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May 24, 2017

Mr. Cedric S. Grant
Executive Director
Sewerage and Water Board of New Orleans
625 St. Joseph Street
New Orleans, LA 70165

Re: January 1, 2017 Actuarial Valuation

Dear Mr. Grant:

This letter and report supersede the letter and report dated April 30, 2017. The actuarial valuation was revised because of revised financial statements of the plan. Enclosed is the revised actuarial valuation report of the Employees' Retirement System of the Sewerage and Water Board of New Orleans as of December 31, 2016.

This actuarial valuation has been performed on a basis consistent with that which was performed as of December 31, 2015.

It should be noted that Exhibit III contains the Schedule of Funding Progress according to the requirements formerly mandated by Statement No. 25 (as modified by Statement No. 50) of the Governmental Accounting Standards Board (GASB #25 and #50). As described in that Exhibit III, these statements have been replaced by GASB Statements #67 and #68 and are addressed in a separate report.

Summarized below are the principal results of the actuarial valuation.

Summary of Valuation Results

	<u>12/31/2015</u>	<u>12/31/2016</u>
1. Number of Active Participants	971	998
2. Total Active Annual Payroll	\$ 33,672,902	\$ 35,363,156
3. Plan 10 Year "Amortization" Contribution as a Percentage of Active Payroll	37.073%	36.175%
4. Expected Employee Contribution as a Percentage of Active Payroll (See p. 12 of report)	5.000%	5.000%
5. Employer 10 Year "Amortization" Contribution as a Percentage of Active Payroll	32.073%	31.175%

Mr. Cedric S. Grant
May 24, 2017
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	<u>12/31/2015</u>	<u>12/31/2016</u>
6. Plan 30 Year Amortization (Minimum) Contribution as a Percentage of Active Payroll	25.690%	25.235%
7. Expected Employee Contribution as a Percentage of Active Payroll (See p. 12 of report)	5.000%	5.000%
8. Employer 30 Year Amortization (Minimum) Contribution as a Percentage of Active Payroll	20.690%	20.235%
9. Market Value of Plan Assets	\$ 222,427,527	\$ 224,356,261
10. Actuarial Value of Plan Assets (Adjusted Market Value Basis)	\$ 233,572,291	\$ 238,715,902
11. Valuation Unfunded Actuarial Liability	\$ 63,996,458	\$ 64,592,033
12. Ratio of UAL to Valuation Payroll	190.1%	182.7%
13. Funded Ratio	80.7%	81.3%

There have not been plan amendments or any changes to the actuarial assumptions or method since the immediately preceding valuation. The plan amendments adopted on November 19, 2014 involving definition of "average compensation" and employee contributions are the most recent substantive amendments to the plan's provisions which would have a material effect on the actuarial valuation results (see page 12, Exhibit I of the report).

Yours truly,



Michael A. Conefry, FCA, ASA, MAAA*
Actuary

* Member of the American Academy of Actuaries and qualified to render the Statements of Actuarial Opinion contained herein.

MAC:wp
Enclosures

ACTUARIAL VALUATION REPORT

**EMPLOYEES' RETIREMENT SYSTEM
OF THE SEWERAGE AND WATER BOARD
OF NEW ORLEANS**

Annual Actuarial Valuation
as of January 1, 2017

CONEFRY & COMPANY, LLC

ACTUARIAL AND EMPLOYEE BENEFIT CONSULTING
NEW ORLEANS, LOUISIANA

INTRODUCTION

We present in this report the results of our actuarial valuation of the Employees' Retirement System of the Sewerage and Water Board of New Orleans as of January 1, 2017. The plan is an actuarially funded qualified governmental defined benefit pension under the Internal Revenue Code, and we have performed this actuarial valuation using conventional and generally accepted actuarial methods, assumptions, and principles applicable to qualified defined benefit pension plans. We have performed the actuarial valuation using the Entry Age Normal Cost Method. A full description of the funding method is contained in Section II of the report.

The Summary of Plan Provisions presented in the Appendix is intended to describe the principal benefits provided by the plan, particularly from the perspective of their significance in affecting the actuarial liability and cost of the plan. The summary is not, of course, intended to be a comprehensive or complete description of all benefits payable under all circumstances under the pension plan.

EMPLOYEES' RETIREMENT SYSTEM
OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

SUMMARY

I. FINANCIAL AND ACTUARIAL STATUS
As of January 1, 2017

Market Value of Assets	\$ 224,356,261	Page 1
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Actuarial Value of Assets	\$ 238,715,902	Page 2
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II. EMPLOYER AND EMPLOYEE CONTRIBUTIONS
For the Plan Year Beginning January 1, 2017

Total "Amortization" Contribution (As % of Payroll)	\$ 12,792,556 (36.175%)	Page 8
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Expected Total Employee Contributions (As % of Payroll)	\$ 1,768,158 (5.000%)	Page 8
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Employer "Amortization" Contribution (As % of Payroll)	\$ 11,024,398 (31.175%)	Page 8
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Total "Minimum" Contribution (As % of Payroll)	\$ 8,923,945 (25.235%)	Page 9
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Expected Total Employee Contributions (As % of Payroll)	\$ 1,768,158 (5.000%)	Page 9
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Employer "Minimum" Contribution (As % of Payroll)	\$ 7,155,787 (20.235%)	Page 9
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Net Actuarial Experience		Page 10
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APPENDIX

Summary of Plan Provisions	Exhibit I - P. 12
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Statement of Actuarial Basis for Funding Purposes	Exhibit II - P. 20
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Statement of Accounting Information for Financial Statements	Exhibit III - P. 24
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Active and Inactive Participant Profiles	Exhibit IV - P. 25
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Market Value and Actuarial Value Investment Performance	Exhibit V - P. 32
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CERTIFICATION

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I. FINANCIAL AND ACTUARIAL STATUS as of January 1, 2017

We have conducted this actuarial valuation using employee data and asset information furnished by the administrative office of the System. This section of the report presents a summary of the assets of the plan at Market Value, as well as the development of the Actuarial Value of Assets used in the funding method. The funding method used to determine the actuarial liabilities is described in Section II and the actuarial assumptions upon which the liabilities are based are summarized in Exhibit II of the report.

ASSETS

The following table showing the composition of the assets as of December 31, 2016 is based on information supplied by the administrative office and the auditors of the System.

Table 1

Statement of Assets
as of December 31, 2016

<u>Assets</u>	<u>Market Value</u>
Cash	\$ 40,495
Investments	<u>224,250,456</u>
Total Invested Assets	224,290,951
Plus accounts receivable	+65,310
Less accounts payable	<u>0</u>
Total Assets	\$ 224,356,261 *

- * The actuarial value of assets used in this valuation is Adjusted Market Value as determined in Table 2. D.R.O.P. account balances are included in the foregoing Assets and shown as an actuarial liability in Table 4, item (2)f.

ACTUARIAL VALUE OF ASSETS

Beginning with the January 1, 1998 actuarial valuation, the method of determining the actuarial value of assets was changed to adjusted market value from the former adjusted book value basis. The change had been necessitated because the former method, in our opinion and that of the auditors, was not "market value related" within the meaning of Statement No. 25 of the Government Accounting Standards Board (GASB #25) and its successor GASB Statements.

This revised method reflects actual market value performance over a seven year period ending on the valuation date. The market value performance is averaged over the seven year period by reflecting the actual external cash flow and adjusting each prior year's market value to the current valuation date using the actuarial interest assumption.

The following table develops the Adjusted Market Value of Assets to be used as the Actuarial Value of Assets in the actuarial valuation.

Table 2
Actuarial Value of Assets
As of December 31, 2016

Plan Year Ending	Beginning Market Value	Net External Cash Flow For Year	Market Value Inv. Income For Year	Ending Market Value	Market Value Adj. Market Performance For Year	Market Value Component
2010	191,024,143	-8,223,289	22,439,431	205,240,285	12.0053%	239,776,118
2011	205,240,285	-8,114,890	8,968,361	206,093,756	4.4578%	232,596,117
2012	206,093,756	-8,472,301	23,082,600	220,704,055	11.4351%	244,324,533
2013	220,704,055	-9,525,020	23,179,014	234,358,049	10.7339%	254,195,277
2014	234,358,049	-9,143,898	11,342,520	236,556,671	4.9416%	248,773,859
2015	236,556,671	-9,985,003	-4,144,141	222,427,527	-1.7896%	226,989,147
2016	222,427,527	-10,642,132	12,570,866	224,356,261	5.7902%	224,356,261

Years Included: 7 -64,118,755 97,450,873

Average Adj. MV: \$238,715,902

II.

EMPLOYER AND EMPLOYEE CONTRIBUTIONS

for the Plan Year Beginning January 1, 2017

DESCRIPTION OF ACTUARIAL COST METHOD

Under the Entry Age Normal Cost Method, the normal cost of the plan is designed to be a level percentage of payroll, calculated on an aggregate basis, spread over the entire working lifetime of the participants. The future working lifetime is determined from each participant's hypothetical entry age into the plan assuming the plan had always been in existence, to his expected retirement date. The actuarial accrued liability is the amount of total liability not covered by future entry age normal costs. This amount is composed of the actuarial value of benefits already funded (assets) and those not yet funded (unfunded actuarial liability).

The plan's funding cost for the year is the sum of the Entry Age Normal Cost and the amount necessary to amortize the remaining unfunded actuarial liability as of the valuation date over the adopted amortization period.

Beginning with the January 1, 2007 actuarial valuation, a new amortization basis was established. The former amortization basis used a level dollar amortization for a ten (10) year "closed" (that is, with the remaining period reducing by one each year) amortization period from January 1, 2003 through December 31, 2012. This has been replaced by a level dollar amortization for an "open" (that is, a constant number of years) ten (10) year amortization period effective on each valuation date. This open ten (10) year amortization amount is developed later in this section and presented in Table 5.

Table 3
Entry Age Normal Cost for Plan Year
Beginning January 1, 2017

(1)	Actuarial Present Value at Entry Age of Expected Benefits to Plan Participants	\$ 16,915,000
(2)	Actuarial Present Value at Entry Age of Future Payroll of Active Participants	159,107,959
(3)	Normal Cost as a Percentage of Payroll: (1) divided by (2)	10.631%
(4)	Current Payroll of Active Participants *	35,363,156
(5)	Normal Cost: (3) x (4) (Assumed payable January 1, 2017)	\$ 3,759,457
(6)	Normal Cost, adjusted for monthly payments	\$ 3,878,600

* There are 998 active participants: 513-fully vested; 0-partially vested; 485-not vested.

Table 4
Unfunded Actuarial Liability
as of January 1, 2017

(1)	Actuarial Present Value of Expected Benefits to Active Plan Participants		
(a)	Basic and Supplemental Retirement Benefit	\$ 96,397,447	
(b)	Death and Survivor Benefit	7,232,607	
(c)	Disability Benefit (Inc. suppl & surv.)	6,994,526	
(d)	Vesting Benefit	7,122,155	
(e)	Refund of Employee Contributions	<u>1,848,314</u>	
	Total Active		\$ 119,595,049
(2)	Actuarial Present Value of Expected Benefits to Inactive Plan Participants		
(a)	Regular Retirees	\$ 129,379,206	
(b)	Disability Retirement	7,324,044	
(c)	Survivors	7,382,961	
(d)	Terminated Vested	1,122,569	
(e)	D.R.O.P. Retirees (Future Benefits)	47,405,127	
(f)	D.R.O.P. Retirees (Account Balances)	<u>11,328,708</u>	
	Total Inactive		\$ 203,942,615
(3)	Total Actuarial Present Value of Expected Benefits to All Plan Participants		
	(1) + (2)		323,537,664
(4)	Actuarial Present Value of Future Payroll of Active Participants		190,289,991
(5)	Normal Cost as a Percentage of Payroll: (From Table 3)		10.631%
(6)	Actuarial Present Value of Future Normal Cost Contributions:		
	(4) x (5)		20,229,729
(7)	Actuarial Value of Assets (from Table 2)		238,715,902
(8)	Unfunded Actuarial Liability:		
	(3) - (6) - (7)		64,592,033

TOTAL CONTRIBUTION FOR PLAN YEAR BEGINNING January 1, 2017

CONTRIBUTION TO AMORTIZE UNFUNDED ACTUARIAL LIABILITY

The adopted "amortization" contribution for a plan year equals the normal cost plus the level dollar amount necessary to amortize the Unfunded Actuarial Liability over ten (10) years. The annual amount required to amortize the Unfunded Actuarial Liability of \$64,592,033 over 10 years at 7% annual interest (assuming monthly payments) is \$8,913,956.

Table 5

Total Required "Amortization" Contribution for the
Plan Year Beginning January 1, 2017

(1)	Normal Cost (From Table 3; assumed payable monthly)	\$ 3,878,600	
(2)	Net Annual charge Required for Amortization of Unfunded Actuarial Liability Over 10 year period beginning January 1, 2017 (See Above; Assumed payable monthly)	8,923,945	
(3)	Total Plan Contribution as of January 1, 2017: (1) + (2)	\$ 12,792,556 (36.175%)	*
(4)	Annual Employee Plan Contributions as of January 1, 2017 (See note below)	\$ 1,768,158 (5.000%)	*
(5)	Employer Contribution as of January 1, 2017: (3) - (4) (Assumed payable monthly)	\$ 11,024,398 (31.175%)	*

* Expressed as a percentage of annual participant payroll of \$35,363,156.

Note: Current actual employee contribution is 6% of payroll effective January 1, 2015. By Board Resolution R-248-2014, as long as the Retirement System is not 100% funded, the Employer Contribution percentage shall be calculated as if the Employee Contribution percentage has remained at 5% of payroll.

"MINIMUM" CONTRIBUTION

GASB Statements 25 and 27 required that the Unfunded Actuarial Liability be amortized over a period not longer than 30 years. Although those statements are not any longer applicable, we present the contribution on that basis for historical continuity. The contribution for a plan year equals the normal cost plus the amount necessary to amortize the Unfunded Actuarial Liability over the thirty (30) year period which begins on the valuation date. Using a level dollar, open period amortization method, the annual amount required to amortize the Unfunded Actuarial Liability of \$64,592,033 over the 30 year period beginning January 1, 2017 at 7% annual interest (assuming monthly payments) is \$5,045,345.

Table 6

Total Required "Minimum" Contribution for the
Plan Year Beginning January 1, 2017

(1)	Normal Cost (From Table 3; assumed payable monthly)	\$ 3,878,600	
(2)	Net Annual Charge Required for Amortization of Unfunded Actuarial Liability Over 30 year period beginning January 1, 2017 (see above) (Assumed payable monthly)	5,045,345	
(3)	Total Plan Contribution as of January 1, 2017: (1) + (2)	\$ 8,923,945 (25.235%)	*
(4)	Annual Employee Plan Contributions as of January 1, 2017 (See note below)	\$ 1,768,158 (5.000%)	*
(5)	Employer Contribution as of January 1, 2017: (3) - (4) (Assumed payable monthly)	\$ 7,155,787 (20.235%)	*

* Expressed as a percentage of annual participant payroll of \$35,363,156.

Note: Current actual employee contribution is 6% of payroll effective January 1, 2015. By Board Resolution R-248-2014, as long as the Retirement System is not 100% funded, the Employer Contribution percentage shall be calculated as if the Employee Contribution percentage has remained at 5% of payroll.

NET ACTUARIAL EXPERIENCE
for the Plan Year Beginning January 1, 2016

Actuarial experience refers to the comparison of actuarial results of each valuation with those expected from the previous valuation according to the actuarial assumptions. A decrease or increase in the Total Plan Contribution as a percentage of payroll is indicative of favorable (gains) or unfavorable (losses) experience, respectively. If the overall experience follows the general pattern indicated by the assumptions presented in the Appendix, the Total Plan Contribution (on a given amortization basis) as a percentage of payroll will remain relatively stable, except for routine fluctuations.

The Total "Amortization" Contribution as a percentage of payroll decreased from 37.073% for the plan year beginning January 1, 2016 to 36.175% for the plan year beginning January 1, 2017. The Total "Minimum" Contribution as a percentage of payroll decreased from 25.690% for the plan year beginning January 1, 2016 to 25.235% for the plan year beginning January 1, 2017. These decreases of 0.898% and 0.455% of payroll, respectively, are indicative of an overall actuarial gain for the most recent plan year. This gain represents the net decrease in the total plan contribution as the combined result of actuarial experience and the change in total plan contribution attributable to plan amendments, as shown in the following table.

Table 7
Effect on Total "Amortization" and "Minimum"
Contributions by Component
for the Plan Year Ending December 31, 2016

<u>Component</u>	<u>"Amortization"</u> <u>Gain (-) or Loss (+)</u>	<u>"Minimum"</u> <u>Gain (-) or Loss (+)</u>
Interest	+0.376%	+0.211%
Salary Scale	-0.211%	-0.116%
New retirements	+0.385%	+0.213%
Net from All Other Sources	<u>-1.445%</u>	<u>-0.763%</u>
Net change from actuarial experience	-0.898%	-0.455%
Net change from Plan Amendments	<u>0.000%</u>	<u>0.000%</u>
Overall Total Gain(-)/Loss(+)	<u>-0.898%</u>	<u>-0.455%</u>

A P P E N D I X

EXHIBIT I

EMPLOYEES' RETIREMENT SYSTEM OF THE
SEWERAGE AND WATER BOARD OF NEW ORLEANS

SUMMARY OF PLAN PROVISIONS

EFFECTIVE DATE:

Authorized by Act Number 551, effective January 1, 1957; Last Restatement for Plan Qualification, January 27, 2011; Latest Restatement, April 17, 2013; last amendment date as of the date of performance of this valuation, November 19, 2014.

MEMBERSHIP:

Employees who become members as a condition of employment.

CREDITABLE SERVICE:

Prior service plus membership service for which credit is allowable. Also, one year service credit given for every 250 days of unused sick and annual leave. Credit for prior military service may be purchased (maximum 4 years) by active contributing member who is vested; lump sum payment required based on 4% of excess over first \$100 monthly average for each month claimed plus 7% compound interest. Military service available only to those who will not receive a benefit from another retirement system (except Social Security). There are also provisions for restoring service on behalf of certain leaves without pay such as for Katrina Disaster Leave and Workers' Compensation.

EARNABLE COMPENSATION:

Annual compensation paid to an employee; excluding on-call and stand-by pay or over-time.

AVERAGE COMPENSATION:

Average annual earned compensation of a member for highest thirty-six successive months of service as a member, minus \$1,200. For employees hired after December 31, 1995, the \$1,200 reduction was not applicable. Effective June 19, 2002, the \$1,200 reduction was eliminated for all employees. Periods without compensation are not used in determining the average compensation. For employees not yet eligible to retire as of December 31, 2014, the thirty-six month period was changed to forty-eight months effective January 1, 2017 and sixty months effective January 1, 2018.

EMPLOYEE CONTRIBUTIONS:

4% of earnable compensation through December 31, 2012; effective January 1, 2013, 5% of earnable compensation; effective January 1, 2015, 6% of earnable compensation. By Board Resolution R-248-2014, as long as the Retirement System is not 100% funded, the Employer Contribution percentage shall be calculated as if the Employee Contribution percentage has remained at 5% of payroll.

EXHIBIT I (Continued)

EMPLOYER CONTRIBUTIONS:

Certain percentage of earnable compensation of each member, determined on basis of regular interest and mortality tables adopted by the Board, and additional percentage of earnable compensation, determined by actuary.

RETIREMENT BENEFITS:

Eligibility:

Any age with 30 years of Service; age 60 and 10 years of Service; effective January 1, 1996, age 65 and 5 years of Service; age 70 with any Service. Effective June 19, 2002, age 60 and vested (with actuarial reduction) and any member whose age and service total 80 or more years may retire without reduction for age.

Benefits:

Retirement allowance, consisting of (1) and (2) below:

1) An annuity, which is the actuarial equivalent of employee's accumulated contribution; plus

2) An annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of average compensation times first 10 years, plus 2 1/2% of average compensation times next 10 years, plus 3% of average compensation times next 10 years, plus 4% of average compensation times creditable service over 30 years. Effective June 19, 2002, the above percentages were changed to 2.5% for the first 25 years plus 4% for years over 25 years.

3) An additional annual pension equal to 2% of \$1,200 times first 10 years, plus 2 1/2% of \$1,200 times next 10 years, plus 3% of \$1,200 times next 10 years, plus 4% of \$1,200 times service over 30 years; if the employee was hired prior to 1996 and retires prior to age 65 on retirement allowance. Ceases at age 65 or receipt of first Social Security check, whichever comes first. Effective June 19, 2002, this additional benefit no longer applies except to those who retired prior to that date.

4) For service retirement prior to age 62 with less than 30 years of Service, (2) and (3) above are reduced by 3% for each year rounded to nearest day below the age of 62.

5) Effective January 1, 1997, a member may retire after 30 years of service, regardless of age, with no reduction in his benefit.

6) Maximum Benefit: Benefit no greater than 100% of average compensation, unless member has already accrued a larger benefit as of April 13, 1977.

EXHIBIT I (Continued)

7) Form of Benefit: Modified cash refund annuity. If a member dies after retirement and before receiving the amount of his accumulated contributions in annuity and pension payments, then lump sum balance of his contributions is paid to beneficiary.

8) Cost-of-Living: Effective July 1, 1992, for members that retired prior to January 1, 1984, if funds are available, each July 1st a 2% increase times the number of years retired will be given to members over age 65.

For members that retired on or after January 1, 1984, and are over age 65, each January 1st, increases in benefits based on the increase in the CPI, not to exceed 2%.

Spouses receiving a Joint and Survivor Annuity that have reached the age of 65 shall also receive an increase, based on the increase in the CPI, not to exceed 2%.

DISABILITY BENEFITS:

Eligibility:

10 years of credited service. (certified by physician nominated by Board).

Benefits:

1) A retirement allowance equal to the greater of: An annuity, which is the actuarial equivalent of the member's accumulated contributions at retirement; or

2) An annual pension equal to 75% of the accrued benefit based on service credits to the member had he continued in service until age 62.

3) Benefit offset by Workmen's Compensation benefits.

4) Effective 1/1/84, disability allowance is subject to the same COLA after age 65 as regular retirement.

DEATH BENEFITS:

Eligibility:

Death of member in active service.

Benefits:

Employee's accumulated contributions paid to beneficiary.

1) If member has 3 years Creditable Service, but less than 10 years, a lump sum benefit equal to the Member's accumulated contributions and 25% of the member's prior year earned compensation is payable to the designated beneficiary or estate.

EXHIBIT I (Continued)

- 2) If member dies in active service with less than three years Creditable Service, a Lump Sum Benefit equal to the Member's accumulated contributions is payable to the designated beneficiary or estate.
- 3) If, at date of death, member was eligible for retirement and leaves Surviving Spouse, Surviving Spouse shall be eligible for a Joint and 100% benefit or a lump sum refund of Employee's contributions.
- 4) If, at date of death, member was ineligible for retirement, but had at least 10 or more years of creditable service, then surviving spouse shall receive benefit equal to 80% of the former member's accrued benefit at death, payable at the later of the member's death or spouse's attainment of age 62.
- 5) If, at date of death, member was receiving a disability benefit and dies, his spouse shall receive 80% of the former member's disability retirement allowance payable at the later of the retiree's death or spouse's attainment of age 62. Eligible children shall receive 65% of the disability benefit payable until they reach age 18, age 25 if the child attends school full time or is mentally or physically disabled or until the spouse attains age 62.
- 6) The spouse's benefit shall be subject to the COLA after attaining age 65 as for a regular retiree.

SEPARATION BENEFITS:

- 1) A member that withdraws from service before age 60 with 10 years of Creditable Service may allow his accumulated contributions to remain on deposit until he is eligible to receive a separation retirement allowance. Effective June 19, 2002, only 5 years of Creditable Service is required.
- 2) Upon withdrawal without 10 years Creditable Service (or, after June 19, 2002, 5 years) Employee is entitled to a refund of his accumulated contributions or may allow contributions to remain on deposit for maximum of five years. In case of employee's death, accumulated contribution are paid to designated beneficiary.

Note:

If employee re-enters after receipt of refund and continues service thereafter for 18 months, he may repay amount of refund plus the amount of employee contributions, with interest at a rate of 4% for service prior to 1970 and 7% compounded annually to date of payment for service after January 1, 1970, to receive prior creditable service again.

EXHIBIT I (Continued)

OPTIONAL FORMS OF BENEFIT:

1) A member shall receive a retirement allowance payable for life. If he dies before receiving, in annuity payments, the value of his annuity at the time of his retirement, the balance is payable to his beneficiary.

2) A reduced benefit payable for the life of the member and continued to beneficiary after member's death. A specific percentage is chosen by the member at the time of retirement. Such percentage shall be an integral multiple of 5%, to a maximum of 100%.

3) A reduced benefit payable for the life of the member and 100% of that amount is paid to the spouse after member's death.

RECIPROCITY:

Effective July 16, 1974, provisions made for reciprocal transfers of service and funds between this System and Employees' Retirement System of the City of New Orleans, in the event an employee transfers from one employing agency to the other; service credits were transferred from sending system to receiving system provided all employee contributions plus earned interest and all employer contributions plus agreed-upon interest were transferred; effective September 23, 1993 (retroactive for transfers on and after October 17, 1988), agreement was amended to provide for a transfer from the sending system to the receiving system equal to the GASB #5 liability of the sending system at 7% interest, 5% salary scale, the remaining GASB #5 actuarial assumptions and the salary and benefit structure in effect for the sending system at time of transfer.

DROP ACCOUNT:

Effective January 1, 1996, any member who is eligible for a service retirement under Section 6(1) can participate in the DROP program:

1) A member can only participant once, and only up to three years. Effective June 19, 2002, the allowable period was increased to 5 years.

2) When a member joins the DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop. His retirement benefit begins being paid into his DROP account.

EXHIBIT I (Continued)

- 3) Interest is credited to the separately invested DROP accounts at the actually earned rate at the end of each month (not including the month of withdrawal unless on the last day of the month), but not below zero. Members of the DROP receive no cost-of-living increases.
- 4) Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out in a lump sum.
- 5) Continued employment after the end of the DROP period is possible only by reapplication to the Board by the employee. If rehired, that employee shall receive a lump sum of his DROP account balance as if he had retired. For DROP participants rehired after April 20, 2005, the retirement allowance that had been paid into the participant's DROP account shall be suspended while re-employed and the participant shall be treated in the same manner as a re-employed retiree.

EXHIBIT I (Continued)

SUMMARY OF SUBSTANTIVE PLAN CHANGES IN RECENT YEARS
HAVING AN IMPACT ON ACTUARIAL VALUATION RESULTS

September 23, 1993:

Reciprocity agreement with City of New Orleans amended, retroactive for transfers on and after October 17, 1988.

January 8, 1994:

Allows for purchase of credit for prior military service.

December 13, 1995:

Plan amended for qualification under Internal Revenue Code for Governmental Plans.

January 1, 1996:

The Deferred Retirement Option Plan was adopted to allow members terminating employment and accepting a service retirement allowance under plan section 6(1) to participate in this program.

Average Compensation amended to remove the \$1,200 reduction for employees hired after December 31, 1995.

Any member with 5 years of Creditable Service and attainment of age 65 may retire.

January 1, 1997:

For members retiring on or after January 1, 1997 and choose a Joint and Survivor option, if the beneficiary predeceases the retiree, the reduced benefit reverts back to the maximum amount upon the death of the spouse.

A member with 30 years of creditable service may retire, regardless of age, with no reduction in benefits.

Death benefit payable to the spouse of a deceased disabled retiree is now available immediately upon the retiree's death, on an actuarially equivalent basis.

June 21, 2000:

Disability benefit equal to 75% of the member's accrued benefit based on service credits to the member had he continued in service until age 62.

Eligible Dependent amended to add age 25 if the child attends school full-time or if the child is mentally or physically disabled.

EXHIBIT I (Continued)

SUMMARY OF SUBSTANTIVE PLAN CHANGES IN RECENT YEARS
HAVING AN IMPACT ON ACTUARIAL VALUATION RESULTS

June 21, 2000:

Death benefit payable to designated beneficiary or estate when there is no spouse or eligible dependents equal to the member's accumulated contributions at death plus 25% of the member's prior year's earnable compensation payable from the Trust fund.

January 1, 2001:

Any retiree with less than 30 years of Credited Service and under age 62, the benefit is reduced by 3% for each year of age rounded to the nearest day below age 62.

February 25, 2001:

Plan amended for the Uruguay Round Agreements Act, the Small Business Job Protection Act of 1996, Uniformed Services Employment & Reemployment Rights Act of 1994, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998 and the Community Renewal Tax Relief Act of 2000, (GUST).

June 19, 2002:

Benefit formula amended to 2.5% of first 25 years of service, plus 4.0% for each year of service in excess of 25 years, up to a maximum of 100% of pay. A Rule of 80 retirement eligibility (age plus years of service greater than or equal to 80) without age reduction was added. Eligibility to leave employee accumulated contributions on deposit for Separation Retirement was changed from 10 years to 5 years; the exclusion of the first \$1,200 of annual pay was eliminated; D.R.O.P. period was extended from 3 to 5 years.

January 31, 2011:

Interest on DROP accounts changed from "Credited Interest" to that actually earned on the separately invested DROP accounts, but not below zero.

January 1, 2013:

Employee contribution formula amended from 4% to 5% of earnable compensation.

November 19, 2014:

Employee contribution formula amended from 5% to 6% of earnable compensation effective January 1, 2015 (but see explanation on page 12). Period used in determining average compensation changed for employees not yet eligible to retire as of December 31, 2014, was changed to forty-eight months effective January 1, 2017 and sixty months effective January 1, 2018.

EXHIBIT II
EMPLOYEES' RETIREMENT SYSTEM
OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENT OF ACTUARIAL BASIS FOR FUNDING PURPOSES

Actuarial Funding Method:

Cost Method:	Entry Age Normal Cost Method.
Asset Valuation Method:	Adjusted Market Value. Refer to the explanation on page 2 of the report and development in Table 2.

Actuarial Assumptions

Interest:	7% compounded annually.
Mortality:	1971 Group Annuity Mortality Table for males and females. (See chart in the following pages for specific rates by age and sex).
Turnover:	Table developed from the 1977-1980 Actuarial Experience Study, as used by the prior actuary. (See chart in the following pages for specific rates by age).
Salary Increases:	5.0% compounded annually.
Cost of Living Increases:	Actuarial liabilities for future cost of living increases were included for both active and inactive participants as per the appropriate sections of the plan.

STATEMENT OF ACTUARIAL BASIS FOR FUNDING PURPOSES

Actuarial Assumptions (Continued)

Retirement:

It has been assumed that employees retire at a variation of the earliest age at which they would be eligible to retire (with reduced benefits, if applicable) as follows; if the earliest age of retirement eligibility is less than or equal to age 55, the assumed age at retirement is the earliest age plus one year, but not beyond age 55; if the earliest age of retirement eligibility is greater than age 55, the assumed age at retirement is the earliest age of retirement eligibility.

Disability Incidence:

The rates utilized in the 14th actuarial valuation of the U.S. Railroad Retirement System. (See chart in the following pages for specific rates by age).

Survivor Benefits:

85% of active participants are assumed to be married to spouses of equal age. Children's survivor benefits and spouse's disability benefits (in the event of the death of a member on disability) were estimated to be 10% of the related benefits giving rise to the secondary benefits being valued.

Other assumptions:

20% of participants terminating with a vested right were assumed to withdraw their accumulated contributions upon termination, while 80% were assumed to retain their vested deferred benefits by leaving contributions on deposit.

Accumulated employee contributions are credited with 2% interest compounded annually.

SEWERAGE AND WATER BOARD OF NEW ORLEANS RETIREMENT SYSTEM
JANUARY 1, 2017 ACTUARIAL VALUATION
ASSUMED RATES OF MORTALITY, WITHDRAWAL AND DISABILITY INCIDENCE BY AGE AND GENDER

AGE	MORTALITY		WITHDRAWAL	DISABILITY INCIDENCE
	MALE	FEMALE		
15	.000433	.000193	.368600	.001100
16	.000444	.000205	.368600	.001100
17	.000457	.000218	.368600	.001100
18	.000471	.000231	.358700	.001100
19	.000486	.000245	.346600	.001100
20	.000503	.000260	.332900	.001100
21	.000522	.000275	.317800	.001100
22	.000544	.000292	.301800	.001100
23	.000566	.000309	.285100	.001100
24	.000591	.000327	.268000	.001100
25	.000619	.000347	.250700	.001100
26	.000650	.000368	.233600	.001100
27	.000684	.000390	.216700	.001100
28	.000722	.000414	.200200	.001100
29	.000763	.000440	.184300	.001100
30	.000809	.000469	.169100	.001100
31	.000860	.000499	.154700	.001100
32	.000916	.000533	.141200	.001100
33	.000978	.000569	.128500	.001100
34	.001046	.000608	.116800	.001100
35	.001122	.000651	.106100	.001300
36	.001204	.000698	.096300	.001500
37	.001295	.000750	.087600	.001800
38	.001397	.000807	.079800	.002100
39	.001509	.000869	.072800	.002400
40	.001633	.000938	.066800	.003000
41	.001789	.001013	.061600	.003600
42	.002000	.001094	.057200	.004200
43	.002260	.001186	.053500	.004800
44	.002569	.001286	.050400	.005500
45	.002922	.001397	.047800	.006400
46	.003318	.001519	.045800	.007400
47	.003754	.001654	.044200	.008200
48	.004228	.001802	.042900	.009000
49	.004740	.001967	.041900	.009700
50	.005285	.002151	.041200	.011100
51	.005867	.002324	.040500	.012600
52	.006480	.002520	.040000	.014000
53	.007127	.002738	.040000	.015800
54	.007806	.002982	.040000	.017600
55	.008519	.003256	.040000	.019000
56	.009262	.003574	.040000	.020000
57	.010039	.003948	.040000	.021500
58	.010889	.004388	.040000	.025000
59	.011924	.004901	.040000	.029500
60	.013119	.005489	.040000	.034500
61	.014440	.006156	.040000	.039000
62	.015863	.006898	.040000	.051000
63	.017413	.007712	.040000	.051000
64	.019185	.008608	.040000	.051000
65	.021260	.009563	.040000	.051000

SEWERAGE AND WATER BOARD OF NEW ORLEANS RETIREMENT SYSTEM
 JANUARY 1, 2017 ACTUARIAL VALUATION
 ASSUMED RATES OF MORTALITY, WITHDRAWAL AND DISABILITY INCIDENCE BY AGE AND GENDER

AGE	MORTALITY		WITHDRAWAL	DISABILITY INCIDENCE
	MALE	FEMALE		
66	.023643	.010565	.040000	.051000
67	.026316	.011621	.040000	.051000
68	.029188	.012877	.040000	.051000
69	.032435	.014461	.040000	.051000
70	.036106	.016477	.040000	.051000
71	.040008	.019000	0.000000	.051000
72	.043827	.021911	0.000000	.051000
73	.047489	.025112	0.000000	.051000
74	.051221	.028632	0.000000	.051000
75	.055293	.032385	0.000000	.051000
76	.060068	.036408	0.000000	.051000
77	.065924	.040769	0.000000	.051000
78	.072595	.045472	0.000000	.051000
79	.079692	.050616	0.000000	.051000
80	.087431	.056085	0.000000	.051000
81	.095445	.061853	0.000000	.051000
82	.103691	.067936	0.000000	.051000
83	.112303	.074351	0.000000	.051000
84	.121116	.081501	0.000000	.051000
85	.130102	.089179	0.000000	.051000
86	.139315	.097468	0.000000	.051000
87	.148714	.106452	0.000000	.051000
88	.158486	.116226	0.000000	.051000
89	.168709	.126893	0.000000	.051000
90	.179452	.138577	0.000000	.051000
91	.190489	.151192	0.000000	.051000
92	.201681	.165077	0.000000	.051000
93	.212986	.180401	0.000000	.051000
94	.226535	.197349	0.000000	.051000
95	.241164	.216129	0.000000	.051000
96	.256204	.236970	0.000000	.051000
97	.272480	.258059	0.000000	.051000
98	.290163	.280237	0.000000	.051000
99	.309125	.304679	0.000000	.051000
100	.329825	.331630	0.000000	.051000

EXHIBIT III

December 31, 2016 DISCLOSURE INFORMATION ON FUNDING PROGRESS

This section is included to provide information which had been historically required by the Governmental Accounting Standards Board Statements Number 25 and 27 and is provided for historical continuity and consistency. GASB Statements 25 and 27 have been replaced by GASB Statements 67 and 68. These two statements have made extensive and fundamental changes in the nature of the financial disclosure requirements and have effectively removed the actual funding aspects of the plan from any direct involvement. The effective date of GASB 67 (with respect to the plan itself) is the first Plan Year beginning after June 15, 2013 (namely, the Plan Year beginning January 1, 2014). The effective date of GASB 68 (with respect to the Sewerage & Water Board as sponsoring employer) is the first Fiscal Year beginning after June 15, 2014 (namely, the Fiscal Year beginning January 1, 2015). The actuarial information for financial disclosure as required by these GASB Statements is presented in a separate report.

The Projected Benefit Obligation (PBO) as of December 31, 2016 is based on all of the assumptions outlined in Exhibit II including future salary growth. The Unfunded Accrued Liability (UAL) is that used in funding the plan and is developed in Table 4.

SCHEDULE OF FUNDING PROGRESS

	<u>12/31/2015</u>	<u>12/31/2016</u>
Interest Assumption	7.00%	7.00%

RATIO OF UAL TO VALUATION PAYROLL:

[1] Unfunded Accrued Liability (UAL)	\$ 63,996,458	\$ 64,592,033
[2] Valuation Annual Payroll	33,672,902	35,363,156
[3] Ratio: [1] divided by [2]	190.1%	182.7%

FUNDED RATIO:

[1] Projected Benefit Obligation (PBO)		
Inactive Plan Participants	\$ 197,041,228	\$ 203,942,615
Active Plan Participants	<u>92,267,868</u>	<u>89,744,429</u>
Total PBO	\$ 289,309,096	\$ 293,687,044
[2] Actuarial Value of Assets	233,572,291	238,715,902
[3] Funded Ratio: [2] divided by [1]	80.7%	81.3%

EXHIBIT IV

ACTIVE AND INACTIVE PARTICIPANT PROFILES

EMPLOYEES RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
01/1/2017 ACTIVE PARTICIPANT AGE VS SERVICE GRID
JANUARY 1, 2017 ACTUARIAL VALUATION

----- ALL ACTIVE PARTICIPANTS -----

AGE	YEARS OF SERVICE										TOTAL	TOTAL ANNUAL SALARIES	AVERAGE SALARY
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+				
20-24	52	0	0	0	0	0	0	0	0	52	1,242,651.30	23,897.14	
25-29	109	25	0	0	0	0	0	0	0	134	3,906,967.89	29,156.48	
30-34	96	49	8	0	0	0	0	0	0	153	5,008,833.75	32,737.48	
35-39	52	20	10	4	1	0	0	0	0	87	2,883,209.12	33,140.33	
40-44	46	22	8	4	15	0	0	0	0	95	3,074,323.23	32,361.30	
45-49	33	21	11	11	25	10	0	0	0	111	4,046,984.37	36,189.05	
50-54	52	22	15	8	25	19	19	0	0	160	6,255,237.02	39,095.23	
55-59	29	28	11	6	15	24	12	3	0	128	5,307,429.14	41,464.29	
60-64	21	14	6	3	7	7	2	0	0	60	2,697,481.76	44,958.03	
65-69	5	1	1	4	1	1	1	0	1	15	778,039.16	51,869.28	
70-74	0	1	1	1	0	0	0	0	0	3	192,004.79	64,001.60	
	495	203	71	41	89	61	34	3	1	998	35,363,161.53	35,434.03	

EMPLOYEES RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
 OF 7/1/2017 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2017 ACTUARIAL VALUATION

----- REGULAR RETIREES -----

AGE	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL	TOTAL ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
45-49	1	0	0	0	0	0	0	0	0	1	34,720.68	34,720.68
50-54	5	2	0	0	0	0	0	0	0	7	243,741.24	34,820.18
55-59	13	33	3	0	0	0	0	0	0	49	1,577,729.16	32,198.55
60-64	24	66	42	3	0	0	0	0	0	135	3,578,845.08	26,509.96
65-69	7	70	52	20	0	1	0	0	0	150	4,124,015.16	27,493.43
70-74	2	20	64	20	6	1	0	0	0	113	2,506,729.20	22,183.44
75-79	1	1	18	22	12	0	0	0	1	55	1,163,552.52	21,155.50
80-84	0	0	1	19	14	8	0	0	0	42	687,599.64	16,371.42
85-89	0	0	1	4	6	9	4	0	0	24	439,644.60	18,318.53
90+	0	1	0	0	0	2	6	1	0	10	126,372.96	12,637.30
	53	193	181	88	38	21	10	1	1	586	14,482,950.24	24,714.93

EMPLOYEES RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
01/1/2017 INACTIVE PARTICIPANT PROFILE
JANUARY 1, 2017 ACTUARIAL VALUATION

----- DISABLED RETIREES -----

AGE	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL	TOTAL ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
40-44	0	1	0	0	0	0	0	0	0	1	21,581.52	21,581.52
45-49	0	1	2	0	0	0	0	0	0	3	58,004.88	19,334.96
50-54	0	3	0	0	0	0	0	0	0	3	51,594.48	17,198.16
55-59	0	5	4	2	0	0	0	0	0	11	185,182.56	16,834.78
60-64	0	5	5	3	2	1	0	0	0	16	190,986.84	11,936.68
65-69	0	0	6	3	3	0	0	0	0	12	129,360.96	10,780.08
70-74	0	0	1	2	4	0	0	0	0	7	67,994.76	9,713.54
	0	15	18	10	9	1	0	0	0	53	704,706.00	13,296.34

EMPLOYEES RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
01/1/2017 INACTIVE PARTICIPANT PROFILE
JANUARY 1, 2017 ACTUARIAL VALUATION

----- SURVIVORS -----

AGE	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL	TOTAL ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
0-19	0	1	0	1	0	0	0	0	0	2	16,377.84	8,188.92
45-49	1	0	0	0	0	0	0	0	0	1	2,527.20	2,527.20
50-54	1	2	0	0	0	0	0	0	0	3	12,596.16	4,198.72
55-59	6	3	2	0	0	0	0	0	0	11	95,659.80	8,696.35
60-64	11	7	1	1	0	0	0	0	0	20	182,192.76	9,109.64
65-69	9	3	4	0	1	0	0	0	0	17	118,081.20	6,945.95
70-74	1	6	1	3	0	0	0	0	0	11	68,378.04	6,216.19
75-79	4	5	1	0	0	2	0	0	0	12	133,960.44	11,163.37
80-84	3	2	4	1	0	0	0	0	0	10	50,762.04	5,076.20
85-89	2	3	0	0	1	2	0	0	0	8	106,468.80	13,308.60
90+	0	2	4	0	0	0	0	1	1	8	64,339.20	8,062.40
	38	34	17	6	2	4	0	1	1	103	851,343.48	8,265.47

EMPLOYEES RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
 01/1/2017 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2017 ACTUARIAL VALUATION

----- DROP RETIREES -----

AGE	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL	TOTAL ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
50-54	15	0	0	0	0	0	0	0	0	15	589,379.40	39,291.96
55-59	46	0	0	0	0	0	0	0	0	46	1,997,568.12	43,425.38
60-64	45	0	0	0	0	0	0	0	0	45	1,346,889.12	29,930.87
65-69	13	0	0	0	0	0	0	0	0	13	548,668.56	42,205.27
	119	0	0	0	0	0	0	0	0	119	4,482,505.20	37,668.91

SEWERAGE AND WATER BOARD OF NEW ORLEANS RETIREMENT SYSTEM
12/31/2016 TERMINATED VESTED EMPLOYEES WITH DEFERRED BENEFITS

NAME	EMPLOYEE ID NUMBER	S E X	DATE OF BIRTH	DATE OF TERMINATION	(BASIC) INIT. MO. BENEFIT	(BASIC) CURR. MO. BENEFIT	SUPPL. MONTHLY BENEFIT	ACCUMULATED EMPLOYEE CONTRIBS.
743	M	11/05/59	3/24/2001	1,812.12	1,812.14	36.96	31,447.13	
744	M	8/19/71	5/04/2006	0.00	435.87	0.00	7,004.63	
745	M	4/14/58	1/11/1994	250.44	250.44	26.25	7,540.24	
746	M	2/24/67	11/08/2004	0.00	1,110.29	0.00	21,156.73	
747	M	3/29/62	8/08/2007	0.00	2,133.13	0.00	23,833.94	
748	M	8/29/62	1/13/1999	337.93	337.93	21.25	7,605.62	
749	M	2/25/58	1/13/2007	0.00	1,306.16	0.00	25,960.64	
750	M	2/06/61	3/16/2011	0.00	0.00	0.00	10,376.09	
751	F	10/17/76	5/29/2009	0.00	301.10	0.00	4,196.67	
752	F	11/30/55	4/11/2007	0.00	507.35	0.00	7,034.37	
753	F	6/25/61	7/08/1995	555.81	555.81	22.50	14,099.34	
754	F	11/22/58	10/24/1999	930.15	930.15	28.75	16,496.91	
755	M	1/13/69	4/21/2006	0.00	1,550.40	0.00	24,767.31	
756	M	7/27/61	6/21/1996	1,099.34	1,099.34	23.75	19,182.41	
757	M	11/22/53	12/04/2000	1,086.60	1,086.61	31.81	32,383.78	
758	M	11/14/69	7/10/2012	0.00	1,155.34	0.00	14,593.58	
759	M	9/24/60	9/07/2000	688.67	688.68	40.37	21,895.91	
760	M	12/17/62	3/31/2006	0.00	1,324.56	0.00		
TOTALS:					6,761.06	231.64	289,575.30	
TOTAL COUNT: 18					16,585.30			

EXHIBIT V

MARKET VALUE AND ACTUARIAL VALUE ASSET INVESTMENT PERFORMANCE

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
ESTIMATED MARKET VALUE INVESTMENT PERFORMANCE
BY CALENDAR YEAR

PLAN YEAR ENDING	BEGINNING MARKET VALUE	EMPLOYER CONTRIBUTIONS FOR YEAR	EMPLOYEE CONTRIBUTIONS FOR YEAR	TRANSFERS IN FOR YEAR	TOTAL BENEFIT PAYMENTS FOR YEAR	TRANSFERS OUT FOR YEAR	NET EXTERNAL CASH FLOW FOR YEAR	MARKET VALUE INV. INCOME FOR YEAR	ENDING MARKET VALUE	MARKET VALUE INV. PERFORMANCE FOR YEAR
12/31/91	56,348,353	4,524,382	1,001,436		4,460,555	0	1,065,263	11,331,152	68,744,768	19.9208%
12/31/92	68,099,004	4,980,959	1,115,066		4,988,329	0	1,105,696	5,789,535	75,594,235	8.3601%
12/31/93	75,594,235	4,873,366	1,092,713		4,678,593	0	1,287,486	8,471,584	85,353,305	11.1120%
12/31/94	85,353,305	5,102,920	1,298,780		5,220,801	0	1,180,899	2,602,882	83,851,322	-3.1217%
12/31/95	83,851,322	5,188,055	1,395,149		5,733,411	0	849,793	22,390,520	107,091,635	26.5680%
12/31/96	107,091,635	5,678,507	1,463,216		5,704,458	0	1,437,267	12,894,655	121,423,557	11.9605%
12/31/97	121,423,557	5,933,289	1,202,021		6,410,573	0	724,737	21,841,187	143,989,481	17.9341%
12/31/98	143,989,481	5,448,823	1,138,063		6,573,992	0	12,894	13,756,662	157,759,037	9.5535%
12/31/99	157,759,037	5,151,389	1,028,094		6,928,999	0	-749,516	16,013,013	173,022,534	10.1745%
12/31/00	173,022,534	5,444,048	1,053,495		7,317,215	0	-819,672	5,658,247	177,861,109	3.2780%
12/31/01	177,861,109	5,417,854	1,040,680		7,632,745	0	-1,174,211	-1,677,973	175,008,925	-0.9465%
12/31/02	175,008,925	2,931,065	1,089,543		7,625,705	0	-3,605,097	-15,455,327	155,948,501	-8.9231%
12/31/03	155,948,501	3,591,535	1,097,183		9,184,249	0	-4,695,531	36,142,887	187,395,857	23.5304%
12/31/04	187,395,857	3,721,034	1,120,776		8,884,614	0	-4,042,804	19,502,120	202,855,173	10.5204%
12/31/05	202,855,173	3,716,381	1,176,637	714,343	10,177,467	0	-4,570,106	7,713,678	205,998,745	3.8459%
12/31/06	205,998,745	3,343,713	982,418	2,357,005	12,231,855	0	-5,548,719	28,734,146	229,184,172	14.1391%
12/31/07	229,184,172	3,885,124	1,014,461	1,854,239	12,812,727	0	-6,058,903	8,667,155	231,792,424	3.8324%
12/31/08	231,792,424	4,915,512	1,143,858	958,605	13,269,799	0	-6,251,824	-59,122,504	166,418,096	-25.8553%
12/31/09	166,418,096	5,247,031	1,161,744	516,393	14,231,876	0	-7,306,708	31,912,755	191,024,143	19.6067%
12/31/10	191,024,143	5,146,081	1,190,714	849,540	15,409,624	0	-8,223,289	22,439,431	205,240,285	12.0053%
12/31/11	205,240,285	5,436,700	1,161,996	1,233,504	15,947,090	0	-8,114,890	8,968,361	206,093,756	4.4578%
12/31/12	206,093,756	6,114,997	1,128,257	1,690,683	17,406,238	0	-8,472,301	23,082,600	220,704,055	11.4351%
12/31/13	220,704,055	5,946,614	1,465,774	1,065,165	18,002,573	0	-9,525,020	23,179,014	234,358,049	10.7339%
12/31/14	234,358,049	6,055,890	1,535,723	2,001,222	18,748,955	0	-9,156,120	11,354,742	236,556,671	4.9416%
12/31/15	236,556,671	6,506,652	1,905,689	1,847,259	20,244,603	0	-9,985,003	-4,144,141	222,427,527	-1.7896%
12/31/16	222,427,527	6,407,201	2,083,122	1,629,756	20,742,211	0	-10,642,132	12,570,866	224,356,261	5.7902%
Number of Years Included: 26									269,331,483	

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
ESTIMATED INVESTMENT PERFORMANCE BY MARKET VALUE AND ACTUARIAL VALUE OF ASSETS
BY CALENDAR YEAR

YEAR ENDING	ENDING MARKET VALUE	MARKET VALUE INV. PERF. FOR YEAR	MARKET VALUE MEAN FUND	ACTUARIAL VALUE MEAN FUND	ENDING ACTUARIAL VALUE OF ASSETS	ACTUARIAL ASSETS INV. PERF. FOR YR
12/31/1991	68,744,768	19.9208%	56,880,985	58,063,594	64,921,832	10.8943%
12/31/1992	75,594,235	8.3601%	69,251,852	65,474,680	72,541,969	9.9496%
12/31/1993	85,353,305	11.1120%	76,237,978	73,185,712	81,932,422	11.0718%
12/31/1994	83,851,352	-3.1217%	85,943,755	82,522,872	87,957,901	5.8706%
12/31/1995	107,091,635	26.5680%	84,276,219	88,382,798	100,059,569	12.7308%
12/31/1996	121,423,557	11.9605%	107,810,269	100,778,203	114,805,212	13.2056%
12/31/1997	143,989,481	17.9341%	121,785,926	115,167,581	120,911,255	4.6726%
12/31/1998	157,759,037	9.5535%	143,995,928	120,917,702	134,901,231	11.5592%
12/31/1999	173,022,534	10.1745%	157,384,279	134,526,473	149,976,441	11.7633%
12/31/2000	177,861,109	3.2780%	172,612,698	149,566,605	164,845,672	10.4896%
12/31/2001	175,008,925	-9.465%	177,274,004	164,258,567	180,737,128	10.3895%
12/31/2002	155,948,501	-8.9231%	173,206,377	178,934,580	187,892,718	6.0138%
12/31/2003	187,395,857	23.5304%	153,600,736	185,544,953	196,697,432	7.2760%
12/31/2004	202,855,173	10.5204%	185,374,455	194,676,030	204,706,452	6.1907%
12/31/2005	205,998,745	3.8459%	200,570,120	202,421,399	209,829,340	4.7885%
12/31/2006	229,184,172	14.1391%	203,224,386	207,054,981	217,143,723	6.2124%
12/31/2007	231,792,424	3.8324%	226,154,721	214,116,272	223,583,589	5.8374%
12/31/2008	166,418,096	-25.8553%	228,666,512	220,457,677	222,598,640	2.3891%
12/31/2009	191,024,443	19.6067%	162,764,742	218,945,286	228,999,660	6.2608%
12/31/2010	205,240,285	12.0053%	186,912,499	224,888,016	230,298,898	4.2343%
12/31/2011	206,093,756	4.4578%	201,182,840	226,241,453	229,137,699	3.0736%
12/31/2012	220,704,055	11.4351%	201,857,606	224,901,549	229,633,410	3.9875%
12/31/2013	234,358,049	10.7339%	215,941,545	224,870,900	226,423,894	2.8085%
12/31/2014	236,556,671	4.9416%	229,779,989	221,845,834	223,689,647	2.8947%
12/31/2015	222,427,527	-1.7896%	231,564,170	218,697,146	233,572,291	9.0845%
12/31/2016	224,356,261	5.7902%	217,106,461	228,251,225	238,715,902	6.9160%

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
ESTIMATED INVESTMENT PERFORMANCE
BY CALENDAR YEAR

PLAN YEAR ENDING	BEGINNING MARKET VALUE	NET EXTERNAL CASH FLOW FOR YEAR	MARKET VALUE INV. INCOME		MARKET VALUE INVESTMENT PERFORMANCE			ACTUARIAL ASSET VALUE INVESTMENT PERFORMANCE			YEAR
			FOR YEAR	ENDING MARKET VALUE	FOR YEAR	CUMULATIVE	AVERAGE	FOR YEAR	CUMULATIVE	AVERAGE	
12/31/91	56,348,353	1,065,263	11,331,152	68,744,768	19.9208%	19.92%	19.92%	10.89%	10.89%	10.89%	1
12/31/92	68,699,004	1,105,696	5,789,535	75,594,235	8.3601%	29.95%	29.95%	9.95%	21.93%	10.42%	2
12/31/93	75,594,235	1,287,486	8,471,584	85,353,305	11.1120%	44.39%	44.39%	11.07%	35.43%	10.64%	3
12/31/94	85,353,305	1,180,899	-2,682,882	83,851,322	-3.1217%	39.88%	39.88%	5.87%	43.38%	9.43%	4
12/31/95	83,851,322	849,793	22,390,520	107,091,635	26.5680%	77.04%	77.04%	12.73%	61.63%	10.08%	5
12/31/96	107,091,635	1,437,267	12,894,655	121,423,557	11.9605%	98.22%	98.22%	13.21%	82.98%	10.59%	6
12/31/97	121,423,557	724,737	21,841,187	143,989,481	17.9341%	133.77%	133.77%	4.67%	91.52%	9.73%	7
12/31/98	143,989,481	12,894	13,756,662	157,759,037	9.5535%	156.10%	156.10%	11.56%	113.66%	9.96%	8
12/31/99	157,759,037	-749,516	16,013,013	173,022,534	10.1745%	182.15%	182.15%	11.76%	138.80%	10.15%	9
12/31/00	173,022,534	-819,672	5,658,247	177,861,109	3.2780%	191.40%	191.40%	10.49%	163.85%	10.19%	10
12/31/01	177,861,109	-1,174,211	-1,677,973	175,008,925	-0.9465%	188.65%	188.65%	10.39%	191.26%	10.21%	11
12/31/02	175,008,925	-3,605,097	-15,455,327	155,948,501	-8.9231%	162.89%	162.89%	6.01%	208.77%	9.85%	12
12/31/03	155,948,501	-4,695,531	36,142,887	187,395,857	23.5304%	224.75%	224.75%	7.28%	231.24%	9.65%	13
12/31/04	187,395,857	-4,042,804	19,502,120	202,855,173	10.5204%	258.91%	258.91%	6.19%	251.75%	9.40%	14
12/31/05	202,855,173	-4,570,106	7,713,678	205,998,745	3.8459%	272.72%	272.72%	4.79%	268.59%	9.09%	15
12/31/06	205,998,745	-5,548,719	28,734,146	229,184,172	14.1391%	325.42%	325.42%	6.21%	291.49%	8.90%	16
12/31/07	229,184,172	-6,058,903	8,667,155	231,792,424	3.8324%	341.72%	341.72%	5.84%	314.34%	8.72%	17
12/31/08	231,792,424	-6,251,824	-59,122,504	166,418,096	-25.8553%	227.51%	227.51%	2.39%	324.24%	8.36%	18
12/31/09	166,418,096	-7,306,708	31,912,755	191,024,143	19.6067%	291.72%	291.72%	6.26%	350.80%	8.25%	19
12/31/10	191,024,143	-8,223,289	22,439,431	205,240,285	12.0053%	338.75%	338.75%	4.23%	369.89%	8.04%	20
12/31/11	205,240,285	-8,114,890	8,968,361	206,093,756	4.4578%	358.31%	358.31%	3.07%	384.33%	7.80%	21
12/31/12	206,093,756	-8,472,301	23,082,600	220,704,055	11.4351%	410.72%	410.72%	3.99%	403.64%	7.63%	22
12/31/13	220,704,055	-9,525,020	23,179,014	234,358,049	10.7339%	465.54%	465.54%	2.81%	417.79%	7.41%	23
12/31/14	234,358,049	-9,156,120	11,354,742	236,556,671	4.9416%	493.49%	493.49%	2.89%	432.78%	7.22%	24
12/31/15	236,556,671	-9,985,003	-4,144,141	222,427,527	-1.7896%	482.87%	482.87%	9.08%	481.18%	7.29%	25
12/31/16	222,427,527	-10,642,132	12,570,866	224,356,261	5.7902%	516.61%	516.61%	7.25%	523.31%	7.29%	26

Number of Years Included: 26

CERTIFICATION

The foregoing report presents fairly the actuarial position of the Employees' Retirement System of the Sewerage and Water Board of New Orleans as of January 1, 2017 in accordance with generally accepted actuarial principles applied on a basis consistent with the preceding valuation, except where noted. In our opinion, the assumptions used in preparing the liabilities and estimated costs are reasonably related to the experience of the plan and to reasonable expectations and represent our best estimate of anticipated experience under the plan.

CONEFRY & COMPANY, L.L.C.



Michael A. Conefry, FCA, ASA, MAAA, MSPA
Enrollment Number 17-1235

New Orleans, Louisiana
May, 2017
V201612

May 29, 2017

CONEFRY & COMPANY, L.L.C.

160 Pleasant Ridge Drive
Belle Chasse, LA 70037-4502
Tel. 504.392.8853 ■ Facsimile 504.392.4430

May 29, 2017

Mr. Cedric S. Grant
Executive Director
Sewerage and Water Board of New Orleans
625 St. Joseph Street
New Orleans, LA 70165

Re: Employees' Retirement System of the Sewerage and Water Board
of New Orleans - Governmental Accounting Standards Board
Statement #67 (GASB 67)

Dear Mr. Grant:

Enclosed is our report of the required supplemental information pursuant to GASB 67 for the System's fiscal plan year ending December 31, 2016. This report supplements the actuarial valuation reports of the Employees' Retirement System of the Sewerage and Water Board of New Orleans as of December 31, 2015 and December 31, 2016, as indicated in Exhibit III of each of those valuation reports.

We have calculated the Net Pension Liability in conformity with paragraphs 36-46 of GASB 67 in the following manner:

1. All of the actuarial assumptions used in the actuarial valuation reports noted above were used in determining the Total Pension Liability, except as noted below.
2. Paragraph 40 of GASB 67 requires that the discount rate to be used in determining the Total Pension Liability is the long-term expected return on pension plan investments to the extent that the pension plan's fiduciary net position is projected (in conformity with paragraphs 41-43 of GASB 67) to be sufficient to make projected benefit payments (determined in conformity with paragraph 39).

In making these projections, we have assumed that total covered-employee payroll increases at 1% annually and that initial plan expenses paid from the fund are \$50,000 annually and are assumed to increase at 3% annually. These assumptions were in addition to the assumptions used in the actuarial valuations.

Tables 1 and 2 in Appendix I contain the projections of contributions (Table 1) and fiduciary net position (Table 2) pursuant to these requirements of GASB 67.

The results indicate that the fiduciary net position will be sufficient to make projected benefit payments. Accordingly, the discount rate used in the actuarial valuations, 7.00% annually, has been used to determine the Total Pension Liability.

May 29, 2017

Mr. Cedric S. Grant
May 29, 2017
Page 2

3. Appendix II contains an exhibit of the GASB #67/68 Required Supplemental Information for the plan's fiscal calendar plan year 2016. Note that, since the actual results of the actuarial valuations as of both the beginning and the ending of the fiscal plan year are available, they have been used (as noted in the footnote of the exhibit).
4. There are some minor differences in the actuarial methodology as required by GASB 67 in calculating the Total Pension Liability from the methodology which has historically been used in the actuarial valuation, as noted in the footnote at the end of Table 1 of Appendix I. This results in a different normal cost (service cost in GASB 67) and entry age normal cost actuarial accrued liability (total pension liability in GASB 67) as determined for actuarial valuation and funding purposes.

Yours truly,



Michael A. Conefry, FCA, ASA, MAAA*
Actuary

* Member of the American Academy of Actuaries and qualified to render the Statements of Actuarial Opinion contained herein.

MAC:wp
Enclosures

May 29, 2017

APPENDIX I

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
FISCAL CALENDAR PLAN YEAR JANUARY 1, 2016 THROUGH DECEMBER 31, 2016
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT #67
[See Footnotes for Applicable Columns on Last Page]

Table 1: Projection of Contributions (Year 1 Begins January 1, 2016)

Year	Projected Covered-Employee Payroll			Projected Contributions			
	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c)=(a)+(b)	Contributions from Current Employees (d)=(a)x5.00%	Employer Contributions for Current Employees (e)=(a)x20.690%	Contributions Related to Payroll of Future Employees (f)=(b)x17.409%	Total Contributions (g)=(d)+(e)+(f)
1	33,672,902	0	33,672,902	1,683,645	6,966,923	0	8,650,568
2	28,356,682	5,652,949	34,009,631	1,717,834	5,866,998	984,122	8,268,954
3	25,201,758	9,147,969	34,349,727	1,260,088	5,214,244	1,592,570	8,066,902
4	23,055,044	11,638,180	34,693,224	1,152,752	4,770,089	2,026,091	7,948,932
5	20,580,351	14,459,805	35,040,156	1,029,018	4,258,075	2,517,307	7,804,400
6	18,217,590	17,172,968	35,390,558	910,880	3,769,219	2,989,642	7,669,741
7	16,645,067	19,099,397	35,744,464	832,253	3,443,864	3,325,014	7,601,131
8	15,067,738	21,034,171	36,101,909	753,387	3,117,515	3,661,839	7,532,741
9	13,417,862	23,045,066	36,462,928	670,893	2,776,156	4,011,916	7,458,965
10	12,077,910	24,749,647	36,827,557	603,896	2,498,920	4,308,666	7,411,482
11	10,881,337	26,314,496	37,195,833	544,067	2,251,349	4,581,091	7,376,507
12	10,070,694	27,497,097	37,567,791	503,535	2,083,627	4,786,970	7,374,132
13	9,420,072	28,523,397	37,943,469	471,004	1,949,013	4,965,638	7,385,655
14	8,713,176	29,609,728	38,322,904	435,659	1,802,756	5,154,758	7,393,173
15	8,064,922	30,641,211	38,706,133	403,246	1,668,632	5,334,328	7,406,206
16	7,161,331	31,931,863	39,093,194	358,067	1,481,679	5,559,018	7,398,764
17	6,459,238	33,024,888	39,484,126	322,962	1,336,416	5,749,303	7,408,681
18	6,045,428	33,833,539	39,878,967	302,271	1,250,799	5,890,081	7,443,151
19	5,292,998	34,984,759	40,277,757	264,650	1,095,121	6,090,497	7,450,268
20	4,721,476	35,959,059	40,680,535	236,074	976,873	6,260,113	7,473,060
21	3,856,476	37,230,864	41,087,340	192,824	797,905	6,481,521	7,472,250
22	3,113,629	38,384,584	41,498,213	155,681	644,210	6,682,372	7,482,263
23	2,397,623	39,515,572	41,913,195	119,881	496,068	6,879,266	7,495,215
24	1,651,587	40,680,740	42,332,327	82,579	341,713	7,082,110	7,506,402
25	1,128,313	41,627,337	42,755,650	56,416	233,448	7,246,903	7,536,767
26	763,983	42,419,223	43,183,206	38,199	158,068	7,384,763	7,581,030
27	367,362	43,247,676	43,615,038	18,368	76,007	7,528,988	7,623,363
28	191,899	43,859,289	44,051,188	9,595	39,704	7,635,464	7,684,763
29	75,785	44,415,915	44,491,700	3,789	15,680	7,732,367	7,751,836
30	22,899	44,913,718	44,936,617	1,145	4,738	7,819,029	7,824,912
31	4,775	45,381,208	45,385,983	239	988	7,900,415	7,901,642
32	0	45,839,843	45,839,843	0	0	7,980,258	7,980,258
33	0	46,298,241	46,298,241	0	0	8,060,061	8,060,061
34	0	46,761,223	46,761,223	0	0	8,140,661	8,140,661
35	0	47,228,835	47,228,835	0	0	8,222,068	8,222,068
36	0	47,701,123	47,701,123	0	0	8,304,289	8,304,289
37	0	48,178,134	48,178,134	0	0	8,387,331	8,387,331
38	0	48,659,915	48,659,915	0	0	8,471,205	8,471,205
39	0	49,146,514	49,146,514	0	0	8,555,917	8,555,917
40	0	49,637,979	49,637,979	0	0	8,641,476	8,641,476
41	0	50,134,359	50,134,359	0	0	8,727,891	8,727,891
42	0	50,635,703	50,635,703	0	0	8,815,170	8,815,170
43	0	51,142,060	51,142,060	0	0	8,903,321	8,903,321
44	0	51,653,481	51,653,481	0	0	8,992,355	8,992,355

CONPRJ16.R1

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
FISCAL CALENDAR PLAN YEAR JANUARY 1, 2016 THROUGH DECEMBER 31, 2016
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT #67
[See Footnotes for Applicable Columns on Last Page]

Table 1: Projection of Contributions (Year 1 Begins January 1, 2016)

Year	Projected Covered-Employee Payroll			Projected Contributions			
	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c)=(a)+(b)	Contributions from Current Employees (d)=(a)x5.00%	Employer Contributions for Current Employees (e)=(a)x20.690%	Contributions Related to Payroll of Future Employees (f)=(b)x17.409%	Total Contributions (g)=(d)+(e)+(f)
45	0	52,170,016	52,170,016	0	0	9,082,278	9,082,278
46	0	52,691,716	52,691,716	0	0	9,173,101	9,173,101
47	0	53,218,633	53,218,633	0	0	9,264,832	9,264,832
48	0	53,750,819	53,750,819	0	0	9,357,480	9,357,480
49	0	54,288,327	54,288,327	0	0	9,451,055	9,451,055
50	0	54,831,210	54,831,210	0	0	9,545,565	9,545,565
51	0	55,379,522	55,379,522	0	0	9,641,021	9,641,021
52	0	55,933,317	55,933,317	0	0	9,737,431	9,737,431
53	0	56,492,650	56,492,650	0	0	9,834,805	9,834,805
54	0	57,057,576	57,057,576	0	0	9,933,153	9,933,153
55	0	57,628,152	57,628,152	0	0	10,032,485	10,032,485
56	0	58,204,434	58,204,434	0	0	10,132,810	10,132,810
57	0	58,786,478	58,786,478	0	0	10,234,138	10,234,138
58	0	59,374,343	59,374,343	0	0	10,336,479	10,336,479
59	0	59,968,086	59,968,086	0	0	10,439,844	10,439,844
60	0	60,567,767	60,567,767	0	0	10,544,243	10,544,243
61	0	61,173,445	61,173,445	0	0	10,649,685	10,649,685
62	0	61,785,179	61,785,179	0	0	10,756,182	10,756,182
63	0	62,403,031	62,403,031	0	0	10,863,744	10,863,744
64	0	63,027,061	63,027,061	0	0	10,972,381	10,972,381
65	0	63,657,332	63,657,332	0	0	11,082,105	11,082,105
66	0	64,293,905	64,293,905	0	0	11,192,926	11,192,926
67	0	64,936,844	64,936,844	0	0	11,304,855	11,304,855
68	0	65,586,212	65,586,212	0	0	11,417,904	11,417,904
69	0	66,242,074	66,242,074	0	0	11,532,083	11,532,083
70	0	66,904,495	66,904,495	0	0	11,647,404	11,647,404
71	0	67,573,540	67,573,540	0	0	11,763,878	11,763,878
72	0	68,249,275	68,249,275	0	0	11,881,516	11,881,516
73	0	68,931,768	68,931,768	0	0	12,000,331	12,000,331
74	0	69,621,086	69,621,086	0	0	12,120,335	12,120,335
75	0	70,317,297	70,317,297	0	0	12,241,538	12,241,538
76	0	71,020,470	71,020,470	0	0	12,363,954	12,363,954
77	0	71,730,675	71,730,675	0	0	12,487,593	12,487,593
78	0	72,447,982	72,447,982	0	0	12,612,469	12,612,469
79	0	73,172,462	73,172,462	0	0	12,738,594	12,738,594
80	0	73,904,187	73,904,187	0	0	12,865,980	12,865,980
81	0	74,643,229	74,643,229	0	0	12,994,640	12,994,640
82	0	75,389,661	75,389,661	0	0	13,124,586	13,124,586
83	0	76,143,558	76,143,558	0	0	13,255,832	13,255,832
84	0	76,904,994	76,904,994	0	0	13,388,390	13,388,390
85	0	77,674,044	77,674,044	0	0	13,522,274	13,522,274
86	0	78,450,784	78,450,784	0	0	13,657,497	13,657,497

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
FISCAL CALENDAR YEAR JANUARY 1, 2016 THROUGH DECEMBER 31, 2016
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT #67
[See Footnotes for Applicable Columns on Last Page]

Table 1: Projection of Contributions (Year 1 Begins January 1, 2016)

Year	Projected Covered-Employee Payroll			Projected Contributions			
	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c)=(a)+(b)	Contributions from Current Employees (d)=(a)x5.00%	Employer Contributions for Current Employees (e)=(a)x20.690%	Contributions Related to Payroll of Future Employees (f)=(b)x17.409%	Total Contributions (g)=(d)+(e)+(f)

Notes:

Column (c) Total covered-employee payroll increases 1.000% each year

Column (f) Contributions related to future employees that are above service cost and, therefore, can be allocated to payment of benefits of current employees:

20.690% + 5.000% = 8.281% = 17.409%

Employer Contribution + Employee Contribution - Service Cost* = Contributions Related to Payroll of Future Employees

* "Service Cost" is the Entry Age Normal Cost as of January 1, 2016 under the Individual Entry Age Cost Method as required by GASB 67. The actuarial valuation Normal Cost as of the same date was 10.512% and was calculated under the Aggregate Entry Age Normal Cost Method.

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
FISCAL CALENDAR PLAN YEAR JANUARY 1, 2016 THROUGH DECEMBER 31, 2016
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT #67
[See Footnotes for Applicable Columns on Last Page]

Table 2: Projection of Fiduciary Net Position (Year 1 Begins January 1, 2016)

Year	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Fiduciary Net Position (f)=(a)+(b)-(c)-(d)+(e)
1	222,427,527	8,650,568	23,854,135	50,000	15,049,349	222,223,309
2	222,223,309	8,268,954	25,377,387	51,500	14,953,467	220,016,843
3	220,016,843	8,066,902	25,617,815	53,045	14,794,220	217,207,105
4	217,207,105	7,948,932	25,466,313	54,636	14,585,576	214,220,664
5	214,220,664	7,804,400	25,538,662	56,275	14,376,119	210,806,246
6	210,806,246	7,669,741	25,615,187	57,963	14,128,849	206,931,686
7	206,931,686	7,601,131	25,514,310	59,702	13,852,302	202,811,107
8	202,811,107	7,532,741	25,437,564	61,493	13,563,008	198,407,799
9	198,407,799	7,458,965	25,368,472	63,338	13,255,098	193,690,052
10	193,690,052	7,411,482	25,235,481	65,238	12,925,191	188,726,006
11	188,726,006	7,376,507	25,021,852	67,195	12,581,639	183,595,105
12	183,595,105	7,374,132	24,638,041	69,211	12,232,974	178,494,959
13	178,494,959	7,385,655	24,180,484	71,287	11,889,868	173,518,711
14	173,518,711	7,393,173	23,742,571	73,426	11,557,180	168,653,067
15	168,653,067	7,406,206	23,277,688	75,629	11,231,714	163,937,670
16	163,937,670	7,398,764	22,934,485	77,898	10,918,498	159,242,549
17	159,242,549	7,408,681	22,507,387	80,235	10,601,840	154,665,448
18	154,665,448	7,443,151	21,910,546	82,642	10,297,430	150,412,841
19	150,412,841	7,450,268	21,495,188	85,121	10,019,703	146,302,503
20	146,302,503	7,473,060	20,979,088	87,675	9,749,314	142,458,114
21	142,458,114	7,472,250	20,669,561	90,305	9,499,477	138,669,975
22	138,669,975	7,482,263	20,352,313	93,014	9,247,809	134,954,720
23	134,954,720	7,495,215	20,029,628	95,804	8,999,226	131,323,729
24	131,323,729	7,506,402	19,837,631	98,678	8,762,284	127,656,106
25	127,656,106	7,536,767	19,517,213	101,638	8,515,918	124,089,940
26	124,089,940	7,581,030	19,129,865	104,687	8,284,403	120,720,821
27	120,720,821	7,623,363	18,880,819	107,828	8,066,205	117,421,742
28	117,421,742	7,684,763	18,418,953	111,063	7,848,906	114,425,395
29	114,425,395	7,751,836	17,940,260	114,395	7,659,781	111,782,357
30	111,782,357	7,824,912	17,397,516	117,827	7,497,265	109,589,191
31	109,589,191	7,901,642	16,801,196	121,362	7,368,087	107,936,362
32	107,936,362	7,980,258	16,180,425	125,003	7,279,158	106,890,350
33	106,890,350	8,060,061	15,546,233	128,753	7,232,271	106,507,696
34	106,507,696	8,140,661	14,934,926	132,616	7,231,075	106,811,890
35	106,811,890	8,222,068	14,346,676	136,594	7,277,165	107,827,853
36	107,827,853	8,304,289	13,781,860	140,692	7,372,262	109,581,852
37	109,581,852	8,387,331	13,239,891	144,913	7,518,181	112,102,560
38	112,102,560	8,471,205	12,719,896	149,260	7,716,932	115,421,541
39	115,421,541	8,555,917	12,221,138	153,738	7,970,743	119,573,325
40	119,573,325	8,641,476	11,741,972	158,350	8,282,039	124,596,518
41	124,596,518	8,727,891	11,280,259	163,100	8,653,560	130,534,610
42	130,534,610	8,815,170	10,832,191	167,993	9,088,432	137,438,028
43	137,438,028	8,903,321	10,400,582	173,033	9,590,266	145,358,000
44	145,358,000	8,992,355	9,979,068	178,224	10,162,638	154,355,701
45	154,355,701	9,082,278	9,564,067	183,571	10,810,019	164,500,360
46	164,500,360	9,173,101	9,154,726	189,078	11,537,264	175,866,921

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EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
FISCAL CALENDAR PLAN YEAR JANUARY 1, 2016 THROUGH DECEMBER 31, 2016
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT #67
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Table 2: Projection of Fiduciary Net Position (Year 1 Begins January 1, 2016)

Year	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Fiduciary Net Position (f)=(a)+(b)-(c)-(d)+(e)
47	175,866,921	9,264,832	8,751,744	194,750	12,349,759	188,535,018
48	188,535,018	9,357,480	8,348,602	200,592	13,253,192	202,596,496
49	202,596,496	9,451,055	7,942,772	206,610	14,254,004	218,152,173
50	218,152,173	9,545,565	7,534,433	212,808	15,359,292	235,309,789
51	235,309,789	9,641,021	7,123,913	219,192	16,576,821	254,184,526
52	254,184,526	9,737,431	6,709,816	225,768	17,914,348	274,900,721
53	274,900,721	9,834,805	6,288,188	232,541	19,380,910	297,595,707
54	297,595,707	9,933,153	5,879,682	239,517	20,986,031	322,395,692
55	322,395,692	10,032,485	5,462,437	246,703	22,738,026	349,457,063
56	349,457,063	10,132,810	5,050,483	254,104	24,648,523	378,933,809
57	378,933,809	10,234,138	4,637,986	261,727	26,727,939	410,996,173
58	410,996,173	10,336,479	4,238,779	269,579	28,988,240	445,812,520
59	445,812,520	10,439,844	3,848,405	277,666	31,440,887	483,567,180
60	483,567,180	10,544,243	3,467,081	285,996	34,098,900	524,457,246
61	524,457,246	10,649,685	3,079,274	294,576	36,977,340	568,710,421
62	568,710,421	10,756,182	2,731,693	303,413	40,089,300	616,520,797
63	616,520,797	10,863,744	2,400,275	312,515	43,449,721	668,121,472
64	668,121,472	10,972,381	2,089,883	321,890	47,074,946	723,757,026
65	723,757,026	11,082,105	1,801,797	331,547	50,981,948	783,687,735
66	783,687,735	11,192,926	1,535,192	341,493	55,188,917	848,192,893
67	848,192,893	11,304,855	1,293,381	351,738	59,715,438	917,568,067
68	917,568,067	11,417,904	1,075,471	362,290	64,582,109	992,130,319
69	992,130,319	11,532,083	881,982	373,159	69,811,173	1,072,218,434
70	1,072,218,434	11,647,404	713,052	384,354	75,426,348	1,158,194,780
71	1,158,194,780	11,763,878	565,355	395,885	81,453,010	1,250,450,428
72	1,250,450,428	11,881,516	441,860	407,762	87,918,600	1,349,400,922
73	1,349,400,922	12,000,331	338,443	419,995	94,852,174	1,455,494,989
74	1,455,494,989	12,120,335	253,207	432,595	102,285,266	1,569,214,788
75	1,569,214,788	12,241,538	185,681	445,573	110,251,686	1,691,076,758
76	1,691,076,758	12,363,954	132,590	458,940	118,787,593	1,821,636,775
77	1,821,636,775	12,487,593	91,990	472,708	127,931,978	1,961,491,648
78	1,961,491,648	12,612,469	61,735	486,889	137,726,705	2,111,282,198
79	2,111,282,198	12,738,594	40,883	501,496	148,216,688	2,271,695,101
80	2,271,695,101	12,865,980	24,946	516,541	159,450,027	2,443,469,621
81	2,443,469,621	12,994,640	15,194	532,037	171,478,578	2,627,395,608
82	2,627,395,608	13,124,586	9,001	547,998	184,357,604	2,824,320,799
83	2,824,320,799	13,255,832	4,868	564,438	198,146,510	3,035,153,835
84	3,035,153,835	13,388,390	2,276	581,371	212,908,952	3,260,867,530
85	3,260,867,530	13,522,274	1,080	598,812	228,713,034	3,502,502,946
86	3,502,502,946	13,657,497	423	616,776	245,631,627	3,761,174,871

EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
 FISCAL CALENDAR YEAR JANUARY 1, 2016 THROUGH DECEMBER 31, 2016
 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT #67
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Table 2: Projection of Fiduciary Net Position (Year 1 Begins January 1, 2016)

Year	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Fiduciary Net Position (f)=(a)+(b)-(c)-(d)+(e)
Notes:						
Column (c)	Total covered-employee payroll increases 1.00% annually					
Column (d)	Administrative expenses increase 3% annually					
Column (f)	Contributions related to future employees that are above service cost and, therefore, can be allocated to payment of benefits of current employees:					
	20.690%	+	5.000%	-	8.281%	= 17.409%
	Employer Contribution	+	Employee Contribution	-	Service Cost	= Contributions Related to Payroll of Future Employees

May 29, 2017

APPENDIX II

May 29, 2017

Employees' Retirement System of the Sewerage and Water Board
of New Orleans - GASB #67 Required Supplemental Information

Schedule of Changes in Net Pension Liability and Related Ratios for the plan's
calendar fiscal year ending 12/31/2016:

Total Pension Liability

1. Service Cost	3,030,914
2. Interest Cost at 7.00%	20,957,657
3. Changes of benefit terms	0
4. Difference between expected and actual experience	95,839
5. Changes of assumptions	0
6. Benefit payments and net transfers	18,373,582
<hr/>	
7. Net change in total pension liability: [1] + [2] + [3] + [4] + [5] - [6]	5,710,828
8. Total pension liability - beginning	299,395,093
9. Total pension liability - ending	305,105,921

Plan fiduciary net position

10. Contributions - employer	6,407,201
11. Contributions - member	2,063,122
12. Net investment income	11,831,993
13. Benefit payments and net transfers	18,373,582
14. Administrative expense	0
<hr/>	
15. Net change in plan fiduciary net position: [10] + [11] + [12] - [13] - [14]	1,928,734
16. Plan fiduciary net position - beginning	222,427,527
17. Plan fiduciary net position - ending	224,356,261
18. Net pension liability - ending: [9] - [17]	80,749,660
19. Plan fiduciary net position as a percentage of the total pension liability: [17] / [9]	73.53%
20. Covered-employee payroll in year ending 12/31/2016	35,363,156
21. Net pension liability as a percentage of covered-employee payroll: [18] / [20]	228.34%

Note: All results were based on the census data and actuarial assumptions
in the January 1, 2016 actuarial valuation except for items [9] and
[17] through [20] which were based on the January 1, 2017 actuarial
valuation.

May 29, 2017

Employees' Retirement System of the Sewerage and Water Board
of New Orleans - GASB #67 Required Supplemental Information

Sensitivity of the Net Pension Liability to Change in the Discount Rate as of
calendar fiscal year ending 12/31/2016:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Total pension liability	333,051,219	305,105,921	281,298,180
Fiduciary net position	224,356,261	224,356,261	224,356,261
Net pension liability	108,694,958	80,749,660	56,941,919

Schedule of Deferred Inflows and Outflows of Resources as of the end of the
Employer's fiscal year ending 12/31/2016 and established on 12/31/2016:

	Original Amount:	Amortization Period	Amount Recognized FYE 12/31/2016
Investment (gain)/loss	3,391,320	5.00 years	678,264
Economic/demogr. (gain)/loss	95,839	8.00 years	11,980
Assumption changes/inputs	0	n/a	0

* Amortization period is closed 5 year period for investment experience and
closed period equal to the average remaining service lifetime of active
and inactive members: 998 actives with an average of 13.81 years and
776 inactives with an average of zero for a composite average of 8
years, to the next higher integer.

Schedule of Amortization Bases and Amounts Established Through 12/31/2016:

FYE	Investment Return			Demographic		
	Base	Amortization		Base	Amortization	
12/31/2014	4,742,507	948,501	5 YRS	-1,721,210	-245,887	7 YRS
12/31/2015	20,293,158	4,058,632	5 YRS	-1,978,038	-282,577	7 YRS
12/31/2016	3,391,320	678,264	5 YRS	95,839	11,980	8 YRS
	28,426,985	5,685,397		-3,603,409	-516,484	

May 29, 2017

Employees' Retirement System of the Sewerage and Water Board
of New Orleans - GASB #68 Required Supplemental Information

Balance of Deferred Inflows and Outflows as of FYE 12/31/2016:

	Deferred Inflows	Deferred Outflows
Origin 12/31/2014 Demographic (gain)/loss After Year 3 of 7	-983,549	0
Origin 12/31/2015 Demographic (gain)/loss After Year 2 of 7	-1,412,884	0
Origin 12/31/2016 Demographic (gain)/loss After Year 1 of 8	0	83,859
Sub-total Demographic	-2,396,433	83,859
Origin 12/31/2014 Investment Return (gain)/loss After Year 3 of 5	0	1,897,004
Origin 12/31/2015 Investment Return (gain)/loss After Year 2 of 5	0	12,175,894
Origin 12/31/2016 Investment Return (gain)/loss After Year 1 of 5	0	2,122,970
Sub-total Investment Return	0	16,195,868
Grand Total:	-2,396,433	16,279,727

May 29, 2017

Employees' Retirement System of the Sewerage and Water Board
of New Orleans - GASB #67 Required Supplemental Information
Schedule of Employer Pension Amounts
For the Plan Calendar Fiscal Year Ending 12/31/2016

	Pension Expense
Service Cost	3,030,914
Interest Cost at 7.00%	20,957,657
Changes of benefit terms	0
Difference between expected and actual experience:	
Current year amortization	11,980
Amortization of prior years	-528,464
Changes of assumptions	0
Current year amortization	0
Amortization of prior years	0
Contributions - member	-2,063,122
Expected earnings on investments	-15,223,313
Difference between expected and actual earnings on investments:	
Current year amortization	678,264
Amortization of prior years	5,007,133
Administrative expense	0
Total Pension Expense for year:	11,871,049

Month/ Year	ACTUAL NET EXTERNAL CASH FLOW * DURING MONTH	HYPOTHETICAL MARKET VALUE EACH MONTH ASSUMING: 5.42692346% COMPOUNDED ANNUALLY		ACTUAL MV LESS HYPOTHETICAL MV AT END OF MONTH
		BEGINNING OF MONTH	END OF MONTH	
1/2016	-1,125,551	222,427,527	222,281,221	2,075,040
2/2016	-527,738	222,281,221	222,733,401	1,622,860
3/2016	151,523	222,733,401	223,868,337	487,924
4/2016	-1,154,986	223,868,337	223,698,889	657,372
5/2016	-804,208	223,698,889	223,880,246	476,015
6/2016	-49,099	223,880,246	224,819,179	-462,918
7/2016	-997,610	224,819,179	224,811,651	-455,390
8/2016	-216,759	224,811,651	225,586,665	-1,230,404
9/2016	-1,455,968	225,586,665	225,123,156	-766,895
10/2016	-1,200,485	225,123,156	224,913,648	-557,387
11/2016	-431,161	224,913,648	225,474,238	-1,117,977
12/2016	-2,108,499	225,474,238	224,356,261	-0

* Net external cash flow assumed at mid-point of each month

MV Beginning of Year: 222,427,527
 MV End of Year: 224,356,261

Number of Months Included: 12
Cumulative Money-Weighted Return Compounded Annually: 5.42692346%
Number of Iterations: 28

Sewerage & Water Board of New Orleans



***Chief Investment Officer's Presentation to the
Pension Committee***

July 19, 2017

Today's Agenda

- Michael Conefry – review of 2016 Actuarial Valuation Report
 - (30 minutes)
- Introduction to Asset-Liability Studies
 - (20 minutes)
- Brief Introduction to Investment Philosophy
 - (10 minutes)
- Discuss ERS Governance Structure
 - (30 minutes)

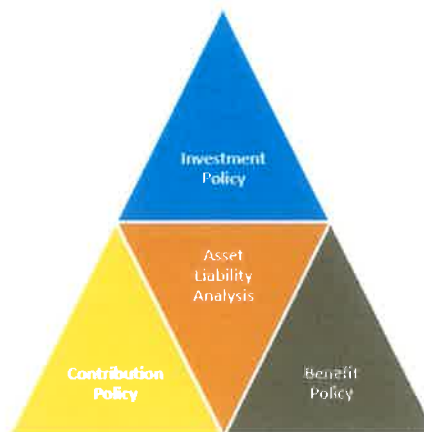


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What is an Asset-Liability Study?

- The only analysis that fully links all three aspects of a pension plan's financial drivers



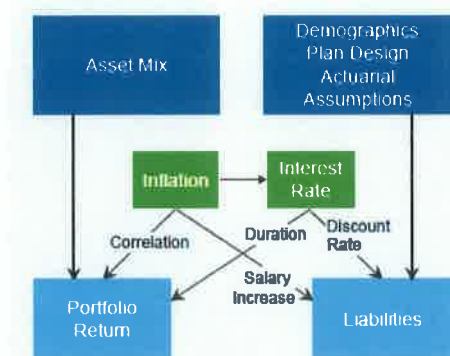
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Mechanics of the Asset-Liability Modeling Process



Contributions
Funded Ratio
Benefit Expense



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Asset-Liability vs. Asset Allocation vs. Experience Studies

	Asset-Liability Study	Asset Allocation Study	Experience Study
Objective	Guide in the selection of a Target Allocation	Select a Target Allocation	Set demographic and/or economic actuarial assumptions
Portfolios Modeled	Guideposts for directionality impact of changing risk/return profile of portfolio	Specific recommended target allocations	Target and/or current allocations (as they related to investment return assumption)
Liabilities Modeled	Yes	No	No
Range of Possible Outcomes Modeled	Investment returns, funded ratios, contributions, liquidity demands	Investment returns only	Projected change in liabilities and associated costs
Typical Frequency	Every 3-5 years	Every 1-3 years	Every 3-5 years
Asset Allocation Implementation Specificity	Low	High	None

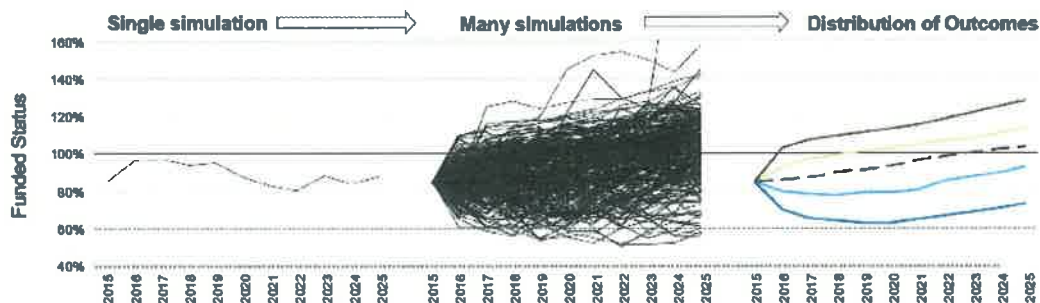
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Deterministic and Stochastic Forecasts



Source: Aon Hewitt



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Objectives of an Asset-Liability Study

- An Asset-Liability Study:
 - Analyzes assets, liabilities, funded status, contributions, and fund liquidity in the context of a wide range of alternative capital market environments;
 - Analyzes how well alternative asset allocations address the Pension Plan's investment Objectives (meeting liabilities).
 - Helps determine the appropriate risk and return levels the plan should consider when setting an asset allocation.

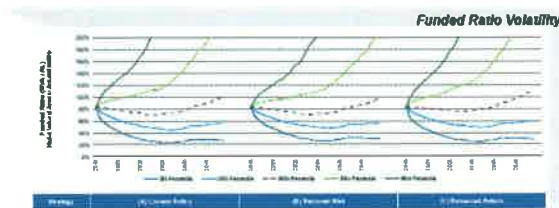


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Abbreviated Samples of Hypothetical Output

Funded Ratio



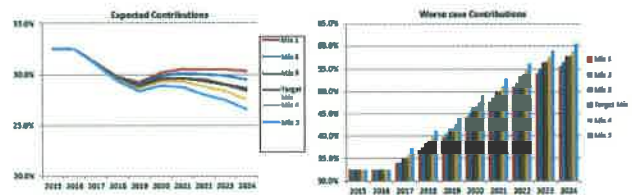
Source: Aon Hewitt

20 Years	Probability of a 1% or greater funding gap in 2034	Probability of a 2% or greater funding gap in 2034	Probability of a 3% or greater funding gap in 2034	Maximum 1 Year funding gap in 2034
Conservative Portfolio	0%	0%	1%	-13%
Portfolio 1	25%	50%	6%	-33%
Target Allocation	50%	54%	11%	-38%
Portfolio 2	45%	60%	12%	-41%
Aggressive Portfolio	25%	40%	14%	-50%

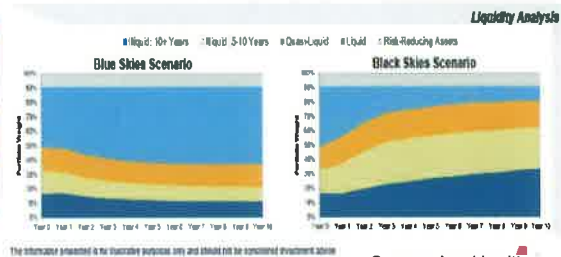
20 Years	Market-Related Ratio in Year 20	Market-Related Ratio in Year 20	Market-Related Ratio in Year 20	Market-Related Ratio in Year 20	Market-Related Ratio in Year 20	Market-Related Ratio in Year 20	Market-Related Ratio in Year 20	Market-Related Ratio in Year 20
Conservative Portfolio	55%	45%	75%	\$24.3	\$11.2	\$15.4	10%	13%
Portfolio 1	60%	47%	100%	\$17.0	\$20.6	\$5.0	7%	12%
Target Allocation	65%	46%	100%	\$16.1	\$20.0	\$5.2	7%	12%
Portfolio 2	68%	44%	113%	\$15.5	\$20.4	\$4.9	6%	11%
Aggressive Portfolio	62%	50%	125%	\$13.0	\$23.3	\$4.1	5%	10%

Source: RVK

Contributions and Liquidity



Source: Callan Associates



Source: Aon Hewitt



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Investment Philosophy

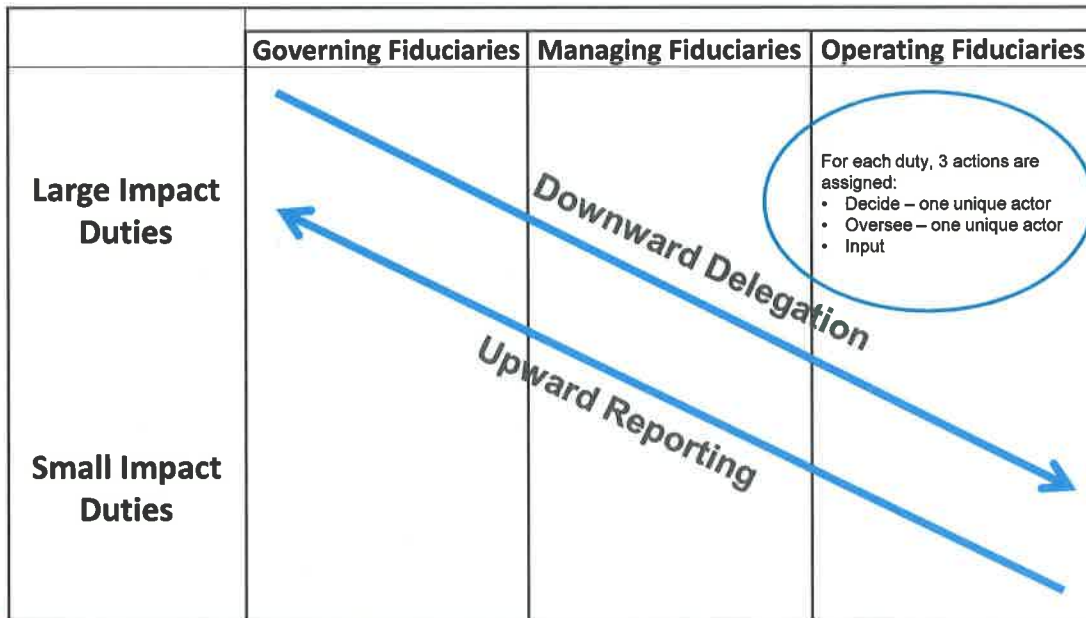
- The goal of investing is to earn enough to meet your objectives.
- Understand what you can control (in descending order: costs, liquidity, risk, and returns).
 - While you cannot control returns, you can decide to buy low and sell high.
- We have met the enemy, and he is us.
- There are limits to prediction:
 - The future is unknowable, so diversify.
 - Market timing is generally unrewarding.
 - Markets don't just mean revert, they overshoot.
- There are trade-offs in investing:
 - More risk must be assumed to gain higher expected returns.
 - Excess returns and market efficiency are inversely related and often cyclical.
 - Too much capital is the enemy of good returns.
- Performance cannot be guaranteed, but there are some predictions:
 - Philosophy, processes, and organizational resources drive excess returns. Culture and alignment of interest can enhance or detract.
 - IR is a function of skills, breadth, and freedom.



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Review of Basic Governance Structure



Adapted from: Keith P. Ambachtsheer and D. Don Ezra, *Pension Fund Excellence*, (New York: John Wiley & Sons, 1998) and John Ilkiw, *Handbook on Asset-Liability Management: A Guide for US Fiduciaries*, (Tacoma: Frank Russell Company, 1998).

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Revised Governance Matrix

[illegible]

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August Meeting Agenda

- Quarterly Review of Markets and Performance for period ending June 30, 2017
- FFC's proposals for portfolio adjustments
- Introduction to the Statement of Risk Capacity and Appetite
- *Discussion of ERS Governance Structure will resume in September*



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Appendix: 12 Factors of Best Practice Investment Governance

Best-Practice Factors		
	Core	Exceptional
Coherence	Mission Clarity	Highly Competent Investment Executive
	Effective Focusing of Time	
People	Leadership	High-Level Board Competencies
		Supportive Compensation
Process	Strong Investment Beliefs	Competitive Positioning
	Risk Budget Framework	Real-Time Decision Making
	Fit-For-Purpose Manager Line-Up	Learning Organization

Source: Watson-Wyatt, "Best Practice Investment Governance: Going From Good to Great," 2008.



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Re-Building the City's Water Systems for the 21st Century



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Inter-Office Memorandum

TO: Pension Committee

FROM: Human Resources Department

DATE: July 12, 2017

RE: **PENSION COMMITTEE ELECTION RESULTS– EMPLOYEE MEMBER**

The Pension Committee membership of employee Harold Heller, Jr. will expire on August 31, 2017. Mr. Heller does not meet the eligibility requirements to retain this Employee Member seat on the Pension Committee because of his classification as a DROP employee. An election was scheduled to fill this membership for a full-term.

The nomination period ended on June 30, 2017, and of the three S&WB employees who received a valid nomination to move forward to the election period only one employee has accepted the nomination. Because of these results it has been declared that Christopher Bergeron has been elected to the Pension Committee. Mr. Bergeron will serve a full-term, which will run through August 31, 2021