

SEWERAGE & WATER BOARD OF NEW ORLEANS

**BOARD OF TRUSTEE MEETING
WEDNESDAY, FEBRUARY 19, 2020
10:00 AM**

**6 2 5 S T . J O S E P H S T R E E T
2 ^N ^D F L O O R B O A R D R O O M**

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 • Chante' Bivens
Latreasia Matthews • Christopher Bergeron • Harold Heller

FINAL AGENDA

ROLL CALL

APPROVAL OF MINUTES dated November 20, 2019

ACTION ITEMS

- a. R-034-2020 Authorization for SWBNO Special Counsel to File Claims to Participate in Proposed Class Settlements in the GSE Bond Antitrust Litigation and Related Matters
- b. R-035-2020 Extension of the FFC/Raymond James Contract

EXECUTIVE SESSION

PUBLIC COMMENT

ADJOURNMENT



“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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NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
www.swbno.org

November 20, 2019

The Board of Trustees met on Wednesday, November 20, 2019 in the Board Room, 625 St. Joseph Street, New Orleans, LA. The meeting convened at about 10:30 A.M.

Present:

Dr. Tamika Duplessis, President Pro Tempore
Councilmember Jay Banks
Director Lynes Sloss
Director Robin Barnes
Director Ralph Johnson
Director Alejandra Guzman
Director Joseph Peychaud
Director Maurice Sholas
Mr. Harold Heller
Ms. Latressia Matthews
Ms. Chante’ Bivens

Absent:

Mayor Latoya Cantrell
Director Janet Howard

Also, in attendance: Mr. Ghassan Korban, Executive Director; Ms. Yvette Downs, Chief Financial Officer; Ms. Yolanda Grinstead, Special Counsel; Mr. Ramsey Green, Chief Administrator Officer; Ms. Christy Harowski, Chief of Staff.

Dr. Tamika Duplessis presented a motion to adopt the Board of Trustee Minutes of November 20, 2019. Councilmember Jay H. Banks moved. Director Maurice Sholas seconded. The motion carried.

PRESENTATION ITEMS

Mr. Mitchell L. Bilbe presented a presentation on the review of the 2019 actuarial results. He gave a brief overview of the Rudd and Wisdom background, transition process from the prior actuary and the 2019 pension plan funding results. Rudd and Wisdom is in Austin, Texas and owned by firm’s current actuaries. The company are independent of other service providers and asset advisors. Sewerage and Water Board have been under contract with Rudd and Wisdom since April 2019. They have delivered a valuation in June 2019. The company have matched the prior actuary’s results within 2.5% for the employees’ retirement system of SWBNO and SWBNO employee benefit plan. The aligned prior actuary’s assumptions were inconsistent between the pension plan and OPEB plan. Sewerage and Water Board pension plan currently uses 7 year smoothing without a corridor.

The 2018 market value of assets investment loss was \$7.9 million, which is not fully recognized in 2019 actuarial value of assets. The mute's effect of investment losses on 2019 employer contribution had an \$0.3m impact.

Mr. Heller asked what the average is or yield of what was loss for the year of 2018 as a dollar amount. CFO Ms. Downs stated it's in the report given. In accordance with Board resolution R-248-2014, since the plan is not 100% funded, the employer contribution is determined assuming employees contribute 5% of earnable compensation. The actual employee contributions are 6% of earnable compensation. Based on the projected compensation of \$41,822,648 for 2018 and \$47,621,715 for 2019. From 2018 to 2019, the employer contribution increased 1.2% of payroll.

EXECUTIVE SESSION:

None

PUBLIC COMMENT:

None

INFORMATION ITEMS:

None

ADJOURNMENT:

There being no further business to come before the Board of Trustees, Trustee Marvin Russell made a motion to adjourn. Trustee Latressia Matthews seconded. The motion carried. The meeting adjourned at approximately 11:28 A.M.

Respectfully submitted,

Tamika Duplessis, PhD – President Pro Tempore

AUTHORIZATION FOR SWBNO SPECIAL COUNSEL TO FILE CLAIMS TO PARTICIPATE IN PROPOSED CLASS SETTLEMENTS IN THE GSE BOND ANTITRUST LITIGATION AND RELATED MATTERS

WHEREAS, the Sewerage and Water Board of New Orleans (the “Board”), created by Act No. 6 of the Extra Session of 1899 by the Legislature of the State of Louisiana, is charged with the construction, operation and maintenance of water, sewerage and drainage for the City of New Orleans; and

WHEREAS, the Board has purchased unsecured debt in the form of bonds issued by federal government sponsored entities such as, but not limited to, Fannie Mae, Freddie Mac, and Federal Home Loan Banks (GSE Bonds), for the expressed purposed of maximizing the benefits of funds in the Board’s possession or control; and

WHEREAS, certain financial institutions involved in GSE Bond transactions have allegedly engaged in prohibited or illegal conduct in an effort to fix the price of GSE Bonds, as those allegations are more fully set forth in the pending litigation *In re GSE Bonds Antitrust Litigation*, U.S. Dist. Court, S.D.N.Y, Case No. 1:19-cv-01704 (“GSE Bond Litigation”); and

WHEREAS, any overcharging of the Board for the purchases of these bonds or lost potential gain from engaging in GSE Bond transactions resulting from the conduct of the Defendants in the GSE Bond Litigation would have a detrimental effect on the Board’s investments and interests; and

WHEREAS, Defendants Deutsche Bank Securities, Inc. (“Deutsche Bank”), First Tennessee Bank, N.A. and FTN Financial Securities Corp. (together, “FTN”), and Goldman Sachs & Co. LLC (“Goldman Sachs”) (collectively, “Settling Defendants”) have proposed a partial Class Settlement to the Court in the GSE Bond Litigation. Deadlines approach to file a claim to participate in the proposed partial Class Settlement and to file papers in the GSE Bond Litigation should the Board decide to opt-out of the proposed partial Class Settlement; and

WHEREAS, there are several additional Defendants in the GSE Bond Litigation¹ (collectively, “Non-Settling Defendants”) who are in the process of proposing an additional partial class settlement to

¹ The Non-Settling Defendants: Bank of America, N.A.; Barclays Bank, PLC; Barclays Capital Inc.; BNP Paribas Securities Corp.; Citigroup Global Markets, Inc.; Credit Suisse AG; Credit Suisse Securities (USA) LLC; Jefferies Group LLC; JPMorgan Chase Bank, N.A.; J. P. Morgan Securities LLC; Merrill Lynch, Pierce, Fenner & Smith, Inc.; R.W. Baird & Co., Stifel Nicolaus & Co., Inc., Mizuho Securities, USA LLC, UBS Securities LLC; Nomura Securities International, Inc., HSBC Securities USA, Inc., Cantor Fitzgerald & CO., Hilltop Holdings, Inc., dba Hilltop Securities, SG Americas Securities, LLC., Morgan Stanley & Co., LLC, and/or TD Securities, LLC.

resolve all remaining claims in the GSE Bond Litigation (the “Global Settlement”); and

WHEREAS, it would be in the Board’s best interest to file a claim to participate in the proposed Class Settlement with Deutsche Bank, FTN, and Goldman Sachs; and

WHEREAS, it is not yet known by the Board or its counsel whether it will be in the best interests of the Board to participate in the proposed Global Settlement by the Non-Settling Defendants; however, the deadline to opt-out of the Global Settlement or to make a claim for a portion of the Global Settlement may take place before the Board’s next regularly scheduled Board meeting.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The above Whereas clauses are incorporated by reference as though set forth fully herein;
2. The Board’s Special Counsel, Yolanda Grinstead, is authorized to be the Board’s representative to file claims on behalf of the Board in the GSE Bond Litigation to participate in the partial class settlements proposed by Deutsche Bank, FTN, and Goldman Sachs;
3. If before the Board’s next regularly-scheduled Board meeting there is a court-ordered deadline to opt-out or file a claim against the proposed Global Settlement funds in the GSE Bond Litigation, that the Board’s Special Counsel, Yolanda Grinstead, after consulting with and the approval of the Ghassan Korban, Executive Director, is authorized to represent the Board and either opt-out or file a claim to participate in the Global Settlement on behalf of the Board, whichever is in the best interests of the Board; and
4. The Board’s Special Counsel, Yolanda Grinstead, is authorized to take any further action needed or execute documentation required in order to protect the Board’s interests in the proposed class settlements in the GSE Bond Litigation.

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, duly called and held,
according to law, on February 19, 2020.

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

AUTHORIZATION FOR EXTENSION OF CONTRACT FOR PENSION INVESTMENT CONSULTING SERVICES WITH RAYMOND JAMES AND ASSOCIATES, INC. (dba FFC INVESTMENT ADVISORS OF RAYMOND JAMES)

WHEREAS, on May 30, 2014, the Sewerage and Water Board of New Orleans (“Board”) issued a Request for Proposals seeking qualified persons to provide investing consulting services (the “RFP”); and

WHEREAS, the Sewerage and Water Board of Trustees selected FFC Capital Management (“FFC”) to perform the professional services described in the RFP; and

WHEREAS, the Board and FFC entered into an agreement on March 3, 2015 for FFC to serve as Investment Consultant Manager for the Employees Retirement System of the Sewerage and Water Board of New Orleans (“ERS”); and

WHEREAS, the initial term of the FFC and Board Agreement was for three years with two one-year renewals; and

WHEREAS, on June 20, 2018, the Board of Trustees, approved, FFC and Raymond James and Associates dba FFC Investment Advisors of Raymond James (“RJA”) Assignment and Assumption Agreement; and

WHEREAS, pursuant to the Assignment, the Board and ERS agreed to the legal assignment of obligations and rights under the Agreement from FFC to RJA and the term of the Assignment was to operate month-to-month, with an end date of March 3, 2019; and

WHEREAS, while the Board prepares a solicitation for investment consultant services, in order to ensure continuity of services the Board desires RJA to continue to serve as Investment Consultant Manager through March, 3, 2020; and

WHEREAS, on XXX, 2019 the Board of Trustees approved the renewal of the Agreement with Raymond James and Associates dba FFC Investment Advisors of Raymond James; and

WHEREAS, the Board has prepared a solicitation for investment consultant services with responses due February 28, 2020; and

WHEREAS in order to ensure continuity of services the Board desires RJA to continue to serve as Investment Consultant Manager through June 30, 2020 with the term of the Assignment to operate month-to-month; and

WHEREAS, the Pension Committee recommends to the Board of Trustees of the Employees’ Retirement System of the Sewerage and Water Board of New Orleans the extension of the Agreement with Raymond James and Associates dba FFC Investment Advisors of Raymond James from March 3, 2020 to a time no later than June 30, 2020.

NOW THEREFORE BE IT RESOLVED, the Board authorizes the extension of the Agreement with Raymond James and Associates dba FFC Investment Advisors of Raymond James month-to-month from March 3, 2020 through June 30, 2020.

I, Ghassan Korban, Executive Director,
Employees' Retirement System of the
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, duly called and held,
according to law, on February 19, 2020.

**GHASSAN KORBAN, EXECUTIVE DIRECTOR
EMPLOYEES' RETIREMENT SYSTEM OF THE
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**Sewerage and Water Board of New Orleans
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**



ACTION REQUESTED

CONTRACT EXTENSION

Pension Fund Manager

Approval to extend the contract for the management of the Pension Fund between the Sewerage and Water Board and FFA/Raymond James in the amount of \$48,350.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	DBE PARTICIPATION:	
		Target	Actual
FFA/Raymond James	N/A	0%	0%

DESCRIPTION AND PURPOSE

Original Contract Value: \$105,000
 Previous Extensions (3): 687,000
 NTE Value of Requested Extension: 48,350
Total Revised Contract Value: \$135,000
 Original Contract Completion Date: *March 3, 2020*
 Time Extension requested: *120 calendar days]*
Proposed Contract Completion Date: *June 30, 2020*

Purpose and Scope of the Contract:

This contract conducts the relationship management and coordination oversight relative to investment management, investment performance reporting, custodial services, security lending, security litigation and other services to meet the adopted investment strategies of the Pension Fund.

Reason for Change

Design error/Omission <input type="checkbox"/>	Differing Site condition <input type="checkbox"/>	Regulatory Requirement <input type="checkbox"/>	Design Change <input type="checkbox"/>	Other _____ <input checked="" type="checkbox"/>
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The request is to extend the contract on a month to month basis for a period not to exceed 6/30/2020. An RFP has been advertised, but the closing date is not until 2/28/2020. To allow enough time for a panel review, contract negotiations and any transition necessary, additional time is required under this contract in order to maintain continuity with management of the Pension Fund.

Spending to date:

Cumulative Contract Value (as of 1/1/2020): \$687,000
 Cumulative Contract Spending (as of 1/1/2020): \$674,920

Contractor's Past Performance:

Contractor performance has been good. No DBE applies.

PROCUREMENT INFORMATION

Contract Type:	Request for Proposals	Award Based On:	Best Value
Commodity:	Professional Services	Contract Number:	
Contractor Market:	Open Market		
Compliance with procurement laws	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	

BUDGET INFORMATION

Funding:	Pension	Department:	
System:	N/A	Department Head:	
Job Number:		Purchase Order #:	

ESTIMATED FUND SOURCE

User	Share%	Dollar Amount
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Sewer System		
Water System		
Drainage System		
Grant		
Other (Pension)	100%	48,350
TOTAL ESTIMATED RENEWAL DOLLAR AMOUNT		\$48,350

I certify that this contract action complies with all Sewerage and Water Board procurement policies and guidance, ethics rules and meets necessary regulatory requirements, including compliance with financing sources,

Yvette Downs
Chief Financial Officer