

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

**MEETING – April 16, 2003**

**Present:**

Javier Romero	President
Dan Mirisola	Vice President
Ron Vazquez	Chief Financial Officer
Norma Bertrand	Retiree Member
Lilly Calvache	Board Member

**Absent:**

Annie E. Cho	Commissioner
David H. Wiggs	General Manager

**Others Present:**

Duamel Vellon	Retirement Plan Manager
Sangeeta Bhatia	Assistant Retirement Plan Manager
Silvia Tesseneer	Recording Secretary
Mike Wilkinson	Deputy City Attorney
Mary Jo Curwen	Deputy City Attorney

The meeting was called to order at 10:08 am after the Pledge of Allegiance.

[Pledge of Allegiance]

Mr. Vellon indicated there was quorum of the Board. President Romero inquired if there were any public comments and Mr. Vellon indicated there was one request.

**PUBLIC COMMENTS**

Board President Romero recognized Mr. James Woodard, informing him, normally there is not an exchange of dialogue between the Board and the speaker during public comments.

Mr. James Woodard approached the podium stating he wanted to discuss the SRP (Staff Reduction Program) buy back, which was a different matter than what was on the agenda. He stated a previous Plan Manager estimated, if given the SRP, his retirement would be approximately \$718.00/month along with his military time, and without the military time, approximately \$300.00/month. Mr. Woodard indicated he understood issues regarding the SRP should be addressed by the Department Board of Commissioners, not the Retirement Board.

Mr. Woodard thanked the Board for their time and he was excused.

Mr. Woodard retired to the audience.

Mr. Vellon reported items 1 thru 4 were submitted for consent approval. He informed the Board Item 4 involved a resolution providing authority for the purchase of Commercial paper. Mr. Vellon reported the Salomon Smith Barney Holdings Inc.'s name changed to Citigroup Global Markets, and both Plan managers recommended the Board maintain the new name in the list of eligible Commercial Paper. He then introduced the following items for consent approval:

- 1. Approval of Minutes for the March 19, 2003 Board Meeting.**
- 2. Approval of Special Board Minutes of March 25 and March 26, 2003 and Benefits Committee Minutes of April 3, 2003**
- 3. Termination from Monthly Rolls as of April 2003:  
Retirement Resolution for April 2003.**
- 4. Amendment to Resolution 03-80, Authority to Purchase Commercial Paper From the List of approved Issuers.**

Mr. Mirisola indicated he had corrections for the March 19<sup>th</sup> minutes. He referred to the agenda packet page 1.6, the second sentence of the third paragraph, and indicated it should read "a DWP division head, Mr. Meryl Sundberg, who invited his supervisor (Mr. Greg Mathis)". He also clarified, for the record, at the March 19 meeting, he had stated he had notes to the effect that Mahmud A. Chaudhry was informed of the allegations Mr. Foley presented as factual. Mr. Vellon indicated the correction would be made. He also noted Mr. Vazquez had made minor grammatical corrections to the minutes and these had been made.

Ms. Norma Bertrand arrived.

Mr. Vazquez thanked the Retirement Office staff for their excellent job on recording the minutes of the interviews of the 10 fund managers, adding these minutes will be very helpful to the Board in making a final selection. Mr. Vellon added the Secretary's Day was in the week to come, and this would be a good opportunity to thank Ms. Vikki Burks and Ms. Silvia Tesseneer for their great work, particularly with the Board minutes. He expressed particular appreciation for Ms. Tesseneer's dedication and for her diligent and hard work, adding she is virtually irreplaceable. The Board members agreed with Mr. Vellon's accolades regarding Ms. Tesseneer and the secretarial staff.

Ms. Calvache moved adoption of the above items 1 through 4 on consent. Seconded by Mr. Mirisola and carried unanimously after the following vote:

Ayes: Romero, Mirisola, Vazquez, Bertrand and Calvache  
Nays: None

- 5. Report of Payment Authorizations as of March 2003.**

- 6. Short Term Investments as of March 31, 2003.**
- 7. Stock Portfolio Listing as of February 28, 2003.**
- 8. Report on Long Term Investment as of February 28, 2003.**
- 9. Security Transactions for the month ended March 2003.**
- 10. Distribution of Securities by Type and Class as of February 28, 2003.**
- 11. Statement of Investments owned as of February 28, 2003.**
- 12. Equity Investments as of February 28, 2003.**
- 13. Notice of Deaths as of March 2003.**
- 14. News release on “Capitalization Growth Investment Team” (of Mellon Growth Advisors) and the “Equity Unit” (of Standish Mellon Asset Management)” Becoming part of the Boston Company Asset Management.**
- 15. Dismissal of Gary Brown v. City of Los Angeles, et al; LA Superior Court Case No. BC276340. (See Confidential Attorney-Client Memo of July 25, 2002).**
- 16. Compilation of Retirement Board Policies – Death Benefits.**

Mr. Vellon reported items 5 through 16 were submitted to be received and filed. He noted Item 14 refers to the Boston Company’s consolidation. Mr. Vellon reported a news release was received stating the Boston Company is blending sister organizations into the firm, but this would not have any impact on the existing agreement with the DWP Plan.

Mr. Vellon explained Item 15 refers to the dismissal of the Gary Brown case, which was brought against the City of Los Angeles and DWP. He reported Mr. Brown was denied disability benefits and his case has been heard twice by the Benefits Committee, but no final action has been taken. Mr. Vellon stated the Plan staff have been working with Mr. Brown’s attorney in rescheduling his hearing continuance, but it has been very difficult, since the claimant lives in Idaho. Mr. Vellon then recommended items 5 through 16 be received and filed.

Ms. Calvache inquired, with regards to the Gary Brown case, was the Benefit Committee still trying to get Mr. Brown to continue the hearing on appeal. Mr. Vellon responded in the affirmative. Ms. Calvache then moved the above Items 5 through 16 be received and filed. Seconded by Mr. Mirisola and carried unanimously after the following vote:

Ayes: Romero, Mirisola, Vazquez, Bertrand and Calvache  
Nays: None

Mr. Vazquez inquired if the Compilation of Retirement Board Policies (item 16), with regards to death benefits, was almost completed. Mr. Vellon responded it was. He added the Retirement Office staff was in the process of compiling all procedures regarding the operation of the Retirement Plan, in order to have a permanent document both the Board and staff can refer to. He stated Mr. Pech split the process into three segments: 1) the compilation of death benefits policies (included in the agenda packet), 2) the compilation of disability policies (to follow) and 3) the compilation of retirement policies as the last item. Mr. Vellon indicated the next step is for Mr. Pech to submit the compilation of the procedures and polices for the Plan's disability benefits.

Mr. Mirisola congratulated staff on the arduous task of compiling all the policies and information. He added the procedures would be valuable for institutional memory and for the upcoming computerization.

**17. Consideration of Portfolio Monitoring and Shareholder Rights Presentation by Mr. Robert Kaplan (Kaplan Fox & Kilsheimer).**

Mr. Vellon indicated Item 17 was entered into the agenda at the request of Mr. Wiggs.

Messers. Robert N. Kaplan, Laurence D. King and Ms. Linda M. Fong of Kaplan Fox & Kilsheimer approached the table.

President Romero recognized representatives from Kaplan Fox & Kilsheimer:

Mr. Kaplan reviewed major frauds and market cap erosions of six companies, estimating it at approximately \$400 billion. He then reviewed Kaplan's securities monitoring process at no charge to the client. Mr. Kaplan outlined the process as establishing procedures with the retirement fund's custodian bank allowing counsel confidential, secured, real time access to securities transactions, identifying potential securities actions (monitoring securities action filings and settlements), monitoring client's transactions for potential losses and then the firm gives their recommendations of potential actions to the client. He added the reports could be customized to the client's specifications. Mr. Kaplan then explained the purpose of the Private Securities Litigation Reform Act.

Mr. Vazquez inquired what the advantage was, in class actions, to filing a separate claim in State or Federal Court and would one get more by going along with the general class action. Mr. Kaplan responded the advantages to filing in Federal Court was no "aiding and abetting" liability and no "joint and several liability", (wherein under some State laws these liabilities do exist). He added the California statutes were more favorable than the federal law, and as far as recovering more losses, it would depend upon the particular case.

Mr. Vazquez referred to a chart on page 7 of the information provided by Kaplan and inquired how the numbers were figured. Mr. Kaplan responded, in one instance, there was a settlement made and the claims came in after attorney's fees and costs at less than the amount that was available to be paid out. He stated the stipulation was the entire amount of the settlement would be paid out. Mr. Vazquez noted Micro Strategies'

settlement was \$155 million, and of this only 22% went to the claimant. Mr. Kaplan indicated the entire settlement amount was paid to the clients, but the claims came in higher than the amount to be paid out, so they only received 22% of their losses after fees and expenses. After more discussions, Board members thanked the various representatives.

The representatives from Kaplan Fox & Kilsheimer left the meeting.

**18. Consideration of requests by Mr. James Woodard (currently on Workmen's Compensation, since June 2, 1983):**

- a) **For purchase of Other Governmental Service (OGS) – military service (normally permissible only for active employees).**
- b) **For purchase of time on disability (normally not permissible under the Plan).**

Mr. Vellon indicated, at the last meeting, the Board requested this item be included in the agenda for more discussion and it was also suggested the staff meet with the City Attorney's office and Mr. Woodard to discuss the issues. He reported such meeting took place and Attorney Wilkinson was present. He added the conclusion of the meeting was, in terms of the Plan language, the Board does not have authority to approve the purchase of military service if Mr. Woodard is not an active participant of the Plan, and also the Plan does not provide for the ability for Mr. Woodard to purchase his disability time. Mr. Vellon reported Mr. Woodard has been on Worker's Compensation since 1983, has about six years of service, and at his age, he is thinking about retirement and is trying to figure out how he can increase his formula pension. Mr. Vellon inquired if Attorney Wilkinson had anything to add. Attorney Wilkinson expressed Mr. Vellon adequately summarized the meeting with Mr. Woodard.

President Romero inquired if Mr. Woodard had anything to say.

Mr. Woodard approached the podium.

President Romero recognized Mr. Woodard.

Mr. Woodard began by stating when the SRP was given out, 75% of the people leaving the Department put in a disability claim as well. He expressed he was currently on disability and is trying to retire. Mr. Woodard reported he has discussed his issues with a mental health advocacy organization who informed him they were going to discuss his issues with DWP's Retirement Office as to any suggestions they might have in representing him in the matter. He stated he was not quite satisfied with the results of the meeting with the City Attorney and he feels he is at a disadvantage not having an attorney to represent him. Mr. Woodard stated he feels the Department led him astray by not coming up with a package for him when the last SRP was issued and he feels they owe him part of this.

Mr. Woodard indicated Mr. Salas has not gotten back to him regarding his military time and bringing him back on board with the Department for one day. He commented he thought Mr. Wiggs would be in attendance at the meeting to answer his questions.

President Romero indicated he understood Mr. Woodard's concerns and he was sorry for the predicament he was in, but Mr. Woodard's concerns were issues within the Department and the Board has Plan language they are required to follow. He added the City Attorney has advised the Board there is nothing they can do for Mr. Woodard. President Romero stated, at the last meeting, it was conveyed to Mr. Woodard he needed to talk to the Department regarding his issue of being brought back as an employee for one day because the Retirement Board has nothing to do with this.

Mr. Woodard expressed he was not aware of the outstanding cases, but he feels he is being somewhat deprived. He stated, whether there is special language in the Plan or not, the attorneys representing the other claimants must know something he and the Board do not know. President Romero commented even if this was true, regarding the purchase of disability time, under the Plan, the Board cannot grant this. He then suggested Mr. Woodard's next step could be to go to the Department. Mr. Woodard responded his next step was to have his advocacy organization file suit against the City of Los Angeles. President Romero clarified Mr. Woodard should do whatever he feels necessary. Mr. Woodard expressed he did not know what to do. President Romero suggested, perhaps, Mr. Woodard could try setting up a meeting with management to resolve the issue and reiterated there was nothing the Retirement Board could do.

Mr. Vazquez stated it was his understanding Mr. Salas has made a settlement offer to Mr. Woodard and is awaiting his response to this offer. Mr. Woodard indicated, as far as the settlement offer, Mr. Salas has presented an offer lower than what he was holding out for. He stated he was holding out for the opportunity to buy back into the Plan. Mr. Woodard indicated if he could not get this, he would have to request the additional \$30,000. President Romero informed Mr. Woodard, as things stand, he could not receive what he is requesting from the Retirement Board. Mr. Woodard stated he would probably turn the issue over to his attorneys. After discussion, President Romero excused Mr. Woodard and wished him the best.

Mr. Woodard left the meeting.

**19. Reconsideration of Resolution 03-68 (providing for a 2.8% COLA for eligible monthly allowances) to clarify the COLA rate will be "tiered" up to 3% for retirees with a COLA bank, pursuant to applicable Plan provisions.**

Mr. Vellon presented Item 19, noting, at the last Board meeting, a resolution was submitted for approval of the COLA for retirees at 2.8%. He informed the Board the retirees were contacted through the Retiree Newsletter and some retirees inquired why

wouldn't the increase be "tiered" between 2.8% to 3%, for those having a COLA bank. Mr. Vellon reported the matter was submitted to the City Attorney's Office, who concluded, in terms of the COLA, when inflation is positive, (under the Plan language), the Board should tier the increases up to 3% for those with COLA bank balances. He indicated upon the approval of the amended resolution, staff will be ready to implement COLA and noted the increase would be implemented July of 2003, providing plenty of time. Mr. Vellon reported an issue existed regarding what type of COLA applies when inflation is zero or negative and the Plan attorneys were not ready to make a recommendation at this point. He added the City Attorney's office is still exploring the matter. Mr. Vellon then recommended approval of Item 19.

President Romero inquired if the City Attorney's office was still exploring what would happen in the event of negative inflation. Attorney Wilkinson responded zero inflation would result in the same tiered increase, as described, but negative inflation would be different and the City Attorney's office would definitely get back to the Board on this. President Romero expressed the Board would look forward to receiving this information.

Ms. Bertrand inquired why the Board was unaware the COLA bank was in existence and needed to be used. Mr. Mirisola responded the Board was fully aware of the COLA bank, but there was some confusion with regards to the Ad Hoc increase approved by the Board. He stated the language in the Plan is vague and staff computed it and the City Attorney's office assumed it was correct. He added after review, it was found it should be tiered up to 3% if one has COLA bank balance. Ms. Bertrand commented this has been ongoing for years and President Romero indicated the Board caught it in time and July 2003 it would be implemented fine. Mr. Mirisola indicated a lot of the COLA bank was depleted when the last Ad Hoc was approved by the Board. Mr. Vellon clarified if inflation is negative there is no way to know what is going to happen and the City Attorney is not ready to address such scenario at this point.

Mr. Mirisola suggested inserting the date when the last Ad Hoc was applied, into resolution 03-68. Attorney Wilkinson clarified what is being called the Ad Hoc is referred to in the Plan as a "discretionary increase" and this is independent of the automatic increase applied every year. Ms. Bertrand suggested, rather than using the verbiage "Ad Hoc" to say "discretionary", which is in compliance with what the Plan states. Mr. Vellon indicated this would not be a problem. President Romero inquired if this was all right by the City Attorney's Office. Attorney Wilkinson responded in the affirmative.

Mr. Mirisola moved adoption of Resolution 03-86 with the amendment and the word "discretionary" in place of Ad Hoc. Seconded by Mr. Vazquez and carried unanimously after the following vote:

Ayes: Romero, Mirisola, Vazquez, Calvache and Bertrand  
Nays: None

Mr. Mirisola referred to the agenda package regarding a letter sent to Mr. Vellon by Attorney Wilkinson on April 7, 2003. He noted the letter points out the Plan refers to CPI as the Los Angeles-Long Beach-Anaheim Metropolitan, but the index had been

changed to the Los Angeles–Riverside-Orange County. He inquired if these regions were exactly the same or merged and the name changed. Attorney Wilkinson responded he would have to research to see if there was any particular overlap. He then referred to the footnotes where it stated the City Attorney's office would update the Plan language to reflect what the Bureau of Labor Statistics calls the index.

Mr. Mirisola expressed his concern was that at some point the index may not exist at all, and, if it drops off completely, how would like to see the Board determine the CPI. Attorney Wilkinson indicated it already had dropped off completely, and the other one does not exist, but the City Attorney's office has been using the successor. He informed the Board the cleanest way to do it is for the Plan language to be changed. Discussion continued among the Board members. It was the consensus of the Board to change the language in the Plan to reflect the correct index. Attorney Wilkinson indicated he would happy to do so.

**20. Consideration of Retirement Plan amendment to provide for charging the Plan expenses against the Trust (for payment of investment management fees due and payable under the newly adopted asset allocation structure).**

Mr. Vellon stated item 20 covers the proposed Plan amendment to allow charging the Plan investment expenses against the Trust. He indicated the City Attorney has proposed the necessary language and with the approval of the Resolution 03-86 it would be referred to the Board of Commissioners.

Mr. Mirisola indicated, after extensive research, he found there has been some legislative rulings holding that, when a defined guaranteed benefit exists the fees can be paid from the Plan. He stated in the case of a defined contribution Plan, where there is less money and subsequently get less of a retirement, then the Department would have to pay for it. Mr. Mirisola stated he was concerned regarding the City Attorney's proposed wording. He indicated he understands this is something that is allowable, but he does not want it to be an unfair burden on the Plan and he has some suggestions the Board can discuss regarding the language.

Mr. Vellon recommended, perhaps for clarity, Mr. Mirisola may want to write up his suggested language and submit it to Attorney Wilkinson for it to be brought back at the next meeting. Mr. Vazquez expressed the City Attorney's suggested language gives the Board an option each year, to determine whether or not to submit a budget to the Department to include, or exclude, these fees. He added it gives enough flexibility as proposed. Mr. Vazquez noted the last statement Mr. Mirisola made, "the investment income is less than the fees charged", would be a horrendous situation. Mr. Mirisola responded anything is possible and these are investments in the stock market. Mr. Vazquez expressed the Department stands behind any shortages in the fund anyway, and the change in language is not warranted. He stated he feels comfortable with the way it stands, but will be glad to see what changes Mr. Mirisola would like written up and would consider them in a future meeting. Mr. Mirisola clarified his main concern was, in a year when perhaps the income is zero and the management fees are taken out of the fund, the Board will have to either sell assets of the Plan to pay the fee, and

he would like to prevent this by changing the language. After the discussion, item 20 was tabled until the next Board meeting.

**21. Consideration of contractual agreements extending the following Plan's Investment managers contracts:**

- a) **TCW Asset Management Company (6 months extension due to possible delays in the implementation of the Plan's fixed income strategy).**
- b) **Standish Mellon Asset Management (6 months extension due to possible delays in the implementation of the Plan's fixed income strategy).**
- c) **The Boston Company Asset Management, LLC (6 months extension due to possible delays in the implementation of the Plan's domestic equity strategy).**

Mr. Vellon explained Item 21 represents a proposal to extend the contracts of the existing managers for 6 months each. He noted a correction to item "c", as it should state "6 months" instead of 4. Mr. Vellon reported this would essentially allow the Board to continue the implementation of the asset allocation program in the event it extends past June 30, 2003, which is anticipated. He stated the three managers have agreed to extending their contracts and he recommended the approval of Resolution 03-87.

Mr. Vazquez inquired if extending the contract through December would be enough time or should the Board request more time. He expressed his concern the current schedule is putting too much work, and possibly stress, on the Retirement Plan employees and inquired if the Board was on too much of an aggressive schedule to allow for normal working operations. Mr. Vellon commented he was not aware of the stress, but if the Board members continue their current momentum, in making decisions, the Retirement Plan office should be able to help achieve the goals.

Mr. Vazquez inquired if it would be helpful for Mr. Vellon, and for the Retirement Plan employees, for the Board to extend the schedule. Mr. Vellon responded the staff could comply with the Board goals either way. Mr. Vazquez reiterated his concern of overwork and overstress to the staff and inquired if the Board should request an extension through June of 2004. Mr. Vellon responded, from the perspective of the Retirement Plan office, staff is not requesting this, but if Mr. Vazquez believes it is going to serve the purpose of the Board to do so, he can go back to the current managers to accommodate his proposed extension until June 2004. Mr. Vellon indicated staff is doing a great job of keeping up with the momentum of the Board and he commended staff for their efforts.

Mr. Mirisola inquired if the extended contracts had already been negotiated and if extending further would result in more fees. Mr. Vellon responded the managers had already agreed to the extension of six months and more time could probably be accommodated, but he expressed six months should provide plenty of time.

Ms. Bertrand moved adoption of Resolution 03-87 with the noted correction on item "c". Seconded by Ms. Calvache and carried unanimously after the following vote:

Ayes: Romero, Mirisola, Vazquez, Calvache and Bertrand  
Nays: None

**22. Consideration of contract renewal with Systematic Automation, Inc. (SAI) for the continued production of the Plan's Annual Benefits statements.**

Ms. Bhatia explained Item 22 as the renewal of the contract [with Systematic Automation, Inc. (SAI)] for the production of annual benefits statements. She indicated the previous year there were problems, which the vendor addressed, and have since delivered a quality product. She then recommended approval of renewing the contract with SAI for two more years.

Ms. Calvache noted there had been some previous problems with SAI and inquired if the problems had been rectified. Ms. Bhatia responded all of the problems (regarding programming changes on SAI's end) were addressed and she referred to a report included in the agenda packet wherein she was requested to evaluate the quality of service for the year the problem existed. Ms. Calvache inquired if Ms. Bhatia felt comfortable with the level of service now. Ms. Bhatia responded in the affirmative.

Ms. Calvache moved adoption of Resolution 03-88. Seconded by Mr. Vazquez and carried unanimously after the following vote:

Ayes: Romero, Mirisola, Vazquez, Calvache and Bertrand  
Nays: None

**23. Consideration of Pre-Tax Program for Service Credit Purchases under the DWP Plan.**

Mr. Vellon noted the Board has expressed interest in implementing a pre-tax deduction program for the OGS (Other Governmental Service) and similar purchases, and the City Attorney has been assisting in this. He indicated, in terms of the situation as it currently stands, there is not much else the City Attorney's Office can do. He then proposed the possibility of requesting a "private ruling" from the IRS (Internal Revenue Service). Mr. Vellon explained a request of this nature requires a filing fee (of approximately \$2,000 if this has not changed since in 1997). He stated his belief, under IRS code section 414(h), the Plan is already in compliance, as is, and if this is explained to the IRS they might be able to do a private ruling, which would only affect the DWP Plan. Mr. Vellon informed the Board he had already discussed this with the Plan attorneys and they are more in favor of doing a meet and confer process. He suggested the City Attorneys may want to address this

Attorney Curwen indicated the missing step on this issue is the Department authorizing the "pick up" of the contributions and stated a ruling letter is not normally warranted from the IRS, because there are so many of these done now, it is almost automatic. She indicated when discussing the matter with Attorney Terry Rosales, he indicated he was meeting with labor relations that afternoon, to resolve the issue of whether it is meet and confer or not, and he also planned to take an authorized resolution to the Board of DWP

Commissioners. She stated Attorney Rosales indicated it was too late to put the issue on the next agenda, but he will try to get it included in the following one. Attorney Curwen noted if something happens as a result of this, she has already drafted an amendment to the Plan just to clarify between the irrevocable pre-tax and irrevocable post-tax programs. She recommended the Board of Commissioners place the item on the next Board agenda in order to send the new language to the DWP Commissioners for approval. She added, when it comes back, the Board can schedule the adoption to coincide with the Department getting their authorization in line, which would speed up the whole process.

Ms. Bertrand stated it was her opinion this is all premature, because in this case it is a “meet and confer” issue and, from her understanding, the Board would be lowering salaries in order to get the pre-tax. Attorney Curwen responded this is something that would be looked at favorably by the Department of Labor Relations, because of the favorable consequences.

President Romero inquired if Attorney Rosales would be working with Labor Relations on this issue. Attorney Curwen responded in the affirmative. President Romero expressed concern the City already has the Pre-Tax program in place and members coming from the City, have already been inquiring when DWP is going to get the program in place. Attorney Curwen responded the problem is DWP is going about it backwards and someone needs to get the Department rolling. President Romero requested a timeframe of when it could be done. Attorney Curwen responded the City Attorney’s office can carry out their end of it, but the Board needs to place the item on the agenda for the next Board of Commissioners meeting to set up the Plan amendment in order to have it in place in approximately six weeks. She added the Board of Commissioners would still have to wait and see if it is a meet and confer process.

Attorney Curwen informed the Board, in the past, the unions have seen these kinds of issues as favorable to everyone and just signed a letter of agreement. President Romero inquired if it was more practical getting such letter prior to the next meeting, because of his concerns about sending Plan language that may or may not be approved due to other variables involved. Attorney Curwen suggested she could put a qualifier, or effective date on the letter as a good modification. Attorney Wilkinson pointed out, the key thing missing would not come from anyone on the Retirement Board, but from DWP and the Board of Commissioners. He added the Retirement Board and City Attorney’s Office can only do so much before they can take action. Discussion continued among the Board members. Ms. Calvache recommended inviting Attorney Terry Rosales and Peter Lakatos to the next Board meeting to give the Board a status report on this issue. It was the consensus to so proceed.

## **24. Retirement Plan Manager’s comments**

### **a) Legal Opinions**

Mr. Vellon indicated the Board had already received a summary of the legal opinions and these had been discussed.

**b ) DWP Plan Newsletter for retirees (April 1, 2003 Edition).**

Mr. Vellon reported the Board had already received a copy of the April 1, 2003 Newsletter for DWP retirees.

**c ) General items.**

Pre-Retirement Program

Mr. Vellon indicated he had met with Ms. Rose Garcia concerning the implementation of a Pre-Retirement Program and the Board will be updated as this progresses.

Possible selection of Large Growth Managers scheduled for April 30, 2003

Mr. Vellon informed the Board Ms. Tesseneer was coordinating a Special Board Meeting for the evaluation of the "Portfolio Transition" Proposals. He reported the selection of the Large Cap Growth will also be an item as well as the identification of the Large Value Managers to be interviewed. He noted PCA has reported on the Large Value responses received, which will be part of the agenda packet. Mr. Vellon indicated the meeting had been scheduled for April 30th and requested the Board members check their calendars and inform Ms. Tesseneer of their availability.

Old Death Claims

Mr. Vellon updated the Board on the pending death claims estimated at \$1 million, which have not been paid to beneficiaries because these cannot be located. He stated, currently, he is pursuing Fire Department's assistance in contacting these beneficiaries. Mr. Vellon indicated if this does not work, staff would be coming back with a recommendation for the Board to close those claims against the general fund, pursuant to the Plan language.

President Romero indicated he has been playing telephone tag with Mr. Mike Carter of the Los Angeles Police and Fire Pension, regarding their process in finding beneficiaries. He stated as soon as he receives more information he would share it with Mr. Vellon and they would work on it together.

Mr. Mirisola commented he had forwarded some information to Mr. Vellon regarding private investigation firms to help find the beneficiaries. Mr. Vellon responded Mr. Mirisola had done so some time ago.

Ms. Calvache inquired if DWP's security staff were able to assist in the search. Mr. Vellon responded they were not helpful in a meaningful way. He added staff is trying to make a last due diligence documentation before closing the claims.

### Status of Retiree Representative Stipend

Mr. Vellon reported the City Attorney's Office is working on the amendment for the small stipend for the retiree representative, which will be available at the next meeting, and it will be retroactive for Ms. Bertrand to be covered.

### Fiduciary counsel Contract

President Romero noted (regarding the fiduciary services by Attorney Robert Klausner) two months ago the Board gave a directive and new contract language was to be developed for Board consideration. He inquired of the City Attorney's representatives, what was the status of this and when would the Board be able to review the new contract language. Attorney Wilkinson responded it will be available by the next meeting.

### E-Mail Correspondence Between Board Members

Mr. Vazquez acknowledged the Board members received the City Attorney's legal memo on e-mail correspondence between Board members and the handling of these under the Brown Act.

The Board meeting was adjourned at 11:19 a.m.

---

JAVIER ROMERO  
President

---

DUAMEL VELLON  
Secretary

---

SILVIA TESSENEER  
Recording Secretary