

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

MINUTES

June 25, 2014

Board Members Present:

Barry Poole, Vice President
LaTanya Bogin, Regular Member
Mario Ignacio, Chief Accounting Employee
Robert Rozanski, Retiree Member

Board Members Absent:

Javier Romero, President
Mel Levine, DWP Commissioner
Marcie L. Edwards, General Manager

Staff Present:

Mary Higgins, Assistant Retirement Plan Manager
Scott Vargas, Senior Investment Officer
Monette Carranceja, Assistant Retirement Plan Manager
Mary E. Alvarez, Utility Executive Secretary

Others Present:

Marie McTeague, Deputy City Attorney

Mr. Poole called the meeting to order at 9:04 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.

Mr. Poole introduced Retirement Office employee Kaylee Smith, who was hired to the classification of Clerk Typist in the Administration Section.

1. Approval of Minutes of the June 11, 2014, Regular Meeting

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

Ayes: Bogin, Ignacio, Poole, Rozanski

Nays: None

Absent: Edwards, Levine, Romero

THE MOTION CARRIED.

2. Termination of Monthly Allowance from the June 2014 Retirement Roll

Mr. Rozanski moved that the Board approve Item 2; seconded by Ms. Bogin.

Ayes: Bogin, Ignacio, Poole, Rozanski

Nays: None

Absent: Edwards, Levine, Romero

THE MOTION CARRIED.

3. **Report of Payment Authorizations for May 2014**
4. **Notice of Deaths for May 2014**
5. **Investment Reports for May 2014**
 - a) **Summary of Investment Returns as of May 31, 2014**
 - b) **Market Value of Investments by Fund and Month as of May 31, 2014**
 - c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of May 31, 2014**
 - d) **Summary of Contract Expirations**
6. **Report on Status of Insurance as of June 16, 2014**

Mr. Rozanski moved that the Board accept Items 3 through 6; seconded by Ms. Bogin.

Ayes: Bogin, Ignacio, Poole, Rozanski

Nays: None

Absent: Edwards, Levine, Romero

THE MOTION CARRIED.

7. Ratification of the Retirement Board's Selection of Plan's Actuary

Ms. Higgins presented the report to ratify the selection of Segal Consulting as the Plan's actuary.

Mr. Rozanski moved that the Board approve Resolution No. 14-90; seconded by Ms. Bogin.

Ayes: Bogin, Ignacio, Poole, Rozanski

Nays: None

Absent: Edwards, Levine, Romero

8. Discussion of Retirement Plan Manager Selection Process

Ms. McTeague reported on May 20, 2014, the City Attorney's Office provided written advice to the Retirement Board in a privileged attorney-client communication. She stated the privilege that currently attaches to the written advice of the City Attorney's Office may be waived by a majority vote of the Retirement Board. Ms. McTeague stated that waiving the privilege would allow the Retirement Board to discuss the written advice in open session. Lastly, she requested that Resolution No. 14-91 be amended to reflect that the "Retirement Board" waive the attorney-client privilege, as opposed to the Retirement Board President and Interim Retirement Plan Manager.

Mr. Ignacio stated that he just received the confidential opinion from the City Attorney and; therefore, requested that the item be continued to the next meeting to allow him to review the document.

The item was held.

9. Discussion of a Combined Mandate for the Global Fixed Income Request for Proposal

Mr. Manjikian presented the report to direct staff to use a combined global credit and global high yield strategy for the 2014 fixed income manager search.

The Retirement Board directed staff to move forward with the combined strategy for the 2014 fixed income manager search.

10. Discussion of Transition Manager Bench Request for Information

Mr. Vargas presented the report to request that the Retirement Board terminate the Agreements for Portfolio Transitions with State Street Bank and Trust, Mellon Transition Management, and BNY ConvergeX Execution Solutions; and, contract with the four highest ranked firms from the recently completed Request for Information (RFI) list.

Mr. Poole requested that staff find a way to directly include the Retirement Board in future interview processes for investment managers. Ms. Higgins acknowledged the request.

Neil Rue of Pension Consulting Alliance, Inc., (PCA) noted that Russell Implementation Services (Russell) is highly regarded and under consideration to be sold by the parent, Northwestern Mutual, and therefore, may generate some business issues with respect to Russell. He believes based on their merits, Russell is a very good organization. Mr. Rue also stated for the record, this would be an uncertainty for Russell the next 12 to 18 months.

Mr. Rozanski moved that the Board approve Resolution No. 14-92; seconded by Ms. Bogin.

Ayes: Bogin, Ignacio, Poole, Rozanski

Nays: None

Absent: Edwards, Levine, Romero

11. Presentation by Pension Consulting Alliance, Inc. – 2014 First Quarter Real Return Performance Report

Mr. Rue reviewed the Plan's portfolio performance for the first quarter of 2014 and reported a 3% return since inception, producing a stable absolute return. He reported the 1-year benchmark was up 4% and the portfolio was down 5%.

Mr. Rue also discussed the Global Inflation Linked Securities portfolio summary, Commodities portfolio summary, and the Hedge Fund of Funds portfolio summary.

12. Retirement Plan Manager's Comments

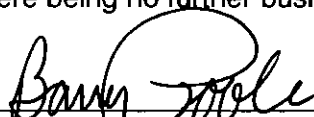
Ms. Higgins reported on the following:

- Increased Retirements for August
- Staff continues to work on contract negotiations with Northern Trust.
- Staff continues to update the Tier 2 language.

13. Future Agenda Items

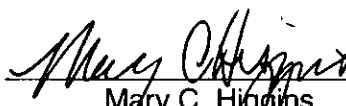
No items were requested.

There being no further business, the meeting adjourned at 9:30 a.m.



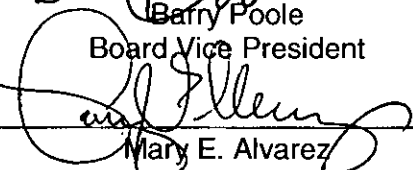
Barry Poole
Board Vice President

7/23/2014
Date



Mary C. Higgins
Interim Retirement Plan Manager

7/23/14
Date



Mary E. Alvarez
Utility Executive Secretary

7/23/14
Date