



**“RE-BUILDING THE CITY’S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY”**

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

*LaToya Cantrell, President*

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February 9, 2022

The Pension Committee met virtually on Wednesday, February 9, 2022, via Microsoft Teams. The meeting convened at approximately 10:31 A.M.

## **Present:**

Director Joseph Peychaud  
Director Ralph Johnson  
Director Alejandra Guzman  
Director Maurice Sholas  
Ms. Latressia Matthews  
Mr. Harold Heller  
Mr. Kenneth Davis, Sr.  
Mr. Mubashir Maqbool

## **Other Board Members Present:**

N/A

## **Absent:**

N/A

Also, in attendance: Deputy Special Counsel Mr. Ed Morris; Mr. E. Grey Lewis, Chief Financial Officer; Mr. Kweku Obed and Mr. Jesus Jimenez, Marquette Associates, Inc.

## **PRESENTATION ITEMS**

Director Peychaud introduced Mr. Kweku Obed and Mr. Jesus Jimenez of Marquette Associates, Inc. who provided an executive summary of the current financial markets.

### **Capital Markets Executive Summary**

- Commodities and equities were the highest performing assets in 2021, while emerging markets were the worse, followed by fixed income as the only two asset classes with negative performances.
- Expecting a lot of volatility in 2022 as the market is expected to experience some mean reversion.

- Recent inflationary pressures continue and are expected to lead to higher interest rates, with the Federal Reserve expected to raise rates three times in 2022.
- Higher rates are expected to put pressure on the fixed asset component of the portfolio, but the new asset allocation has the pension fund transitioning out of some of its fixed asset positions.
- Now expect lower returns from the equity markets in 2022 compared to 2021's nearly 30% rate of return, with value stocks better positioned than growth stocks.
- U.S. equities market have been under pressure so far in 2022, with negative returns though the first few weeks of the year. However, this does not mean that 2022 will have negative returns for the whole year.
- Real estate saw a bounce back in 2021 and should be one of the better position asset classes going into an inflationary and volatile market.
- Private equity will also provide a good diversification tool to support the pension fund going forward.
- New portfolio mix resulted a decrease in fixed income, hedge funds, and REITS, while increasing exposure to stocks, core real estate, infrastructure, and private equity funds.

### **ACTION ITEMS**

- Resolution (R-042-2022) to accept the Amended Sewerage & Water Board of New Orleans Employees' Pension Trust Fund Investment Policy Statement in accordance with (R-134-2021) which adopted the new Asset Allocation for the Employees' Retirement System of the Sewerage and Water Board of New Orleans  
**Director Psychaud made a motion to approve R-042-2022. Mr. Heller moved.**  
**Director Johnson seconded. The motion carried.**

### **PUBLIC COMMENT**

None.

### **INFORMATION ITEMS**

The information items were received.

### **ADJOURNMENT:**

There being no further business to come before the Pension Committee, Director Psychaud made a motion to adjourn. Director Sholas accepted. Director Guzman seconded. The motion carried. The meeting adjourned at approximately 11:10 A.M.

Respectfully submitted,

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Mr. Joseph Psychaud, Chair