

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

**MINUTES – March 5, 2008**

**Board Members Present:**

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

**Board Members Absent:**

David H. Nahai	General Manager
Javier Romero	President
Ron Vazquez	Chief Financial Officer

**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
Michael Wilkinson	Deputy City Attorney

Chairman Canzano called the meeting to order at 10:12 a.m. after the Pledge of Allegiance.

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

[Pledge of Allegiance]

**PUBLIC COMMENTS**

Mr. Timothy Hemming, First Vice President of the DWP Retired Employee's Association, approached the podium. Chairman Canzano recognized Mr. Hemming and announced that Mr. Moore would be recusing himself from the public comment issue, but would remain in the room.

Mr. Hemming provided the Board members with a hand out. He explained his concern that the oldest retiree members are the furthest behind in the cost of living index and recommended the Board consider increasing adjustments to members who have been retired or survived the longest. He noted that after 1974, the adjustable amount was limited and they are now 13% behind the cost of living adjustment for that age group.

## **1. Approval of Minutes**

- a. Approval of Audit Committee Meeting Minutes of May 16, 2007**
- b. Approval of Audit Committee Meeting Minutes of June 6, 2007**
- c. Approval of Governance Committee Meeting Minutes of August 15, 2007**

Ms. Bhatia noted that revisions had been made to the June 6, 2007 audit minutes and were distributed to the Board members with the changes underlined.

Mr. Moore referred to page 1a.2 of the May 16, 2007 Audit Committee minutes and requested the word "to" be stricken. He referred to page 1c.1 of the August 15, 2007 Governance Committee minutes and inquired how the companies with holdings in Sudan in Category 2 were dealt with. Mr. Wolfson responded that letters were sent to the Category 2 firms. He stated that a sentence had been added, per the Board's direction, to read, "We would also monitor Category 2 companies and should they move to Category 1, we will enhance the list." Mr. Moore expressed his concerns that the language does not adequately state what was done. Ms. Bhatia responded that after the meeting, the letters were brought back to the Committee for review, which is when staff was directed to add the sentence.

Mr. Canzano referred to page 1a.7 of the May 16, 2007 Audit Committee minutes and noted the word "or" should be inserted between the words "labor" and "management". He then referred to page 1b.4 of the June 6, 2008 Audit Committee minutes and inquired if Ms. Bhatia's response to his question affirmed that the resolution granted was carte blanche. Ms. Bhatia responded, yes, and Mr. Canzano requested the response be rewritten to clarify that.

Mr. Moore moved adoption of the above Item 1 on consent with the aforementioned changes. Seconded by Ms. Coffin and carried after the following vote:

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

- 2. The Boston Company Asset Management's Appointment of Chief Operating Officer**
- 3. Pyramis Global Advisors Trust Company's President, Drew Lawton, Will Leave the Company**

Mr. Moore moved that the above Items 2 and 3 be received and filed. Seconded by Commissioner Hogan-Rowles and carried unanimously after the following vote:

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

- 4. Annual Performance Review Presentation as of December 31, 2007 by T. Rowe Price, Emerging Markets Investment Manager**

Chairman Canzano recognized Messrs. John Plowright, Vice President, and Todd

Henry, Vice President, of T. Rowe Price.

The T. Rowe Price representatives presented their annual performance review as of December 31, 2007.

**5. Discussion of Retirement Office Budget for Fiscal Year 2008-2009 and Possible Action**

Ms. Bhatia indicated the Board requested Item 5 be brought back so that Financial Services could review the budget. She stated that staff is in the process of providing the requested details of the variances between last year's budget and the upcoming fiscal year. Ms. Bhatia also provided the Board with a breakdown and explanation of items listed in the budget.

Mr. Moore moved for the adoption of the Retirement Office budget for fiscal year 2008-2009. Seconded by Commissioner Hogan-Rowles and carried unanimously after the following vote:

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

**6. Report on Discretionary Post Retirement Cost of Living Adjustment (COLA) and Possible Action**

Mr. Moore recused himself from this item, at 10:56 a.m., per advice from the City Attorney (Lexin case.)

Mr. Canzano stated for the record that Mr. Moore recused himself from this item because he is a retiree member, which cancelled the quorum for this item and prevented the Board from taking action. Mr. Canzano requested that, in the meantime, staff move forward and gather the necessary documents and obtain an actuarial cost of the options. Ms. Higgins explained that under the Plan provisions the Board is required to periodically review the need for a discretionary COLA. She stated the Plan also allows the Board to approve a discretionary increase within certain limitations. Ms. Higgins reported that the last discretionary COLA adopted by the Board was in 2001. Since then, the Consumer Price Index (CPI) used to determine the automatic COLA has increased by 24.1% and the retirees received 21% in increases. She stated the Board must determine whether or not to defer action on the item, or instruct staff to look at options for providing a discretionary COLA. If staff is to seek options, they must know the parameters.

Mr. Moore returned to the Board room at 11:00 a.m.

**7. Resolution to Ratify the Audit Committee Recommendation Regarding the Annual Financial Audit for Fiscal Years Ending 2008, 2009 and 2010**

Ms. Bhatia reported that at the February 20, 2008 meeting, the Board approved the termination of the existing contract with auditors Macias, Gini and O'Connell Inc. and approved entering into a new three-year contract with Simpson and Simpson, CPAs.

Commissioner Hogan-Rowles moved the adoption of Resolution 08-63 to ratify the Audit Committee's recommendation regarding the annual financial audit for the fiscal years ending 2008, 2009, and 2010. Seconded by Mr. Moore and carried unanimously after the following vote:

Ayes: Coffin, Moore, Canzano and Hogan-Rowles

Nays: None

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

Ms. Bhatia informed the Board that the Retirement Office is in need of additional short-term assistance in a number of areas. One area is in the review of the internal processes to ensure that the controls will work well once the new computerization system is implemented. She stated assistance will also be needed in the scanning of the documents.

Ms. Bhatia also reported on staffing and filling vacancies within the Retirement Office.

Ms. Bhatia reported that the management audit with Independent Fiduciary Services (IFS) will begin with the initial entrance conference the following week, which President Romero would also be attending. She explained subsequent meetings will be scheduled for May, and it was unknown at this time if Board members will be involved or just the Retirement Office staff.

Ms. Bhatia stated that staff attended the Board of Commissioners meeting to answer questions regarding the computer theft issue. She added that the computer theft issue will be agendized at a future Retirement Board meeting to discuss additional information and issues.

## **9. Future Agenda Items**

There were no future agenda items.

The Board meeting was adjourned at 11:16 a.m.



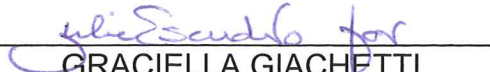
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JAVIER ROMERO  
President



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SANGEETA BHATIA  
Retirement Plan Manager



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GRACIELLA GIACHETTI  
Acting Recording Secretary