



"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

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
www.swbno.org

November 14, 2014

TO THE HONORABLE MEMBERS OF THE SEWERAGE AND WATER BOARD OF THE PENSION TRUSTEES

Mesdames and Gentlemen:

This comes as a formal notification of a Meeting of the Board of Pension Trustees of the Sewerage and Water Board of New Orleans being held on Wednesday, November 19, 2014 at 8:45 a.m. immediately prior to the Regular Board Meeting being held at 9:00 a.m., at 625 St. Joseph Street, Room 240, as follows:

Date: Wednesday, November 19, 2014
Time: 8:45 a.m.
Place: Room 240 – Board Room

The purpose of the meeting is:

1. Approval of Previous Report
2. Amendment to the Rules and Regulations of the Employees' Retirement System of the Sewerage and Water Board – (R-251-2014)
3. Adjournment

Respectfully,

Cedric S. Grant
Executive Director
Sewerage & Water Board of New Orleans

BOARD OF TRUSTEES MEETING

SEWERAGE & WATER BOARD OF NEW ORLEANS

WEDNESDAY, NOVEMBER 19, 2014

8:45 AM- PRIOR TO REGULAR BOARD

SEWERAGE & WATER BOARD- BOARD ROOM

625 ST. JOSEPH STREET

ORDER OF BUSINESS

- 1. Approval of Previous Report**
- 2. Amendment to the Rules and Regulations of the Employees' Retirement System of the Sewerage and Water Board (R-251-2014)**
- 3. ADJOURNMENT**

BOARD OF TRUSTEE'S MEETING

SEPTEMBER 17, 2014

MEETING MINUTES

SEWERAGE AND WATER BOARD OF NEW ORLEANS

ROLL CALL

The Executive Director, Cedric S. Grant, called the roll and showed the following members present: **Ms. Suchitra Satpathi, Mr. Wm. Raymond Manning, Mr. Alan Arnold, Mr. Marion Bracy, Mrs. Robin Barnes, Mrs. Kerri Kane, Mr. Joseph Peychard, Mr. Harold Heller, Mr. Gerald Tilton, Mr. John Wilson, Dr. Tamika Duplessis, Ms. Kimberly Thomas (Twelve) and a quorum.

Absent: Mr. Mark M. Moody, Mr. Scott Jacobs, Mr. Marvin Russell (Three).

**Ms. Suchitra Satpathi, Mayor's Representative

Also present were: Brenda Thornton, CommuniRep, Inc.; Richard Rainey, Times Picayune; Derrick Francis, City of New Orleans; Sharmaine A. James, Condall Consulting; Geneva Coleman, The Hawthorne Agency, Inc.; Randy Smith, Royal Engineers; Richard Murley, Chester Engineers; Octave Francis, Stephen Daste, Marcia Culotta, FFC Capital Management.

Staff present were: Cedric S. Grant, Executive Director; Robert Miller, Deputy Director; Joseph Becker, Madeline Fong Goddard, General Superintendent's Office; Nolan Lambert, Special Counsel; Brian Ferrara, Harold Marchand, Legal Department; Tiffany Carter, Alvin Porter, Veronica Johnson, EDBP Department; Willie Mingo, Purchasing Department; Rosita Thomas, Finance Administration Department; Robert Jackson, Community & Intergovernmental Relations Department; Bobby Nathan, EEOC, Equal Employment Opportunity Department; Dexter Joseph, Budget Department.

A quorum was established and Mr. Wm. Raymond Manning, President Pro Tem, presided and called the meeting to order at 8:40 a.m.

APPROVAL OF THE PREVIOUS REPORT

Mr. Gerald Tilton moved for the approval of the previous meeting held on October 16, 2013. Mr. Harold Heller seconded the motion. The motion carried.

**RECOMMENDATION FOR INVESTMENT CONSULTANT FOR
PENSION TRUST FUND**

The Pension Committee and the staff discussed and reviewed Investment Consultant in conjunction with the Pension Committee, to properly oversee the investment and management of the pension fund of the Employees' Retirement System of the Sewerage and Water Board of New Orleans. The Pension Committee, at its September 3, 2014 meeting, voted to recommend FFC Capital Management to the Board of Trustees to serve as the Investment Consultant Manager of the Board's Employees' Retirement System.

Mr. Alan Arnold expressed concerns with the selection process of the Investment Consultant and requested to read those concerns aloud to the Board.

Following a lengthy discussion, the President Pro Tem requested for Mr. Arnold to provide a copy of his letter to staff so they could include it with the records.

Mr. Manning stated for the record, please let the record note so it is very clear, that the cost of the fund manager is borne by the pension fund itself, not by the Sewerage and Water Board.

The Pension Committee and the staff recommended the adoption of the Selection of Investment Consultant therein, resolution (R-208-2014).

Mr. Marion Bracy moved for the approval of the Investment Consultant, therein, (R-208-2014). Mr. John Wilson seconded the motion. The motion carried with Mr. Alan Arnold abstaining.

ADJOURNMENT

There being no further business the meeting adjourned at 9:05 a.m.



SEWERAGE AND WATER BOARD OF NEW ORLEANS

November 5, 2014

Pension Committee
Sewerage and Water Board of New Orleans
New Orleans, Louisiana

Dear Directors:

Subject: Recommended Changes to Pension Plan Rules

During the May 2014 Pension Committee meeting, the results of the recent pension actuarial study were reviewed which showed that the health of the pension plan has decreased while the cost of the plan has increased. During the August 2014 Pension Committee meeting, management identified two recommended changes to the rules that are intended to improve the health of the pension plan:

- Increase employee contribution rate effective January 1, 2015 from 5% to 6% for all employees.
- Change computation of average compensation to highest consecutive 48-month period effective January 1, 2017 and to highest consecutive 60-month period effective January 1, 2018 for all employees who are not retirement-eligible as of December 31, 2014.

Attached is a draft resolution amending the Rules and Regulations of the Employees' Retirement System of the Sewerage and Water Board based upon these recommended changes.

Robert K. Miller
Deputy Director

**AMENDMENT TO THE RULES AND REGULATIONS OF THE EMPLOYEES'
RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD**

WHEREAS, the Rules and Regulations presently provide that Average Compensation is determined by using the highest average Earnable Compensation paid during any consecutive thirty-six (36) month period;

WHEREAS, the Board of Trustees wishes to amend the definition of Average Compensation to provide that for employees who are not eligible for retirement as of December 31, 2014, Average Compensation is determined for those employees retiring on or after January 1, 2017 by using the highest average Earnable Compensation paid during any consecutive forty-eight (48) month period, and for those employees retiring on or after January 1, 2018, Average Compensation is determined by using the highest average Earnable Compensation paid during any consecutive sixty (60) month period;

WHEREAS, Section 8.2(a) of the Rules and Regulations presently provides that each Member shall contribute to the System each year 4% of his Earnable Compensation paid before January 1, 2013 and 5% of his Earnable Compensation paid after December 31, 2012; and

WHEREAS, the Board of Trustees wishes to amend Sections 8.2(a) of the Rules and Regulations to reflect an increase in the amount required to be contributed by each Member after December 31, 2015 from 5% to 6% of his/her Earnable Compensation;

NOW THEREFORE, BE IT RESOLVED:

That the Board of Trustees of the Employees' Retirement System of the Sewerage and Water Board of the City of New Orleans approve the recommendation of the Pension Committee to amend the Rules and Regulations of the Employees' Retirement System in the following manner;

1. That the definition of "Average Compensation" be deleted and replaced with the following new definitions of "Average Compensation" effective on or after January 1, 2015:

"Average Compensation" means:

(a) For an Employee who becomes eligible for Retirement on or before December 31, 2014, regardless of whether the Employee Retires before or after December 31, 2014, the average Earnable Compensation of an Employee at Retirement is determined by reference to the period of thirty-six (36) consecutive months of service as

an Employee during which the Earnable Compensation was the highest. If during a thirty-six (36) month calculation period, an Employee is not receiving any Compensation from the Sewerage and Water Board, the period during which no Compensation is received shall not be considered in determining an Employee's Average Compensation. The Employee's average Earnable Compensation shall be based on a period of thirty-six (36) successive months of service during which the Employee received Compensation. The Employee must delete any months during which the Employee received no Compensation. If those months fall within the thirty-six (36) successive months of service, additional months shall be added, to either end, so that, for all purposes, a thirty-six (36) successive month period of service is used to calculate Average Compensation. The Pension Committee's decision as to this calculation shall be final and conclusive.

(b) For an Employee who becomes eligible for Retirement on or after January 1, 2015 and retires on or after January 1, 2015, but before January 1, 2017, the average Earnable Compensation of an Employee at Retirement is determined by reference to the period of thirty-six (36) consecutive months of service as an Employee during which the Earnable Compensation was the highest. If during a thirty-six (36) month calculation period, an Employee is not receiving any Compensation from the Sewerage and Water Board, the period during which no Compensation is received shall not be considered in determining an Employee's Average Compensation. The Employee's average Earnable Compensation shall be based on a period of thirty-six (36) successive months of service during which the Employee received Compensation. The Employee must delete any months during which the Employee received no Compensation. If those months fall within the thirty-six (36) successive months of service, additional months shall be added, to either end, so that, for all purposes, a thirty-six (36) successive month period of service is used to calculate Average Compensation. The Pension Committee's decision as to this calculation shall be final and conclusive.

(c) For an Employee who becomes eligible for Retirement on or after January 1, 2015 and retires on or after January 1, 2017, but before January 1, 2018, the average Earnable Compensation of an Employee is determined by reference to the period of forty-eight (48) consecutive months of service as an Employee during which the Earnable Compensation was the highest. If during a forty-eight (48) month calculation period, an Employee is not receiving any Compensation from the Sewerage and Water Board, the period during which no Compensation is received shall not be considered in determining an Employee's Average Compensation. The Employee's average Earnable Compensation shall be based on a period of forty-eight (48) successive months of service during which the Employee received Compensation. The Employee must delete any months during which the Employee received no Compensation. If those months fall within the forty-eight (48) successive months of service, additional months shall be added, to either end, so that, for all purposes, a forty-eight (48) successive month period of service is used to calculate Average Compensation. The Pension Committee's decision as to this calculation shall be final and conclusive.

(d) For an Employee who becomes eligible for Retirement on or after January 1, 2015, and Retires on or after January 1, 2018, the average Earnable Compensation of an Employee is determined by reference to the period of sixty (60) consecutive months of service as an Employee during which the Earnable Compensation was the highest. If during the sixty (60) month calculation period, an Employee is not receiving any Compensation from the Sewerage and Water Board, the period during which no Compensation is received shall not be considered in determining an Employee's Average Compensation. The Employee's average Earnable Compensation shall be based on a period of sixty (60) successive months of service during which the Employee received Compensation. The Employee must delete any months during which the Employee received no Compensation. If those months fall within the sixty (60) successive months of service, additional months shall be added, to either end, so that, for all purposes, a sixty (60) successive month period of service is used to calculate Average Compensation. The Pension Committee's decision as to this calculation shall be final and conclusive.

2. That the Section 8.2(a) be deleted and replaced with the following new Section 8.2(a):

(a) **Amount.** Each Member shall contribute to the Fund 4% of his/her Earnable Compensation paid before January 1, 2013. Each Member shall contribute to the Fund 5% of his/her Earnable Compensation paid after December 31, 2012 and before January 1, 2015. Each Member shall contribute to the Fund 6% of his/her Earnable Compensation paid after December 31, 2014.

I, Cedric S. Grant, Executive Director, do hereby certify that the above and foregoing is a true and correct copy of a Resolution adopted at a meeting of the Board of Trustees of the Employees' Retirement System of the Sewerage and Water Board of the City of New Orleans, duly called and held, according to law, on _____.

Board of Trustees of the Employees' Retirement System of the Sewerage and Water Board of the City of New Orleans

By: _____
Cedric S. Grant, Executive Director

Date: _____