

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

**MINUTES – October 17, 2007**

**Present:**

Javier Romero	President
Michael Moore	Retiree Member
Cindy Coffin	Board Member
Ron Vazquez	Chief Financial Officer
Eugene K. Canzano	Board Member

**Absent:**

Ronald Deaton	General Manager
Forescee Hogan-Rowles	Commissioner

**Others Present:**

Sangeeta Bhatia	Retirement Plan Manager
Mary Higgins	Assistant Retirement Plan Manager
Paul Palmer	Chief Investment Officer
Irene Colón Gonzalez	Recording Secretary
Neil Rue	Pension Consulting Alliance
Michael Wilkinson	Deputy 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**

There were no public comments.

- 1. Approval of Board Minutes:  
September 5, 2007 (Regular Board Meeting)**
- 2. Termination from Monthly Rolls as of October 2007:  
Retirement Resolution for October 2007  
Resolution terminating Jeffrey Sparks from the October 2007 Family Death  
Benefit Roll (deceased)**

President Romero expressed a concern with members passing away and the retirement checks are continually sent because the Retirement Office has not been informed of their passing. He stated it is usually for one month because the family has not had time to notify the office, however; it concerns him as to what type of security is in place when

6 months has passed and the family is still cashing the checks. He pointed out that potentially someone could continue cashing the checks as long as they did not present a death certificate. President Romero indicated he spoke with Ms. Bhatia regarding his concern and was informed that under the new computerization project there is a feature that can detect the oldest members. He suggested researching what other pension plans are doing. Ms. Bhatia responded that staff relies on the next of kin to report deaths of members. In addition, on a quarterly basis the office receives a Pension Benefits Information Report, which includes most of the deaths that have been reported. She added that the reporting aspect is critical to the process no matter what the source. Ms. Bhatia stated this issue has been a topic of discussion within the office and possibly implementing some method of segregating members receiving pension checks that are over a certain age and requesting verification that the person is still alive. Ms. Higgins reported that staff is looking into programs, gathering examples, and looking into other systems. President Romero mentioned there have been isolated incidences of people intentionally cashing these checks. Ms. Bhatia responded that recently staff identified a couple of people cashing these checks and they are included in the report of payment authorizations in the Board package. Mr. Moore suggested also looking at younger retirees that die. He also suggested coming up with a more positive approach to family members reporting deaths in a timely manner instead of contacting members and inquiring if they are still alive.

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

Ayes: Romero, Coffin, Moore, Canzano and Vazquez

Nays: None

- 3. Report of Payment Authorizations as of September 2007**
- 4. Notice of Deaths for September 2007**
- 5. Report on Status of Insurance as of October 10, 2007**
- 6. Review of Ownership Change at Glass Lewis by PCA**
- 7. Summary Investment Returns as of September 30, 2007**
  - a) Market Value of Investment by Fund and Month as of September 30, 2007**
  - b) Market Value of the Retirement, Death & Disability Funds and Retiree Health Care Fund as of September 30, 2007**
  - c) Investment Returns as of September 30, 2007 (to be handed out at the Board Meeting)**

Mr. Moore referred to Item 5 and inquired why Northpointe's insurance was out of compliance. Mr. Palmer responded that to his knowledge that issue is being dealt with by Risk Management and the manager. Mr. Moore requested that Northpointe provide an explanation at a future Board meeting. Mr. Canzano noted that the report reflects eight managers whose insurance is not up to date. Ms. Bhatia responded that usually there is a follow up communication sent by the risk manager and staff has had to step in and call the manager. She stated one of the steps that is taken is staff does not process their payment unless their insurance is valid because it is a contract compliance issue. Mr. Vazquez informed the Board that the first draft actuarial report on the post retirement healthcare fund from The Segal Company had been received and submitted

to PCA for their input into their presentation. He stated the draft is being reviewed by the auditors. However, the actuarial accrued liability that was previously reported as \$1.7 billion was reduced to \$1.05 billion as of June 30, 2006, as a result of the new assumption going from a 6.5% discount rate to 8%. He added that it substantially reduces the contributions required by the Department.

Mr. Moore moved that the above items 3 through 7 be received and filed. Seconded by Mr. Canzano and carried unanimously after the following vote:

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

**8. Resolution to ratify the Board's action in connection with the amendment of the contract with Macias, Gini, & Connell for the audit of the Retirees' Health Care Funds.**

Mr. Vazquez moved the approval of Resolution 08-23. Seconded by Ms. Coffin and carried unanimously after the following vote:

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

**9. Retirement Plan Manager's Comments**  
**a ) General Items**

Ms. Bhatia reported that the work on the implementation of the computer system is continuing. There have been recent meetings with the Department's IT Group in connection with the Retirement Office's future needs for hardware and software for the new system. She stated the objective was that the cost associated with those, as well as the needs for those supplies, should be incorporated into next years' budget.

Ms. Bhatia stated that JEA informed staff that its office in Toronto was closed but it has nothing to do with downsizing the company and the main office still remains in Victoria.

Ms. Bhatia reported that the Retirement Office is continuing to experience significant issues with the current retirement and membership system. She stated the one page statement providing the member contributions and interest has not been issued because staff has been unable to review the ledgers and IT staff has been working on the problem. Ms. Bhatia stated staff is considering incorporating the information when it can be retrieved and folding it into the employee benefits booklet. She informed the Board that this issue has increased staff's manual workload. Ms. Bhatia explained that there are employees retiring and are in the middle of purchasing contracts in connection with previous service and have either not completed the purchase or they have completed the purchase and continue to get deducted.

Ms. Bhatia stated that at the November 7 meeting PCA's real estate group will be providing a presentation on their annual review and will be discussing and recommending changes to the current investment policy in real estate.

Ms. Bhatia indicated that staff has not heard anything back with regards to any changes in the benefit payments to the spouse of deceased member Philip Wickey. Staff is awaiting the sign off on the paperwork sent to the family in order to process at least part of the benefits. She stated staff has been told to hold off and maybe a decision would have to be made as to how to proceed once the paperwork has been sent back.

Ms. Bhatia informed the Board that the Benefits Committee meeting scheduled November 7 for Mr. Benton's case will be scheduled as a regular Board meeting with Mr. Moore being added to the panel and is for discussion purposes only.

#### **10. Future Agenda Items**

Mr. Canzano requested information on where things stand with options regarding additional annuity. He also requested staff research the plausibility of DWP members being able to purchase, not only Other Governmental Services, but also up to five years of service credit. Ms. Bhatia responded that this would call for a change to the Retirement Plan.

President Romero announced that the Board would be meeting in closed session in another conference room.

#### **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – Conference with Legal Counsel Regarding Existing Litigation – Water and Power Employees' Retirement Plan v. AOL Time Warner et al**

President Romero reported the Board took action as recommended by Counsel.

The Board meeting was adjourned at 12:21 p.m.

---

JAVIER ROMERO  
President

---

SANGEETA BHATIA  
Secretary

---

IRENE COLON GONZALEZ  
Recording Secretary