

SEWERAGE & WATER BOARD OF NEW ORLEANS

BOARD OF TRUSTEES MEETING WEDNESDAY, NOVEMBER 17, 2021 9:45AM

[November 2021 Board of Trustees Link](#)
[+1 504-224-8698,372586103#](#) United States, New Orleans
Phone Conference ID: 372 586 103#

PUBLIC COMMENT WILL BE ACCEPTED VIA EMAIL TO
BOARDRELATIONS@SWBNO.ORG. ALL PUBLIC COMMENTS MUST BE RECEIVED PRIOR TO 10:15 AM
ON November 17, 2021. COMMENTS WILL BE READ VERBATIM INTO THE RECORD.

LaToya Cantrell, President • Tamika Duplessis, President Pro Tem • Jay H. Banks, Councilmember
Joseph Peychaud • Robin Barnes • Ralph Johnson • Alejandra Guzman • Maurice Sholas
• Janet Howard • Lynes Sloss • Mubashir Maqbool
Latressia Matthews • Kenneth Davis, Sr. • Harold Heller

FINAL AGENDA

1. ROLL CALL

2. APPROVAL OF MINUTES dated May 19, 2021

3. ACTION ITEMS

- Resolution (R-115-2021) – Resolution for the acceptance of the 2021 Actuarial Report of Rudd & Wisdom
- Resolution (R-116-2021) – Resolution for the acceptance of January 1, 2021 Cost of Living Adjustment for Board Pensioners
- Resolution (R-117-2021) – Resolution to authorize transfer of U.S. Large Cap Growth Investment Funds from iShares S&P 500 Growth ETF account to BlackRock Russell 1000 Index Fund, resulting in approximately \$50,000 worth of annual fee savings
- Resolution (R-134-2021) – Resolution to accept recommended rebalancing of the current Asset Allocation to “Asset Allocation: Portfolio E”

4. PUBLIC COMMENT

Public comments received until 30 minutes after the presentation of the Agenda will be read into the record.

5. ADJOURNMENT

This teleconference meeting is being held pursuant to and in accordance with the provisions of Section 4 of Proclamation Number JBE 2020-30, extended by Proclamation 204 JBE 2021, pursuant to Section 3 of Act 302 of 2020.



“RE-BUILDING THE CITY’S WATER SYSTEMS FOR THE 21ST CENTURY”

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

LaToya Cantrell, President

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

May 19, 2021

The Board of Trustees met on Wednesday, May 19, 2021 via Microsoft Teams. The meeting convened at approximately 10:24 A.M.

Present:

Dr. Tamika Duplessis, President Pro Tempore
Trustee Robin Barnes
Trustee Alejandra Guzman
Mr. Ramsey Green
Councilmember Jay Banks
Trustee Janet Howard
Trustee Ralph Johnson
Trustee Joseph Peychaud
Trustee Maurice Sholas
Trustee Latressia Matthews
Trustee Chris Bergeron

Absent:

Mayor Latoya Cantrell
Trustee Lynes Sloss
Trustee Harold Heller
Trustee Adam Kay

Also, in attendance: Mr. Ghassan Korban, Executive Director; Ms. Yolanda Grinstead, Special Counsel; Mr. Ed Morris, Deputy Special Counsel; Mrs. Christy Harowski, Chief of Staff; Mr. Kweku Obed and Jesus Jimenez, Marquette Associates, Inc.

Trustee Tamika Duplessis asked for a motion to approve the minutes dated February 24, 2021. Trustee Peychaud made a motion. Trustee Sholas seconded. The motion carried.

PRESENTATION ITEMS

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

*Members of the Board: • JANET HOWARD • ROBIN BARNES • CHRISTOPHER BERGERON • LATOYA CANTRELL •
• TAMIKA DUPLESSIS, PHD • ALEJANDRA GUZMAN • RALPH JOHNSON • JAY H. BANKS • ADAM KAY •
• JOSEPH PEYCHAUD • MARVIN RUSSELL • LYNES SLOSS • MAURICE SHOLAS • LATRESSIA MATTHEWS •*

Key points:

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

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

CORRESPONDING RESOLUTION

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

PUBLIC COMMENT:

None

INFORMATION ITEMS:

None

ADJOURNMENT:

There being no further business to come before the Board of Trustees, Trustee Duplessis made a motion to adjourn. Trustee Howard moved. Trustee Barnes seconded. The motion carried. The meeting adjourned at approximately 10:50 A.M.

Respectfully submitted,

Mayor Latoya Cantrell - President

THE 2021 SEWERAGE AND WATER BOARD'S CONTRIBUTION TO THE EMPLOYEES' RETIREMENT SYSTEM OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

WHEREAS, the Employees' Retirement System of the Sewerage and Water Board of New Orleans ("Plan") is an actuarially funded qualified government defined benefit pension plan under the Internal Revenue Code; and

WHEREAS, an annual 2021 Actuarial Valuation report of the Plan was presented as of October 7, 2021; and

WHEREAS, the report reflects an actuarial valuation using the Entry Age Normal funding method; and

WHEREAS, the adopted "minimum contribution" for a plan year equals the Normal Cost plus the amount necessary to amortize the Unfunded Actuarial Liability; and

WHEREAS, the Normal Cost for the plan year beginning January 1, 2021 is \$5,582,391; and

WHEREAS, the net annual charge required for amortization of the Unfunded Actuarial Liability beginning January 1, 2021 is \$7,964,829; and

WHEREAS, the total Plan contribution as of January 1, 2021 is \$13,547,220 (Normal Cost - \$5,582,391 plus Unfunded Actuarial Liability - \$7,964,829), which is 27.717% of the projected Earnable Compensation of \$48,877,084; and

WHEREAS, the annual estimated employee plan contribution as of January 1, 2021 is \$2,932,625, which is 6% of the projected Earnable Compensation based on Board Resolution R-140-2020; and

WHEREAS, the annual Employer Contribution reflecting the continued utilization of the Entry Age Normal funding method less the Plan determined employee contribution is \$10,614,595 for 2021, which has been displayed as a percentage contribution of 21.717% of the projected Earnable Compensation; and

WHEREAS, the Actuarial Valuation report includes the required "amortization" contribution for the Plan to amortize the Unfunded Actuarial Liability of \$101,000,406 over the next 29-year amortization period, effective on each valuation date at 7% annual interest; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Sewerage & Water Board of New Orleans hereby approves the employer contribution of the projected Earnable Compensation to be \$10,614,595 for the Plan Year beginning January 1, 2021 and will be collected through active payroll based on a percentage of 21.717% for the remainder of Plan Year 2021; and

BE IT FURTHER RESOLVED, the Employees' Retirement System of the Sewerage and Water Board of New Orleans accepts the 2021 Actuarial Valuation Report as submitted by Rudd & Wisdom, the Retirement System's actuary, in the presentation to the Pension Committee on October 7, 2021

I, Ghassan Korban, Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a resolution adopted at the Regular
Monthly Meeting of said Board of Trustees duly called and held,
according to law, on November 17, 2021.

GHASSAN KORBAN, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

JANUARY 1, 2021 COST OF LIVING ADJUSTMENT FOR BOARD PENSIONERS

WHEREAS, Article VI, Section 6.1(d)(1) of the Rules and Regulations of the Employees' Retirement System of the Sewerage and Water Board of New Orleans, provides for a Cost of Living Adjustment to pensioners over age 65 based on the change in inflation for the 12-month period ending in August of the preceding year, with a maximum increase of no more than 2%; and

WHEREAS, the change in inflation Consumer Price Index (CPI) for Urban Wage Earners for the period of August 2019 to August 2020 was 1.393%; and

WHEREAS, the total annual increase to the Pension Fund of the Sewerage and Water Board of New Orleans to implement the January 1, 2021 Cost of Living Adjustment to 829 eligible pensioners is \$74,046.48; and

WHEREAS, such funds to provide for a Cost of Living Adjustment to eligible pensioners are to be made available by the Pension Fund of the Sewerage and Water Board of New Orleans; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees, that the Pension Fund of the Sewerage and Water Board of New Orleans implement a 1.393% Cost of Living Adjustment increase on the first ten-thousand dollars (\$10,000) of eligible pensioners' original Retirement Allowance (that is, the annual pension benefit paid at the time of retirement), effective January 1, 2021, for eligible pensioners who attained age 65 on or before December 31, 2020. The Cost of Living Adjustment increase for a partial year of retirement after age 65 shall be pro-rated based on the actual number of days retired and over age 65 during the twelve-month period ending December 31, 2020 (that is, the number of days elapsed between attainment of age 65 and December 31, 2020).

I, Ghassan Korban, Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a resolution adopted at the Regular
Monthly Meeting of said Board of Trustees duly called and held,
according to law, on November 17, 2021.

**GHASSAN KORBAN, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**AUTHORIZATION FOR MARQUETTE ASSOCIATES, INC. TO REALLOCATE
LARGE CAP EQUITY FUNDS FROM iSHARES S&P 500 GROWTH ETF TO
BLACKROCK RUSSELL 1000 INDEX FUND**

WHEREAS, the Pension Committee of the Sewerage and Water Board of New Orleans (“Board”), is entrusted with the fiduciary responsibility 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 (“Board Pension Plan”) ; and

WHEREAS, Marquette Associates performed an initial assessment of the Board Pension Plan investments as part of a larger review of the plan’s asset and manager allocations at the request of and on behalf of the Board; and

WHEREAS, on October 7, 2021, Marquette Associates, Inc.’s recommendation that the \$32.9 million Large Cap Equity Growth assets being held in the iShares S&P 500 Growth ETF fund be reallocated to the BlackRock Russell 1000 Index Fund, was presented to the Pension Committee; and

WHEREAS, the result of the reallocation would maintain the same relative annual returns, while providing \$55,900 in annual fee savings for the Board Pension Plan; and

WHEREAS, the Board relies upon the financial investment consulting services of Marquette Associates, Inc. and has confidence in its professional expertise.

NOW THEREFORE, BE IT RESOLVED, the Board authorizes Marquette Associates, Inc, to liquidate and reallocate the Large Cap Equity Growth portfolio holdings of approximately \$32.9 million (as of 8/31/21) from the iShares S&P 500 Growth ETF to the BlackRock Russell 1000 Index Fund as soon as feasible.

I, GHASSAN KORBAN, Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a Resolution adopted at the
Meeting of said Board of Trustees, duly called and held,
according to law, on November 17, 2021.

**GHASSAN KORBAN, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**RECOMMENDATION TO ACCEPT PROPOSED NEW ASSET ALLOCATION FOR
THE EMPLOYEES' RETIREMENT SYSTEM**

WHEREAS, the Pension Committee of the Sewerage and Water Board of New Orleans ("Board"), is entrusted with the fiduciary responsibility 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 ("Board Pension Plan") ; and

WHEREAS, Marquette Associates, Inc. ("Marquette") performed an assessment of the Board Pension Plan investments allocations in order to determine if the plan's current asset mix was projected to meet the 7% annualized rate of return over the next 10 years, as calculated by the Board Pension Plan's Actuary, in order to meet its future commitments; and

WHEREAS, on October 7, 2021, Marquette presented the Pension Committee the modelled expected returns for the Board Pension Plan's current asset allocation, as well as, five alternative asset allocations (Portfolios A, B, C, D, & E); and

WHEREAS, by showing the risk verses rewards of each potential asset allocation, Marquette's recommendation was that the asset allocation presented in Portfolio E be adopted by the Board of Trustees; and

WHEREAS, the asset allocation would be rebalanced as follows: Fixed Income (from 36% to 25%), U.S. Equity (from 27% to 34%), Non-U.S. Equity (from 20% to 21%), Hedge Funds (from 8% to 0%), Real Estate Assets (from 9% to 3%), Global Infrastructure, (from 0% to 7%), and Private Equity (0% to 10%); and

WHEREAS, the result of the rebalancing would increase the expected annualized 10-year return of the Board Pension Plan from 5.91% to 7.01%; and

WHEREAS, the Board relies upon the financial investment consulting services of Marquette and has confidence in its professional expertise.

NOW THEREFORE, BE IT RESOLVED, the Board authorizes Marquette Associates, Inc, to amend the Investment Policy Statement to reflect the rebalanced asset allocation targets and implement said asset allocation investment strategy detailed in Portfolio E.

I, GHASSAN KORBAN, Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a Resolution adopted at the
Meeting of said Board of Trustees, duly called and held,
according to law, on November 17, 2021.

**GHASSAN KORBAN, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS**