

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

MINUTES – October 18, 2006

Present:

Javier Romero	President
Ron Vazquez	Chief Financial Officer
Cindy Coffin	Board Member
Forescee Hogan-Rowles	Commissioner
Michael Moore	Retiree Member
Eugene Canzano	Board Member

Absent:

Ronald Deaton	General Manager
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Others Present:

Sangeeta Bhatia	Retirement Plan Manager
Mark Blunk	Assistant Retirement Plan Manager
Monette Carranceja	Assistant Retirement Plan Manager
Irene Colon	Recording Secretary
David Sancewich	Pension Consulting Alliance
Sarah Bernstein	Pension Consulting Alliance
Neil Rue	Pension Consulting Alliance
Alan Manning	Assistant City Attorney

President Romero called the meeting to order at 9:35 a.m. after the Pledge of Allegiance.

[Pledge of Allegiance]

Ms. Bhatia indicated a quorum of the Board was present.

PUBLIC COMMENTS

President Romero inquired if there were any public comments. There were no public comments.

- 1. Approval of Board Minutes of September 20, 2006**
- 2. Termination from Monthly Rolls as of October 2006:
Retirement Resolution for October 2006
Resolution terminating Millicent Hansen from the October 2006
Survivorship Roll as a result of her death**

Mr. Canzano moved adoption of the above items 1 and 2 on consent. Seconded by Ms. Coffin and carried unanimously after the following vote:

Ayes: Romero, Coffin, Canzano, Moore, and Vazquez

Nays: None

- 3. Report of Payment Authorizations as of September 2006**
- 4. Notice of Deaths for September 2006**
- 5. Report on Status of Insurance as of September 30, 2006**
- 6. Summary Investment Returns as of September 30, 2006**
 - a) Market Value of Investment by Fund and Month as of September 30, 2006**
 - b) Market Value of the Retirement, Death & Disability Funds as of September 30, 2006**
 - c) Investment Returns as of September 30, 2006**

Ms. Coffin referred to page 4.1 of the Board package and inquired if Harry Drucker's date of death, September 8, 2005, was correct. In addition, Mr. Moore pointed out that Mr. Ernest Bodnar's death of September 14, 2006, was incorrect. Mr. Blunk stated he would look into those dates.

Mr. Moore referred to pages 6c.1 – 6c.2 and stated it might be useful if the summary of investment returns chart reflected what has been committed as opposed to the amount that is in each fund so far.

Mr. Vazquez referred to page 6c.1 under International Developed and noted that Fidelity has been under watch status since August of 2005. He then inquired how long a manager stays on watch status. Ms. Bernstein approached the podium. President Romero recognized Ms. Bernstein. She responded that typically if a manager goes on watch (depending on the manager and the circumstances) they can remain on watch with close monitoring for six months to a year. Mr. Vazquez pointed out that Fidelity had been on watch status for over a year. Ms. Bernstein responded Fidelity should be looked at closely and a decision made. She added that PCA would present a report to the Board at one of the next meetings. Ms. June Kim (Investment Officer) approached the podium. President Romero recognized Ms. Kim. Ms. Kim informed the Board that the first time Fidelity was placed on watch in 2005 was due to the Security Exchange Commission (SEC) Wells Notice, but another organizational issue came out this year where they changed from Fidelity to Pyramis. Ms. Kim and Ms. Bernstein returned to the audience.

Mr. Vazquez inquired where things stood with funding real estate and if staff was still working on the contracts. Ms. Bhatia responded that staff was still working on the contracts because at one of the previous Board meetings the City Attorney's Office indicated special counsel was needed to review the contracts; but, in the meantime, staff has not received any indication if the funds are open to commit money to. She added that staff is working on the contracts, but is also keeping an eye out in case there is a request to fund sooner. Ms. Bhatia stated she previously indicated to the Board there was a likelihood of the queue opening up, but that has not occurred yet. President

Romero inquired if the real estate counsel was currently reviewing the contract. Ms. Bhatia responded counsel has not received the contract yet.

Mr. Moore moved the above items 3 through 6 be received and filed. Seconded by Mr. Vazquez and carried unanimously after the following vote:

Ayes: Romero, Coffin, Canzano, Moore and Vazquez
Nays: None

7. Discussion of PCA's report and recommendation of Hedge Fund-of-Fund finalists and possible action

Ms. Bernstein and Mr. Sancewich approached the Board table. President Romero recognized the PCA representatives.

Ms. Bernstein informed the Board that since the last Board meeting, Mr. Sancewich has been on the road doing onsite visits with 15 hedge fund-of-funds, and the PCA memo included in the Board package includes their recommendation of a short list of finalists for the Board to interview. She mentioned there was an original interview date of November 1 or November 15 but on the 15th there will not be a quorum of the Board. Ms. Bernstein stated PCA is suggesting holding the interviews on December 6 because the November 1 Board agenda is full with three manager presentations and other investment items. Mr. Vazquez inquired if the manager presentations should be rescheduled. Ms. Bernstein responded that Ms. Kim mentioned it would be a little difficult to reschedule the managers. She stated, with regards to the hedge funds, there would not be a big difference because realistically it will not be funded this year. She pointed out there were other contracts piling up that need to be completed, such as the proxy services.

Mr. Sancewich reported he was recommending the following five finalists for the Board to interview: Aetos Capital, Attalus Capital, Cadogan Mgt., Grosvenor, and PAAMCO. He stated each firm has over \$1 billion, they complement each other and there was a brief description of the firms included in the memo. Mr. Sancewich recommended the Board hire two to three managers from the list. He indicated PCA would compile a finalists' search booklet for the Board to review, which will include some overlap analysis, performance data, and a more in depth qualitative and quantitative assessment of each firm so the they can make an informed decision at the time of the interviews.

President Romero requested an overview of the candidate removal list with an explanation for each manager's removal and their performance record. Mr. Sancewich stated he did not have the managers' performance with him but could get that information to him. He then proceeded to explain the reasons for each manager's removal.

Mr. Sancewich stated Arden Asset Mgmt submitted the AIA II fund, which is a highly concentrated fund with some manager concentration that can go upwards to 9%. He stated it was discovered they have exposure to Amaranth and after talking with them there was a little less confidence in their process and he did not feel it was a good fit for

the Board.

Mr. Sancewich reported Blackstone Partners is a big firm with a very large asset base of over \$20 billion. He stated the firm also had some exposure to Amaranth and were very tight lipped on the whole process when he talked to them and they were unwilling to provide any information on Amaranth and their investment process. He stated this concerned him from a Board and client service perspective because if the firm is not willing to talk to him, they will probably not be willing to talk to the Board.

Mr. Sancewich reported GAM was a very large firm outside of the U.S. with a lot of European and foreign investors. The product they submitted just opened up to U.S. investors, they had no public fund exposure, and no U.S. client exposure into the product. Therefore, he did not want to put DWP in as the first client. President Romero inquired why this would be a bad thing. Mr. Sancewich responded that GAM's concentration of managers has been in overseas markets (Europe, Asia, and Australia) but they do not follow a whole lot of the U.S. managers. He stated in talking to their peers, one can certainly get better manager exposure with the finalists that are put forward because they do overseas investing and have a better research base in the U.S.

Mr. Sancewich reported that Gleacher is a small shop outside of Connecticut with high members of net worth clients and a few institutional clients. He stated the firm has exposure to Amaranth, but he did not use this as a ruling out factor.

Mr. Sancewich reported that Ironwood Capital has 10 employees and has a primarily high net worth but has an institutional base that is growing. He stated this firm also had a great exposure to Amaranth and he did not like the answer he received when he discussed their process and quantitative tools that were in place to monitor their managers.

Mr. Sancewich reported that Lehman Brothers has exposure to Amaranth, but also one of the things that concerned him about this firm is that one of the sources for their manager idea was their prime brokerage services. He stated the firm estimates that anywhere from 10% to 20% of their manager ideas come from their prime brokerage. While they said they have firewalls in place, he was concerned more from a potential conflict of interest than from the public fund side. Mr. Vazquez noted it was a pretty large operation in terms of their fund-of-funds. He then inquired if the firm had many public clients. Mr. Sancewich responded in the affirmative. Mr. Vazquez inquired why there is a conflict of interest concern listed on the part of DWP and not with other public funds. Mr. Sancewich responded that while other public funds may be willing to look past the potential conflict of interest issues, this was not something he wanted to involve the Board with.

Mr. Sancewich reported that Lighthouse's client base is primarily high net worth and he did not feel they would be able to service DWP as a client the way they should. Mr. Canzano inquired if Lighthouse had any public funds. Mr. Sancewich responded the firm has institutional corporate, but not public funds.

Mr. Sancewich reported Ivy Asset Management is owned by Bank of New York and they

had a great deal of exposure to Amaranth. He stated he was uncomfortable with their process and their client base was not lenient towards being public fund friendly. He further stated the firm had a majority of high net worth, a lot of corporate, and a few private endowments.

Mr. Sancewich expressed that Mesirow Financial was a firm he considered as a finalist. He stated they are a very over diversified fund with 75 managers in their product. When he compared them to Grosvenor, they are doing similar things, but Grosvenor is a little bit more institutional friendly. Mr. Sancewich explained that Grosvenor is also over concentrated which means you are not going to get the ball knocked out of the park, but they are going to be very well diversified and service you as a client. He added that they also provided the Board with the educational training on hedge funds. President Romero inquired, from a performance perspective, how the two firms did. Mr. Sancewich responded the two firms were similar and he did not remember the exact numbers but they are not the best or worst performers and will keep the client right in the middle of the road. He stated all the firms were low risk and below 5% standard deviation. He indicated he would update all the numbers in the finalist booklet through September 30.

Mr. Sancewich clarified that Robeco-Sage was actually Sage Capital, and Robeco is affiliated with them. He stated the fund they have created specifically for public fund clients has a total of \$70 million in it, with two public fund clients and one potential funding. He expressed his concern that the firm has a product with a larger asset base and a larger track record of over \$1 billion. However, the portfolio construction and fees are different from that product, which makes it a \$70 million firm in the case of DWP. Therefore, he did not want to put the Department in this product. Mr. Vazquez inquired if Mr. Sancewich was looking at the \$70 million when he went through his initial filtering process and was looking at total product assets under management. Mr. Sancewich responded the product Robeco-Sage had in the database was the larger product, which has over \$1 billion in it. Mr. Vazquez inquired if the firm withdrew that from consideration. Mr. Sancewich responded that Robeco-Sage stated this was the product they have in the database; however, public funds exclusively are put into the Marwood River Road fund. He explained that with this fund you cannot get into the larger product and is strictly isolated for public funds. He stated whether or not Robeco-Sage would be a viable candidate was debated internally with Alan Emkin and Neil Rue and it was decided they were not. Mr. Canzano commented that the firm does specialize in public funds. Mr. Sancewich responded that the particular fund Robeco-Sage would put forward is for public funds only. Mr. Canzano inquired if Robeco-Sage or Mesirow Financial had Amaranth exposure. Mr. Sancewich responded that neither of the firms had exposure to Amaranth, nor did any of the firms on the finalist list.

Mr. Sancewich commented that Russell Investment Group was his old firm so he is very familiar with them. He stated they recently took a portfolio manager from their equity side and moved him over to the hedge fund-of-fund side. Mr. Sancewich expressed he knows this manager personally and is not comfortable with him running some of the fund-of-fund assets. He stated Russell has a bias towards fixed income which makes it a little bit less multi-strategic and more directional. He added that the firm's Director of Risk Management and a few other employees left about a year ago.

Mr. Moore noted that Mr. Sancewich indicated he was not using Amaranth as a screening criterion, but focused more on the process. He then inquired what Mr. Sancewich was looking at in terms of the firm's process of evaluation and monitoring that he focused on in distinguishing those that survived from those that did not. Mr. Sancewich responded that one of the clarifying things that became clear in talking to all of the firms is the level of information they were getting from their underlying funds. Specifically with Amaranth, on the far end, one firm was getting quarterly data that was lagged and other firms at the very best were getting monthly data that was 10 to 15 days after month end. He reported that the firms that avoided Amaranth and did not take the hit "tooted their horn" and those that did own them had legitimate reasons for doing so in their eyes. Mr. Sancewich stated that this information highlighted how willing the managers are to pull the trigger on an underlying hedge fund if this were to come up again, which is one of the issues that was discussed in great detail. Mr. Moore inquired if Mr. Sancewich saw, in those that survived his screening, the more regular monitoring and willingness to pull the trigger. Mr. Sancewich responded in the affirmative.

Mr. Vazquez inquired if the \$1 billion he mentioned the finalists having was all in hedge fund-of-funds. Mr. Sancewich responded in the negative, stating that amount was firm-wide and made them a viable entity. Mr. Vazquez referred to page 4 of PCA's memo regarding specific filters and inquired if the risk criterion was adopted by the Board. Mr. Sancewich responded in the affirmative. Mr. Vazquez referred to page 5 of the memo and noted that Attalus had a hedge fund-of-fund on top of five other hedge fund-of-funds and inquired how this works in terms of fees. Mr. Sancewich explained that Attalus hires underlying managers and makes the separate fund; therefore, you will see an opportunity fund, a long/short fund, and an arbitrage fund. The balance portfolio, which is the one that they are submitting for the DWP search, is an aggregate of these underlying funds and there is no double layer of fees. He added this process was not uncommon from other fund-of funds.

Mr. Moore referred to page 4 of the memo, wherein one of the criteria is listed as the average of the 5 largest draw downs. He then inquired if this was related to clients that are pulling out. Mr. Sancewich responded this was related to negative performance from the underlying managers.

Mr. Canzano expressed he was not clear if the memo was suggesting the Board narrow down the five manager finalists PCA recommended. Mr. Sancewich clarified that PCA is recommending the Board interview five finalists for hire. Mr. Moore inquired if PCA feels that if the Board is hiring two or three managers there is an adequate number to achieve the balance. Mr. Sancewich responded in the affirmative, stating this was one of his criteria in putting together the finalist. He stated PCA would perform a correlation analysis of the funds and a manager overlap analysis to be included in the finalists' search booklet.

Mr. Moore inquired if any of the managers were affiliated with other larger institutions. Mr. Sancewich responded they were all privately owned.

Mr. Vazquez noted, with regards to Aetos Capital, we were talking about 5 underlying SEC registered hedge funds. He then inquired if the other finalists were SEC registered. Mr. Sancewich responded in the affirmative, adding all the fund-of-funds were

registered, but he could not speak for all the underlying hedge funds held by the fund-of-funds.

Mr. Canzano commented if the Board is selecting three managers then maybe they should be interviewing more candidates. Mr. Rue approached the podium. President Romero recognized Mr. Rue. Mr. Rue clarified that depending on how the Board goes through the process they might end up with two managers, which is fine depending on the firms. He advised the Board not to lock themselves into selecting three managers and that he would almost argue that three might be too many. He stated the point is that there is going to be another Amaranth and there is some probability that could happen in those fund-of-fund portfolios you hold. He explained the issue is what are you seeing and how are you trying to mitigate that risk through your process.

Mr. Moore inquired if Mr. Sancewich was concerned about the fact there might be differential treatment or approach with respect to the public fund versus the larger fund that the WPERP would not be a part of. Mr. Sancewich expressed what he is concerned with is having the track record, process, and construction in place long enough to say it is a stable and viable product versus one that they just come out with that has different construction, fees, and clients.

Commissioner Hogan-Rowles arrived at the meeting at 10:09 a.m.

Mr. Vazquez referred to page 4 of the memo titled "Specific Filters" and inquired how the \$300 million total product assets under management relates to the \$70 million. Mr. Sancewich responded it does not relate because the products screened from Robeco-Sage was the larger product with \$1.5 billion in it and passed the asset screen. In talking to them and reading through their RFI, they submitted the River Road Fund that had \$75 million in it. He added it is clearly a different product from the one in the database. Mr. Sancewich expressed he did not want DWP to have more than 20% of the products or firms assets, which is why the asset screen is in place. Mr. Vazquez inquired if the asset screen was adopted by the Board as a policy. Mr. Sancewich responded it is a business risk screen PCA runs for their other clients as well. Mr. Vazquez noted that Mr. Sancewich stated Mesirow Financial is similar to Grosvenor and they have 75 managers. Mr. Vazquez then inquired if 75 managers was too many. Mr. Sancewich responded that when talking to the other fund-of-funds, one can be over diversified, but that is in the eye of the beholder. He stated 75 managers is a lot and most of the managers have approximately 25 to 40 managers at the most in their products. Mr. Vazquez inquired about the size of Mesirow in terms of the products. Mr. Sancewich stated Mesirow has several billion dollars in the fund that they are putting forward and obviously have more assets than that in long only space.

Ms. Bernstein noted there is some Board interest in having a slightly broader pool of candidates, and suggested adding Mesirow Financial as a sixth finalist.

Mr. Moore moved the approval of the five finalists recommended by PCA. Seconded by Mr. Vazquez and carried unanimously after the following vote:

Ayes: Romero, Coffin, Canzano, Moore, Hogan-Rowles, and Vazquez
Nays: None

Mr. Moore requested background information regarding Amaranth which was discussed in a prior Board meeting that he missed. He inquired if Amaranth changed the types of investments they historically made and as a consequence deceived their investors, or if they were investing as they normally did and did a bad job of it. Mr. Sancewich responded that Amaranth started off as a convertible arbitrage fund and they moved into a multi-strategy fund, and brought in Brian Hunter (trader) who ramped up their natural gas and energy exposure. Mr. Sancewich stated in his discussions with all the fund-of-funds, he understood Amaranth kept telling them they were going to bring the exposure down and roll it out into a separate energy fund and get back to doing what they were good at doing; but this never happened. He reported, in the middle of September an email came out stating Amaranth lost 65% of their asset base. Mr. Sancewich further stated the fund-of-funds expressed they felt they had been deceived. Mr. Rue clarified that he did not believe the fund-of-funds were deceived, and all of them generally knew that the energy exposure was ramping up. He stated the issue is, from a risk management perspective, how were the fund-of-funds going to react based on some of the knowledge they have. He stated there was a spectrum of reactions with some paying the penalty and getting out early, and some making lots of money because Amaranth was producing returns of 40% to 50% over very short timeframes. Mr. Rue admitted Mr. Sancewich has had more conversations with other fund-of-funds, but in the conversations he has had, the firms, through their analytics, knew there was a big energy exposure and Amaranth was going to be slow in getting out. Mr. Rue expressed it was more that the fund-of-funds had some trade blow up on them rather than deceit. Mr. Canzano inquired if there were limits in place on the maximum exposure our fund-of-funds can have to any one manager. Mr. Sancewich responded there was not a limit written in the investment policy. However, that was one of the criteria in his discussions with the fund of funds.

Mr. Rue commented that the Amaranth incident is a clear lesson that this whole industry is learning what it means to diversify and be transparent. He indicated one of the challenges during Mr. Sancewich's meetings was obtaining the percent allocations from their managers and some of them indicated that this information was proprietary. He added the firms provide lists but not the allocations. Mr. Rue indicated one of the things PCA would furnish the Board with, in terms of the due diligence, is the manager weightings, to the extent the managers will provide them.

President Romero commended Mr. Sancewich on the hedge funds manager finalists list and his quick responses to the Board's questions.

8. Discussion of recommendation to change the name of the "Governance, Proxy & Investment Responsibility Committee" to the "Governance Committee" and possible action

Mr. Vazquez moved the recommendation to change the name of the "Governance, Proxy & Investment Responsibility Committee" to the "Governance Committee".
Seconded by Ms. Coffin and carried unanimously after the following vote:

Ayes: Romero, Coffin, Canzano, Moore, Hogan-Rowles, and Vazquez
Nays: None

Mr. Vazquez inquired if the Board needed to adopt the roles and responsibilities of the committee outlined in the PCA memo. Ms. Bhatia responded in the affirmative. She stated the Governance Committee previously discussed the roles and responsibilities and the agreement between the Governance Committee members was that every recommendation would be brought to the Retirement Board for adoption.

Mr. Vazquez moved the adoption of the rules and responsibilities for the memorandum prepared by PCA. Seconded by Commissioner Hogan-Rowles and carried unanimously after the following vote:

Ayes: Romero, Coffin, Canzano, Moore, Hogan-Rowles, and Vazquez
Nays: None

Mr. Canzano referred to page 8.3 and suggested the word "Corporate" be stricken out of the phrase "Corporate Governance Committee" in the last paragraph. Ms. Bernstein indicated there were a couple of places in the memo where this needed to be corrected.

9. Discussion of recommendation from the Governance Committee to direct staff to contact investment managers and other pension plans in connection with companies that have operations in Sudan and possible action.

Mr. Moore indicated he was in favor of the recommendation but the Board needed to discuss what is actually going to be done. He expressed that as a Committee they would be relatively broad in starting their inquiry of these companies or managers and possibly funnel down when it comes to decisions that might entail disinvestment or divestment. Mr. Moore pointed out that the language in the memo on page 9.1 of the Board package talks about providing direction to staff in proceeding with contacting investment managers, but the questions might be a little different depending on the type of manager. He stated among the questions the Committee would want to ask those that are managing the commingled funds would be questions such as, "What interest is there on the part of other public funds that are part of this commingled fund in looking at the same issues we are looking at?" He stated the second set of questions would relate to what you would ask the managers that are not commingled and it would be worded differently in terms of expressing the Committee's concerns and the fact they are proceeding in a process that may ultimately represent both divestment and disinvestment. He added it would also include what views and what knowledge do they have of these companies to the extent they are contributing to the problems in Sudan. Mr. Moore indicated a third and broader set of letters would go out to the companies that have been listed so far. President Romero clarified that the Committee met and could not take much action until rules and guidelines are set. He stated he did not think the Committee is at the point of sending letters out, but rather contacting the manager and getting more specific information with respect to the types of assets they have in Sudan and how they affect Sudan in helping the government or the people. He indicated, with respect to action taken on the part of the Committee, they made an inquiry as to what type of letters LACERS sent out so when it does come back to the Board they can see the sample letters. Ms. Bhatia added that staff was planning on updating the list of holdings and is using the UC Board of Regents' list to identify

exposure in various companies. She indicated at the Governance Committee meeting scheduled for November 6, staff will provide the Board with the extent of holdings, which managers have investments in those companies that have been identified, and draft letters for their review. Ms. Bhatia informed the Board that staff contacted LACERS and received sample letters from other pension funds. She stated staff is planning to prepare a draft for the Governance Committee to review and see if that is the direction they want to go. President Romero requested something to report back to the Mayor. Mr. Canzano requested sample letters along with the draft letters.

Ms. Coffin inquired if the goal was to pull out of investing with any company doing business in Sudan or just figuring out if they have moderate investment. Attorney Manning responded that back in April or May, the Mayor sent all three City pension plans a letter requesting them to take a look at their investments in companies that are doing business with Sudan. He explained that because of the City Charter and State Constitution, the Mayor is not in a position to direct the pension plans to do anything, but it was rather a request to look and see whether there would be an action that would be appropriate consistent with the Board's fiduciary duty. He stated it was a little different at the state level because in the State Constitution there is a provision where the state legislature can direct public pension plans to take certain actions consistent with their fiduciary duty. However, there is no such power within the City. Ms. Coffin inquired what the timeline was in getting the information. Ms. Bhatia responded the Governance Committee is scheduled to meet November 6.

Commissioner Hogan-Rowles emphasized the need to come to a speedy determination and keep the goal in focus. She noted Attorney Joe Wyatt was coming back before the Committee with recommendations regarding the fiduciary issues. Attorney Manning commented the Committee and the Board must always keep in mind its fiduciary obligation to the fund in whatever action they take. Commissioner Hogan-Rowles responded the reason Attorney Wyatt was brought in was to make sure the Committee and Board were not shirking their fiduciary responsibility. Ms. Bhatia mentioned that she previously stated the investments in Sudan was less than \$2 million; however, she wanted to remind the Board those investments are in commingled funds. She added the commingled funds are about \$66 million for each fund.

Mr. Vazquez inquired if staff had enough direction as to what they are being asked to do or did they need something more in writing. Ms. Bhatia responded that staff was clear on what they need to do for the next meeting.

Mr. Moore noted that Attorney Manning indicated the City Attorney was drafting a package for ultimate Council and Mayor approval that would include indemnifications of the Boards should they proceed in this path. Attorney Manning responded this was correct and the City Attorney's Office would be requesting help with a few of the preliminary statements. He stated the meat of the indemnification provision had been drafted, but still needed some input on the risk side. Mr. Moore inquired when Attorney Manning anticipated this going before Council. Attorney Manning stated he had no idea and had no information on the process.

Mr. Vazquez moved the Board approve and adopt the recommendation made by the Governance Committee. Seconded by Mr. Canzano and carried unanimously after the

following vote:

Ayes: Romero, Coffin, Canzano, Moore, Hogan-Rowles, and Vazquez
Nays: None

10. Retirement Plan Manager's Comments
a) PensionGold Project Progress Report

Ms. Bhatia informed the Board there was a memo included in the Board package indicating the outstanding issues regarding the PensionGold project.

Ms. Bhatia reported the Retirement Office was moving ahead with the filling of the various positions on the personnel side. She stated there was a space issue as far as where the people hired would be placed for the computerization project, but they have identified vacant space and are working with the General Manager's Office to make sure this space is made available.

Ms. Bhatia stated the insurance provisions are being dealt with by Mr. Neaman (Risk Manager) and the representative of LRS. She stated a conference call has been planned with LRS to sort out the remaining pending items, in particular the start date of the projects. Ms. Bhatia informed the Board she would continue to provide them with updates. President Romero commented the other two City pension plans, as part of their real estate allocation, were looking at possibly purchasing a building. He inquired where this stands and if PCA was advising them on their real estate investments. Ms. Bernstein responded that PCA does work with the other two pension plans but not regarding real estate. Ms. Bhatia stated the last time she spoke with the General Managers of the Fire and Police Pension Plan and LACERS, it was her understanding they had hired a consultant to identify land where the building would be built. Attorney Manning indicated nothing had been finalized and they are still in negotiations with the consultant. President Romero explained the reason for his inquiry is because DWP is renting space and paying the owner of a building when they could be paying into the Plan. Ms. Bhatia stated she could bring this issue back as an agenda item for further discussion

b) General Items

The next item was a closed session and the audience was requested to leave.

The Board meeting was adjourned at 10:12 a.m.

JAVIER ROMERO
President

SANGEETA BHATIA
Secretary

KAWANA KEY
Recording Secretary

