



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

EMPLOYEES' RETIREMENT SYSTEM OF THE Sewerage & Water Board OF NEW ORLEANS

LaToya Cantrell, President

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May 11, 2021

The Pension Committee met virtually on Tuesday, May 11, 2021, via Microsoft Teams. The meeting convened at approximately 9:00 A.M.

Present:

Director Joseph Peychaud
Director Ralph Johnson
Ms. Latressia Matthews
Mr. Christopher Bergeron
Mr. Harold Heller
Councilmember Jay H. Banks
Director Alejandra Guzman
Mr. Adam Kay
Director Maurice Sholas

Other Board Members Present:

N/A

Absent:

N/A

Also, in attendance: Special Counsel Mrs. Yolanda Grinstead; Deputy Special Counsel Mr. Ed Morris; Mr. Ghassan Korban, Executive Director; Mr. Edgar Lewis, Chief Financial Officer; and Mr. Kweku Obed and Mr. Jesus Jimenez, Marquette Associates, Inc.

PRESENTATION ITEMS

Mr. Edgar "Grey" Lewis, Chief Financial Officer introduced Mr. Kweku Obed and Mr. Jesus Jimenez of Marquette Associates, Inc.

Mr. Kweku Obed and Mr. Jesus Jimenez of Marquette Associates, Inc. gave a presentation on the executive summary and market overview for the first quarter of 2021.

Key points:

One-year anniversary of market bottom: March 23rd marked the one-year anniversary of the pandemic driven market bottom; since then, equity indices have roared back to life, returning 67-121% across U.S. and non-U.S. indices.

- Reflation trade: both interest rates and inflation expectations rose as vaccination rates climbed; 10-year
- Treasury yield climbs 81 basis points to end the quarter at 1.74%; expectation is muted and transitory gradual rise in rates and inflation until end of economic recovery.
- Equities continue to rise with cyclicals leading the way: Value and small maintained their outperformance trends from 4Q20 for both U.S. and non-U.S. indices; the rise in rates and economic re-openings helped propel value over-growth.
- Inflation and rising rates emerge as primary market worries: Massive expansion in money supply and dramatic rise in savings rates coupled with rise in commodity prices has fueled inflation concerns; higher rates weighed on growth stocks during the quarter.
- Greater investor risk-taking: growing signs of frothiness from Archegos/Greensill blowup, SPAC frenzy, margin debt usage; however, corporate issuers remain cautious.
- Central banks remain accommodative but starting to contemplate less accommodation: Fed committed to zero rates and no tapering until economy recovered, Bank of Canada and Bank of Japan planning tapering.
- Biden's \$2.25T infrastructure investment plan: may drive sustained growth in U.S. and globally; expected to be tailwind for EM commodity producers offset by rising U.S. rates.

ACTION ITEMS

- Resolution (R-061-2021) Resolution to Adopt Funding Policy and Amend the Rules and Regulations of the Employee's Retirement System of the Sewerage and Water Board of New Orleans
 - Director Peychaud made a motion to approve the resolution.
 - Director Sholas moved to approve. Director Johnson seconded. The motion carried.

PUBLIC COMMENT

None.

INFORMATION ITEMS

The information items were received. It was explained that there would be an election to replace or retain Mr. Chris Bergeron who is eligible run again for his current seat on the Pension Committee.

ADJOURNMENT:

There being no further business to come before the Pension Committee, Director Peychaud made a motion to adjourn. Director Sholas accepted. Director Johnson seconded. The motion carried. The meeting adjourned at approximately 9:48 A.M.

Respectfully submitted,

Mr. Joseph Peychaud, Chair