



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

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

LaToya Cantrell, President

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October 9, 2019

The Pension Committee met on Wednesday, October 9, 2019 in the Board Room, 625 St. Joseph Street, New Orleans, LA. The meeting convened at approximately 10:30 A.M.

Present:

Director Joseph Peychaud
Director Maurice Sholas
Councilmember Jay H. Banks
Director Ralph Johnson
Mrs. Chante’ Bivens
Ms. Latressia Matthews
Mr. Christopher Bergeron
Mr. Harold Heller

Other Board Members Present:

N/A

Absent:

Director Alejandra Guzman

Also in attendance: Special Counsel Yolanda Grinstead; Ms. Yvette Downs, CFO; Mr. Ghassan Korban, Executive Director; Mr. Octave Francis, FFC Investment Advisor with Raymond James; Mr. James A. DeZellar and Michael L. Nairne with Chicago Equity Partners; and John Weiler of Weiler & Ress

ACTION ITEMS -None

PRESENTATION ITEMS

Raymond James- August 2019 Plan Comparative Performance Analysis Report
Chicago Equity Partners- Large Cap Enhanced Core Equity Portfolio Review

August 2019 Interim Financial Progress Update- Raymond James Financial

Mr. Octave Francis of Raymond James Financial discussed the August 2019 Comparative Performance Analysis Report. Octave Francis discussed the financial performance of pension investments through August 31, 2019. An overview of each fund managers' performance was given in comparison to the Investment Policy Benchmark. The plan's asset allocation and risk composite and its effect on the fund's performance in the markets was noted. The following questions were asked during the presentation.

- Director Raymond asked if the *ishares* inception numbers will improve.
- Director Peychaud asked what may contribute to the change in performance metrics.
- Mr. Harold Heller asked about the date of the recent asset allocation study.
- Ms. Chante' Bivens asked whether the pension committee should look into exchange traded funded funds (ETF).

Investment Portfolio Review- Chicago Equity Partners

Mr. Octave Francis introduced, Mr. James A. DeZellar and Michael L. Nairne with Chicago Equity Partners, to discuss their portfolio. Mr. Nairne provided background information of the firm, stating that they're an enhanced core strategy manager based in Chicago, Illinois and have managed the fund for thirteen years. Director Sholas asked for the names and roles of the individuals working within the firm. Mr. DeZellar gave an update of the recent staff changes. He noted that the CO-CIO will no longer be with the firm as of October 2019. The firm manages a large cap value product for the SWBNO pension fund of nearly 200 securities/stocks. Cash is kept at a minimum. They are an enhanced manager and keeps sectors of the portfolio lined up with the Russell 1000.

Director Johnson asked about the plan for the lack of performance in which the firm has failed to meet the benchmark requirements. Mr. DeZellar stated that the firm will continue to maintain their investment philosophy and processes because they know it will work in the long-term. Director Peychaud asked how the firm would address the issues if the performance continues to lag the benchmark over a longer period. Mr. Octave Francis chimed in to state that some of the fund performance is the responsibility of the Pension Committee. He also stated that Chicago Equity must follow certain mandates as required. Additionally, Mr. Francis noted that the firm has outperformed the benchmark consistently over the last seven to eight years. Councilman Jay Banks asked how the Pension committee knows when to make changes and when does the Investment Consultant gives a recommendation as it relates to retaining a firm or changing the investment mandate. Mr. Francis stated that it is up to the Pension committee to determine. In addition, he believes that making such changes is drastic and it is recommended to put the firm under heightened supervision over a period of time before deciding to terminate their contract agreement to allow the firm an opportunity to improve. He stated that the Pension Committee has previously put Chicago Equity under heightened supervision in 2008 or 2009, but they were eventually removed. Mr. Harold Heller requested that the Pension Committee receives a report from the Investment Consultant to see the performance of each fund manager moving forward annually. Mr. Francis stated that he would provide it at next month's Pension Committee meeting.

Director Sholas asked Mr. DeZellar about the diversity in portfolio managers within the firm. Mr. DeZellar stated that the firm is actively working to diversify the firm but experience challenges but often only hire is within. Director Sholas requested a written summary of the firm's goals of what diversification may look like within the firm moving forward, to be presented to the Pension Committee in sixty days. Mr. DeZellar concluded his presentation.

The following additional questions were asked during the presentation.

- Chante' Bivens asked for a list of stocks selected for the portfolio.
- Director Sholas had a few questions about the firm's investment strategy and protecting ourselves against impending risks.
- Director Sholas asked for a follow-up on numerical data outlining the impacts of socially conscious investing.

INFORMATION ITEMS

The information items were received.

EXECUTIVE SESSION - None

PUBLIC COMMENT –None

ADJOURNMENT:

There being no further business to come before the Pension Committee, Director Psychaud made a motion to adjourn. Mrs. Chante' Bivens seconded. The motion carried. The meeting adjourned at approximately 11:35 A.M.

Respectfully submitted,

Mr. Joseph Psychaud, Chair