

**REGULAR MEETING OF THE BOARD OF ADMINISTRATION OF THE
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

MINUTES

JUNE 11, 2014

Board Members Present:

Javier Romero, President
Barry Poole, Vice President
LaTanya Bogin, Regular Member
Marcie L. Edwards, General Manager
Mario Ignacio, Ch. Accounting Employee
Robert Rozanski, Retiree Member

Board Members Absent:

Mel Levine, DWP Commissioner

Staff Present:

Mary Higgins, Assistant Retirement Plan Manager
Jeremy Wolfson, Chief Investment Officer
Monette Carranceja, Assistant Retirement Plan Manager
William Feng, Sr. Utility Accountant
Mary E. Alvarez, Utility Executive Secretary

Others Present:

Alan Manning, Assistant City Attorney

Mr. Romero called the meeting to order at 9:06 a.m.

Ms. Higgins stated a quorum of the Board of Administration (Retirement Board) of the Water and Power Employees' Retirement Plan (Plan) was present.

Public Comments

Ms. Alvarez stated no requests for public comment were received.

1. Approval of Minutes of the May 28, 2014, Regular Meeting

Mr. Rozanski moved that the Board approve Item 1; seconded by Ms. Bogin.

Ayes: Bogin, Edwards, Ignacio, Poole, Romero, Rozanski

Nays: None

Absent: Levine

THE MOTION CARRIED.

2. Discussion of the Water and Power Employees' Retirement Plan's Share of City Attorney Expenses

Ms. Higgins requested that the Memo be amended as follows:

Page 2.2, paragraph two to read as follows:

"The total of the additional expenses for Fiscal Year 2011/2012 were \$113,996.39.
WPERP's share is **\$13,372.55** ..."

Mr. Rozanski moved that the Board approve Item 2 (as amended); seconded by Ms. Bogin.

Ayes: Bogin, Edwards, Ignacio, Poole, Romero, Rozanski

Nays: None

Absent: Levine

THE MOTION CARRIED.

3. Discussion of Annual Evaluation of City Attorney Services

Ms. Higgins stated that the report was continued from the last meeting to allow for additional Retirement Board member participation on the matter. She reported that in 2011, the Retirement Board considered a policy to annually evaluate the legal services provided by the City Attorney's Office and the Retirement Board had expressed its approval; however, a resolution had not been adopted; therefore, the program was not implemented.

In response to an inquiry from Ms. Edwards regarding whether other departments had plans for evaluating City Attorney services, Ms. Higgins stated that Los Angeles Fire and Police Pension System Board had an evaluation policy in place, but she was not aware of any departments.

Mr. Rozanski moved that the Board approve Resolution No. 14-86; seconded by Mr. Poole.

Ayes: Bogin, Edwards, Ignacio, Poole, Romero, Rozanski

Nays: None

Absent: Levine

THE MOTION CARRIED.

4. Discussion of Establishing Contracts to Hire Outside Fiduciary Counsel

Ms. Higgins presented the report to establish contracts to hire outside fiduciary counsel. She stated at the May 28, 2014, meeting the Retirement Board considered the staff's recommendation to execute contracts with three law firms to provide fiduciary advice. She also stated the Retirement Board requested more information on any prior discussion on whether or not to participate in an RFP process conducted by the City Attorney's Office. Ms. Higgins stated that the requested information was found in Minutes of the Retirement Board meeting of February 13, 2013, which indicated the Retirement Board elected to discuss participation at a later date. However, that consideration never took place. She stated that staff still recommended the Retirement Board consider contracting with one or all three of the firms that came through the RFP process. In addition, Ms. Higgins stated that there was a mechanism for the Retirement Board to participate in the selection from the panel of the firm that would actually provide services to the Board for each item.

Mr. Romero stated that he would be inclined to have the Retirement Board be part of the interview process, with the City Attorney present, for all future contracts with outside counsel.

Ms. Edwards confirmed with Mr. Romero that the Retirement Board, on a subsequent basis, would like to be involved in the evaluation and ranking of the firms for a future contract with outside counsel.

Mr. Rozanski moved that the Board approve Resolution No. 14-87; seconded by Mr. Poole.

Ayes: Bogin, Edwards, Ignacio, Poole, Romero, Rozanski

Nays: None

Absent: Levine

THE MOTION CARRIED.

5. Discussion of Retirement Plan Manager Selection Process

Ms. Higgins stated that the report was continued from the last meeting where the Retirement Board requested that the item be placed on every agenda until the permanent Retirement Plan Manager is selected. Ms. Higgins reported that the filing for the exam had closed and the Personnel Department anticipated that the interviews would take place in mid-August.

Mr. Romero recommended that a committee be formed to allow the Retirement Board to have a direct impact on the selection process. He recommended that following Members participate on the committee: Mr. Rozanski, Ms. Edwards, Mr. Poole, and Ms. Bogin. Ms. Edwards suggested that a smaller sub-committee be formed to provide initial evaluation if more than 30 candidates participate. Mr. Rozanski inquired on the number of candidates. Ms. Higgins advised she is a candidate for the permanent position; therefore, Ms. Carranceja would provide all future reports to the Retirement Board. Ms. Carranceja stated that they would inquire with the Personnel Department and provide the requested information to the Members.

Ms. Edwards stated that she received a request from staff to waive confidentiality on the City Attorney opinion provided to the Retirement Board in order to allow the report to be part of the archive documents, and any future confidential reports on the matter. Mr. Romero requested that matter be placed on the next agenda.

Mr. Rozanski moved that the Board approve the request to waive confidentiality on the City Attorney opinion be placed on the next agenda; seconded by Mr. Poole.

Ayes: Bogin, Edwards, Ignacio, Poole, Romero, Rozanski

Nays: None

Absent: Levine

THE MOTION CARRIED.

6. Annual Presentation by Vontobel Investment Management, Inc., - International Emerging Markets Equity Manager

John Hauswirth and Brian Bandsma presented the annual update for the Emerging Markets Equity Mandate. Mr. Hauswirth briefed on the organizational overview and reported on the Plan's portfolio.

Mr. Bandsma reported on the Emerging Market Equity Strategy for the first quarter of 2014, providing market updates. He also discussed the growth outlook for Ukraine, Brazil, and Turkey. Responding to Mr. Rozanski's inquiry, Mr. Bandsma explained that it was not beneficial to the portfolio to mitigate the impact of changes in foreign exchange rates.

7. Annual Presentation by Los Angeles Capital Management – International Emerging Markets Equity Manager

Lara Clarke, Thomas D. Stevens, and Laina Ceddia, presented the annual performance report for Los Angeles Capital Asset Management, Inc. Mr. Stevens reported on the firm's overview and the investment philosophy and process.

Ms. Ceddia presented an overview of the firm and the stability of the organization. She also provided information on the "Investor Preference Theory" identifying factors in the market. Ms. Ceddia also presented the Emerging Markets overview.

The Board met in Closed Session at 9:45 a.m. to discuss the following:

8. CLOSED SESSION PURSUANT TO GOVERNMENT SECTION CODE SECTION 54956.9(a) – To Confer with Legal Counsel Regarding Pending Litigation in the Los Angeles Superior Court Case of *Geraldine Martinez v. Los Angeles Department of Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan*, Case Number BC 503911

The Board met back in Open Session at 9:49 a.m.

Mr. Manning reported that the Retirement Board unanimously approved the settlement recommendation in the case of *Geraldine Martinez v. Los Angeles Department of Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan*, LASC Case No. BC 503911. He further stated that pursuant to the terms of the settlement, claimant Geraldine Martinez and defendant Francis E. Escamilla shall split the total benefits due on account of the death of active member Joseph Martinez as follows: Geraldine Martinez shall receive 49% of the total due and Francis E. Escamilla shall receive 51% of the total due. Upon payment of the benefits as indicated, plaintiff shall file a request for dismissal of the lawsuit with prejudice.

9. Presentations of Responses to the Request for Information and Interviews for the Actuarial Services Consultant

Mr. Feng presented the report to recommend the Retirement Board interview the three finalist respondents to the Plan's Request for Information (RFI) for Comprehensive Actuarial Consulting Services. Mr. Feng provided details on the background for the RFI and added the RFI sought two types of responses: comprehensive actuarial services and actuarial audit services.

The Board then interviewed the candidates:

- a) Gabriel, Roeder, Smith, & Company (GRS)
- b) Cheiron
- c) Segal Consulting

The Retirement Board recessed the meeting at 11:03 a.m. and returned to open session at 11:15 a.m.

Upon conclusion of the interviews, discussion ensued among the Retirement Board Members and staff regarding the interviews and the individual Retirement Board Member's selections. The Retirement Board unanimously selected Segal Consulting as the Plan's actuarial consultant, subject to staff negotiation of the contract.

10. Retirement Plan Manager's Comments

Ms. Higgins reported that the Retirement Office staff continues to work with Northern Trust on transition issues.

11. Future Agenda Items

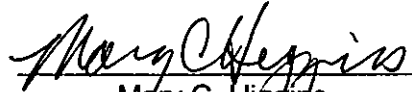
Ms. Edwards requested a resolution to waive confidentiality on the City Attorney opinion provided to the Retirement Board regarding the Retirement Plan Manager selection process.

There being no further business, the meeting adjourned at 12:04 p.m.



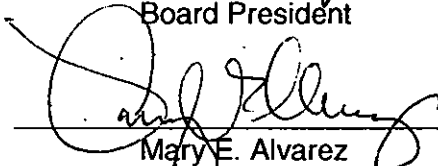
Javier Romero
Board President

6/25/14
Date



Mary C. Higgins
Interim Retirement Plan Manager

6/25/14
Date



Mary E. Alvarez
Utility Executive Secretary

6/25/14
Date