocation Targets for Employees’ Retirement System of the Sewerage & Water Board of New Orleans (R-109-2017)

Director Ralph Johnson moved to recommend that Board of Trustees incorporate the 2015 asset allocation into the Investment Policy Statement (R-109-2017). Mr. Marvin Russell seconded. The motion carried.

4. Miscellaneous Updates of the Investment Policy Statement for the Employees' Retirement System of the Sewerage & Water Board of New Orleans (R-110-2017)

Director Ralph Johnson moved to recommend to the Board of Trustees the various edits in the redlined Investment Policy Statement (R-110-2017). Ms. Chante' Powell Pierre seconded. The motion carried.

All Resolutions listed above will be moved to the Board of Trustee's Committee for full adoption.

PRESENTATION ITEMS:

Ms. Sharon Judkins, Deputy Director of Administration, shared an informational item on rehiring retired S&WB employees. Ms. Sharon Judkins noted that Human Resources was considering various strategies to fill the roughly 300 vacant positions at the Sewerage & Water Board of New Orleans (S&WB). Among those strategies was the rehiring of retired S&WB employees. The Rules and Regulations Article II of the Employees' Retirement System of the Sewerage & Water Board of New Orleans (ERS) defines "employee." That definition excludes individuals who "work less than 17.5 hours per week." If the rehired retiree works less than 17.5 hours per week, they would not be a contributing member of the ERS. They would continue to receive their pension but not accrue sick time or vacation. Mr. Mike Conefry – ERS's Actuary - confirmed that individuals who worked less than 17.5 hours per week would not be members of ERS and thus would not impact the pension with their rehiring. S&WB Attorney Mr. James Thompson confirmed this interpretation.

Committee members asked a number of questions for clarification and to understand compliance. Mr. John Wilson raised a question as to whether S&WB employees on DROP could withdraw from DROP to lengthen their employment. Mr. Mike Conefry said the Rules and Regulations would not currently allow this and Ms. Sharon Judkins said the topic might be considered in the future. Director Joseph Peychaud encouraged Ms. Sharon Judkins to make sure communications about the rehiring of retired S&WB employees was communicated to avoid misunderstandings.

Chief Investment Officer, Dr. Tim Viezer's presentation provided background for the four action items and two updates. Dr. Tim Viezer introduced the first of four action items noting that "prudence is process." He noted that the ERS trust is a separate entity created by Louisiana RS 11:3821. S&WB - the water utility – was created by Louisiana RS 33:4071. Since "mission clarity" is a governance best practice, it would be useful to adopt a separate mission statement for ERS. Mr. James Thompson noted that the proposed mission statement is consistent with and its language derived from RS 11:3821.

Dr. Tim Viezer then presented the CFA Institute's Code of Conduct for Members of a Pension Scheme Governing Body. Dr. Tim Viezer noted that this was a "gold standard" within the industry and that as a CFA charter holder was himself bound by the CFA Institute's Code of Ethics and Standards of Professional Conduct. Dr. Tim Viezer noted that the Code would help assure all stakeholders that ERS would adhere to high standard which was achievable. The Code also provides protection to Trustees as it offers guidance on how to comply with their duties to administer benefits as Directors and make investment decisions as Trustees.

Dr. Tim Viezer then presented two administrative items to amend the Investment Policy Statement. The first was to memorialize changes to the asset allocation that were voted upon by the Pension Committee in 2015 and implemented but not incorporated into the Investment Policy Statement. Dr. Tim Viezer noted that in the course of providing that update to the Investment Policy Statement, FFC Capital Management proposed a number of minor edits (e.g., benchmark titles, dates, etc.). Dr. Tim Viezer noted that the Committee will monitor compliance with the asset allocation each month. He also noted that RS 11:3821 limits total equity to 65% of the total fund.

Dr. Tim Viezer then reiterated the rationale for the asset-liability study. A goal of ERS is to honor S&WB's pension obligations. Since the future is unknown, the Pension Committee must prepare for multiple situations in financial markets, plan design, and contribution levels to plan on how to achieve full funding. The asset-liability study is the tool that will assist that planning. An RFP has been issued and responses are due on

October 20, 2017. The Pension Committee discussed the composition of the Proposal Selection Committee. The Pension Committee made clear its desire for a competent, unbiased Proposal Selection Committee and adherence to S&WB's Professional Services Procurement Policy. Finally, Dr. Tim Viezer noted that FFC Capital Management's general investment consultant contract expires in March 2018. FFC has served as ERS's prime investment consultant since October 2008. To begin preparing to rebid the contract, the Pension Committee will discuss the general investment consultant services it desires over the next two meetings.

INFORMATION ITEMS:

Information item(s) 5b, 5c, 5d, 5e, 5f, 5g and 5h were received.

ADJOURNMENT:

There being no further business to come before the Pension Committee, the meeting adjourned at approximately 4:15 P.M.

Respectfully submitted,

Joseph Peychaud, Vice Chair