

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

**MINUTES – February 20, 2008**

**Board Members Present:**

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

**Board Members Absent:**

David H. Nahai	General Manager
Forescee Hogan-Rowles	Commissioner

**Others Present:**

Sangeeta Bhatia	Retirement Plan Manager
Mary Higgins	Assistant Retirement Plan Manager
Ramonette Carranceja	Assistant Retirement Plan Manager
Jeremy Wolfson	Senior Investment Officer
Graciella Giachetti	Acting Recording Secretary
Sarah Bernstein	Pension Consulting Alliance
Mike Moy	Pension Consulting Alliance
Neil Rue	Pension Consulting Alliance
Mary Jo Curwen	Deputy City Attorney

President Romero called the meeting to order at 9:43 a.m. after the Pledge of Allegiance.

[Pledge of Allegiance]

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

President Romero welcomed returning employee Ida Torres and new employee Josephine Herrera to the Retirement Office.

**PUBLIC COMMENTS**

There were no public comments.

1. **Approval of Minutes**
  - a) **Approval of Board Minutes of December 5, 2007 (Regular Board Meeting)**
  
2. **Termination from Monthly Rolls as of February 2008**

**Retirement Resolution for February 2008  
Resolution Terminating Patricia H. Pruitt from the January 2008 Permanent Disability Roll (deceased)  
Resolution Terminating Thelma M. Schafer from the February 2008 Survivorship Roll (deceased)  
Resolution Appointing James Campbell as Trustee for Christine Campbell, Disabled Adult**

Mr. Moore noted a correction in the Board minutes on page 1a.3 in the last paragraph to change the word "head" to "hedged".

Mr. Canzano moved adoption of the above Items 1 and 2 on consent with the aforementioned change. 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 January 2008**
- 4. Notice of Deaths for January 2008**
- 5. Report on Status of Insurance as of February 13, 2008**
- 6. Summary Investment Returns as of January 31, 2008**
  - a) Market Value of Investment by Fund and Month as of January 31, 2008**
  - b) Market Value of the Retirement, Death & Disability Funds and Retiree Health Care Fund as of January 31, 2008**
  - c) Investment Returns as of January 31, 2008**

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

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

- 7. Discussion of Recommendation to Remove Fred Alger, Large Cap Growth Domestic Equity Mandate from Watch Status and Possible Action**

President Romero recognized Sarah Bernstein of Pension Consulting Alliance (PCA).

Ms. Bernstein informed the Board members that PCA concur with staffs' report regarding the removal of Fred Alger from the watch list.

Mr. Moore motioned for the approval of Resolution 08-61 to remove Fred Alger from the watch status list. Seconded by Mr. Canzano and carried unanimously after the following vote:

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

**8. PCA's Quarterly Performance Review as of December 31, 2007**

President Romero recognized Mr. Neil Rue of PCA.

Mr. Rue presented the quarterly performance review.

**9. Annual Review of PCA's Domestic Equity Policy Structure ecommendations –Discussion and Possible Action**

Mr. Rue presented the annual review of the Domestic Equity policy structure.

President Romero inquired if PCA's recommendation was to change the current passive strategy into a more active strategy. Mr. Rue clarified that the recommendation was to shift to more active management of the domestic equity portfolio to capture higher returns with only a slight increase in risk.

**10. Annual Review of Private Equity Markets by PCA – Discussion and Possible Action**

President Romero recognized Mr. Tad Fergusson and Mr. Mike Moy of PCA. Messrs. Fergusson and Moy presented the annual review of the Private Equity markets.

**11. Annual Review of the Private Equity Strategic Plan by PCA – Discussion and Possible Action**

The PCA representatives presented an annual review of the Private Equity Strategic Plan.

Mr. Moy stated it was PCA's recommendation that the Board consider modifying the current investment policy, which is limited to investing in primary and secondary fund of funds, to allow for the consideration of investing in a direct partnership under certain conditions (such as being a top quartile manager with a track record). He stated PCA may have valuable opportunities which the current policy would prevent from being presented to the Board for consideration. Mr. Moore expressed he would not be opposed if a proper method of screening the managers were put in place. Ms. Bhatia stated if the Board wanted to revise the policy, staff should bring it back for the Board's review and provide the changes being considered and potential risks. President Romero agreed with Ms. Bhatia and suggested this be placed on the next Board agenda for discussion.

**12. Resolution to Ratify the Selection of a Panel of Outside Counsel Firms to Provide Securities Monitoring and Litigation Services to the Plan as Recommended by the City Attorney**

Ms. Bhatia stated this item concerned selection of firms in connection with securities monitoring and litigation and that a selection of these firms does not compromise the Board's ability or flexibility to hire other firms if they so choose. President Romero expressed his concern that the Board's best interest may not be represented since the Board was not a part of the selection process. Ms. Bhatia informed the Board that staff from each of the three pension plans participated in the selection process and that she, Paul Palmer and Jeremy Wolfson were part of that process.

Mr. Canzano expressed concerns with the wording of Resolution 08-60 regarding the clarity of Grant & Eisenhofer's exclusion from the list of firms due to a potential conflict of interest. Attorney Curwen suggested changing the wording to read "the four firms selected" instead of five.

Mr. Canzano moved the approval of Resolution 08-60 as amended. Seconded by Mr. Moore and carried unanimously after the following vote:

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

**13. Discussion of Audit Committee Recommendation Regarding the Annual Financial Audit for Fiscal Year 2007-2008 and Possible Action**

The Board members discussed the problems leading to the Audit Committee's recommendation to terminate the Macias, Gini & O'Connell (Macias) contract. Attorney Curwen advised that, if the Board decided to terminate the contract, the Board could contract with another auditing firm without going through a new RFP process if the Board found that it would be undesirable, impractical or impossible to go to competitive bid at this time. The Board members discussed the possibility of retaining Simpson and Simpson, an auditing firm that was a finalist in the prior RFP process. Ms. Bhatia indicated that staff had contacted Simpson and Simpson and they indicated their willingness to provide these services to the Board. Discussion ensued regarding the time constraints involved and whether this matter should go back to the Audit Committee and then come back to the Board. Attorney Curwen advised that, if the matter was not going to come back to the Board, the Board would need to authorize someone to approve and execute the contract on the Board's behalf. The Board members indicated a desire to contract with Simpson and Simpson and decided to authorize Mr. Canzano, Chairman of the Audit Committee, to approve the contract rather than bring the matter back to the Audit Committee or the full Board. Mr. Vazquez presented the following motion, seconded by Mr. Canzano and carried unanimously by all Board members present:

That the Board terminate the contract with Macias; that the Board find, due to the immediate need for an auditor, that time constraints make it impossible to go out to competitive bid at this time; that Simpson and Simpson had responded in the prior

RFP process and was a finalist; that Simpson and Simpson had indicated a willingness to provide these services to the Board; and that the Board authorized Mr. Canzano, Chairman of the Audit Committee, to approve the terms of a new three year contract with Simpson and Simpson, which contract would be executed on the Board's behalf by President Romero.

#### **14. DWP Retirement Board Newsletter – February 1, 2008**

The Board members received the February 1, 2008 DWP retiree newsletter.

#### **15. Retirement Plan Manager's Comments**

Ms. Bhatia reported on the theft of computer equipment from a DWP vendor's business premises. She stated the computer contained personal information pertaining to DWP employees. She stated, the Retirement Office informed employees by letter, that arrangements were underway with a credit monitoring service, for a period of one year, to enable employees to monitor and detect any possible misuse of their data, although, she explained that there was no reason to believe the data was misused in any manner. She stated that a call center was established to answer employees' questions, and Credit Union and Deferred Compensation staff were also notified in order to implement additional security measures. Ms. Bhatia informed the Board that security measures for other contracts will be discussed at a future Governance Committee meeting.

Ms. Bhatia announced that Mr. Paul Palmer, Chief Investment Officer, returned to Fire and Police Pensions, and the Retirement Office is in the process of filling his position.


Ms. Bhatia reported that the Board of Commissioners approved the reappointment of Mr. Moore as the Retiree Representative of the Retirement Board through June 30, 2011.

President Romero thanked staff for their hard work in handling the recent theft event. Mr. Canzano inquired if the JEA System would be capable of issuing the type of reports the vendor had provided and if it would be in place for next year's membership statements. Ms. Bhatia responded that the new system would definitely be able to produce the statements; however, the system will not be in place in time to print the 2008 statements. She stated that options would be discussed when the item is agendaized, along with other security issues.

#### **16. Future agenda items**

There were no future agenda items.

The Board meeting was adjourned at 12:00 p.m.

  
\_\_\_\_\_  
JAVIER ROMERO  
President

  
\_\_\_\_\_  
SANGEETA BHATIA  
Retirement Plan Manager

  
\_\_\_\_\_  
IRENE COLON GONZALEZ  
Recording Secretary