

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

MINUTES – August 1, 2007

Present:

Javier Romero	President
Eugene K. Canzano	Board Member
Michael Moore	Retiree Member
Cindy Coffin	Board Member
Forescee Hogan-Rowles	Commissioner

Absent:

Ronald Deaton	General Manager
Ron Vazquez	Chief Financial Officer

Others Present:

Sangeeta Bhatia	Retirement Plan Manager
Monette Carranceja	Assistant Retirement Plan Manager
Paul Palmer	Chief Investment Officer
Irene Colón Gonzalez	Recording Secretary
Sarah Bernstein	Pension Consulting Alliance
Mike Wilkinson	Deputy City Attorney

President Romero called the meeting to order at 10:16 a.m. after the Pledge of Allegiance.

[Pledge of Allegiance]

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

PUBLIC COMMENTS

President Romero recognized new Retirement Plan Office Staff members: Delia Orozco, Gervaise Estrada, George Cho, Mary Higgins and Paul Palmer.

President Romero inquired if there were any public comments. Mr. Joseph Strafford, DWP employee, came forward and expressed his concerns regarding the SRP program of 1998. He stated during this time they were offered to participate in a “two-for-one” program for people to remain employed. He stated he believed there were numerous employees who received this, but should not have and numerous employees who were denied this opportunity. Mr. Strafford added he believed there was a group of people who were not allowed to make that choice and their names were placed on a list that showed they denied the two-for-one and opted for the money. He stated his name is on that list, but he was never given the opportunity to make that choice. Mr. Strafford stated

the SRP program was designed to allow employees to retire at 50/30 and many of them were able to retire with only ten to twelve years of service.

President Romero stated Staff would look into this and contact Mr. Strafford.

- 16. CLOSED SESSION – CONFERENCE WITH LABOR NEGOTIATORS – Pursuant to California Government Code § 54957.6, the Board will meet in closed session with its labor negotiators concerning labor negotiations with the following employee bargaining representatives:**
- **Management Employees Association (MEA)**
 - **Association of Confidential Employees (ACE)**
 - **Local 18, International Brotherhood of Electrical Workers**
 - **Local 347, Service Employees International Union**
 - **Load Dispatchers Association**

Item 16 was taken out of order. Item 16 was a closed session item and the audience was requested to leave the Board room. The meeting reconvened at 10:46am. President Romero stated no action was taken during the closed session.

- 1. Approval of Board Minutes:**
 - a) **April 4, 2007 (Regular Board Meeting)**
 - b) **May 2, 2007 (Regular Board Meeting)**
 - c) **May 16, 2007 (Regular Board Meeting)**
 - d) **June 6, 2007 (Regular Board Meeting)**
 - e) **June 20, 2007 (Regular Board Meeting)**
- 2. Termination from Monthly Rolls as of July 2007:**
 - 08-01 Retirement Resolution for July 2007**
 - 08-02 Resolution terminating Brian Chikuami from the August 2007 Family Death Benefit Roll (attained 18 years of age)**
 - 08-03 Resolution terminating Beethel Beasley, Alyce Hanson and Mary C. Wilson from the August 2007 Survivorship roll as a result of their deaths**
 - 08-04 Resolution terminating Harriette F. Dommes and Lorraine Hinojosa from the July 2007 Survivorship Roll as a result of their death**

Attorney Wilkinson requested that the minutes of the April 4, 2007 Regular Board meeting show that the discussion related to Item 6 was held during open session.

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

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

- 3. Report of Payment Authorizations as of June 2007**
- 4. Notice of Deaths for June 2007**
- 5. Report on Status of Insurance as of July 24, 2007**

6. **Summary Investment Returns as of June 30, 2007**
 - a) **Market Value of Investment by Fund and Month as of June 30, 2007**
 - b) **Market Value of the Retirement, Death & Disability Funds and Retiree Health Care Fund as of June 30, 2007**
 - c) **Investment Returns as of June 30, 2007**
7. **Report on the Summer Legal Education Conference of the National Association of Public Pension Attorneys (NAPPA)**

Ms. Coffin inquired if the date of "June 2006" (Payment Authorization No. DB 07-342) should have been "June 2007". Ms. Bhatia responded in the affirmative.

Mr. Canzano moved items 3-7 be received and filed with the noted change. Seconded by Ms. Coffin and carried unanimously after the following vote:

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

8. **PCA's private equity performance review and recommendations regarding reporting of monthly private equity returns and methodology and possible action**

Ms. Sarah Bernstein and Mr. Tad Ferguson of PCA approached the Board table. President Romero recognized the representatives of PCA.

The representatives provided the private equity performance review and provided the following recommendations regarding the reporting of the monthly private equity returns and methodology:

- The quarterly performance monitoring objective will be the Cambridge Associates U.S. Private Equity Index and the Cambridge associates U.S. Venture Capital Index, blended at an 85%/15% mix of private equity/venture capital.
- The long-term (5-10 years) expected performance objective of the Private Equity Program shall be the return of the Russell 3000 Index plus a 300 basis point risk premium.
- The Private Equity Program's absolute performance objective over the long term is 15% net of fees internal rate of return (IRR), since inception.

Discussion ensued. No action was taken.

9. Private Equity Strategy update by PCA

PCA gave an update of the private equity strategy and explained there were no major changes and they were recommending no future changes in either the strategy or the policy. No action was taken.

08-05 10. Recommendation and discussion by PCA of the Russell Index reconstitution (capitalization banding and BDIs) including an update to WPERP's Investment Policy and possible action

PCA recommended updating the Plan's investment policy to both restrict the purchase of ADR's for domestic equity mandates and to allow the purchase of Benefit Driven Incorporations (BDI's) to better align the policy with the recent reconstitution of the Russell family of indices. Staff concurred with the recommendation.

Mr. Canzano moved approval of Resolution 08-05. Seconded by Mr. Moore and carried unanimously after the following vote:

Ayes: Romero, Coffin, Canzano, Hogan-Rowles and Moore

Nays: None

11. Update and discussion regarding the RFP process for securities monitoring and litigation by the City Attorney

The Board received an update on the Request for Proposal (RFP) for outside counsel law firms to provide expert legal advice and services in securities monitoring and litigation for the three City of Los Angeles pension plans. It was explained that an evaluation group for this RFP consisting of representatives of the City Attorney's office and each of the City pension plans was formed. Of the fifteen respondents, the evaluation group has decided to give further consideration to nine of the law firms. After interviewing each of the remaining nine law firms the evaluation group will make a recommendation as to which firms should receive contracts to serve on the panel. At the time of the Board meeting, it was unclear as to how many firms will be recommended to form the panel.

.No action was taken.

08-06 12. Discussion of recommendation by the Governance Committee of Policy and Resolution relative to investments in Sudan and general update on holdings in Sudan and possible action

Item 12 was discussed and it was noted that Resolution 08-06 was approved during the August 1, 2007 Governance Committee/Special Board meeting.

13. Discussion regarding preparation of minutes

After much discussion, it was agreed that the minutes would be a summary of each item and would record any action taken. A compact disc of each meeting would also be given to each Board Member.

14. Retirement Plan Manager's Comments

- a) **DWP Plan Newsletter for Retirees (July 1, 2007)**
- b) **General Items**

Ms. Bhatia provided information on the following:

- An overview regarding recent negative events surrounding a portfolio holding in Sowood Capital Management via Hedge Fund Manager Aetos Capital. Board Members were informed that a representative from Aetos Capital would be making a presentation to the Board at the next meeting.
- Status of the new computerized system. Board was informed that the active member module is expected to be in place in April of 2008.
- Status of contract with Buck Consultants. Noted the contract for Buck Consultants, the Plan's new actuary, was complete and informed the Board a "kick-off" meeting was scheduled to begin the new valuation for this year.
- Notified the Board that the Controller's Office is conducting an RFP process to hire a consultant to conduct a management audit of our pension plan per City Charter Section 1112 requirements. Noted during this process the Board Members will be interviewed. Stated an audit had already been conducted for the other two City pension plans and a draft report prepared.

15. Future agenda items

Commissioner Hogan-Rowles left the Board meeting at 12.05 p.m.

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

JAVIER ROMERO
President

SANGEETA BHATIA
Secretary

IRENE COLÓN GONZALEZ
Recording Secretary