

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

MINUTES

APRIL 16, 2008

Board Members Present:

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

Board Members Absent:

David H. Nahai	General Manager
----------------	-----------------

Others Present:

Sangeeta Bhatia	Retirement Plan Manager
Ramonette Carranceja	Assistant Retirement Plan Manager
Jeremy Wolfson	Investment Officer II
Julie Escudero	Recording Secretary
Sarah Bernstein	Pension Consulting Alliance
Michael Wilkinson	Deputy City Attorney

President Romero called the meeting to order at 9:55 a.m. after the Pledge of Allegiance.

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

1. Approval of Minutes

- a) **Approval of Regular Meeting Minutes of January 16, 2008**
- b) **Approval of Audit Committee Minutes of January 16, 2008**
- c) **Approval of Regular Meeting Minutes of March 19, 2008**
- d) **Approval of Special Meeting Minutes of March 19, 2008**

Mr. Moore referred to page 1b.2 and the quote from the Auditor's letter that read, "Management reviews and accepts the financial statements on a due level of reliance..." He suggested it should read as "Management reviews and accepts the financial statements on an undue level..."

Mr. Canzano expressed concern on page 1c.5, paragraph four, and stated that while he agreed the paragraph was true, he would like the minutes to reflect that we did not want to reward the lesser performer at the cost of the better performer.

**2. Termination from Monthly Rolls as of April 2008
Retirement Resolution for April 2008**

Resolution Revoking Sylvia Radel as Trustee for Casaundra J. Alcantar, Eligible Child of Jason D. Rodriguez (Deceased) and Appointing Katrina Alcantar as New Trustee

Resolution Appointing Elaine Campbell as Trustee for Mary E. Flood, Eligible Spouse of Nicholas T. Flood (Deceased)

Resolution Terminating Sandra D. Mercado and Mark Valdez from the May 2008 Death Benefit Roll (Attained 18 Years of Age)

Resolution Terminating Helen F. Sale from the April 2008 Survivorship Roll as a Result of Her Death

Resolution Terminating Helen O. Gove from the April 2008 Survivorship Roll as a Result of Her Death

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

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

Nays: None

PUBLIC COMMENTS

President Romero welcomed new employees Ana Maria Mesa-Mahan, Elizabeth Arnold, Melissa La, Brittany Cotton and Jorge Coldivar to the Retirement Office. He also acknowledged the appointment of Mercedes Fields to the Death and Disability Section.

3. Report of Payment Authorizations for March 2008

4. Notice of Deaths for March 2008

5. Report on Status of Insurance as of March 31, 2008

6. Summary Investment Returns as of March 31, 2008

a) Market Value of Investment by Fund and Month as of March 31, 2008

b) Market Value of the Retirement, Death and Disability Funds and Retiree Health Care Fund as of March 31, 2008

c) Investment Returns as of March 31, 2008

7. Pyramis Announcement of Change in Portfolio Management Team in Japan

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

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

8. Discussion of Post Retirement Discretionary COLA and Possible Action

Mr. Moore recused himself from the Board meeting at 10:12 a.m., in accordance with advice from the City Attorney per the Lexin case, due to a potential conflict of interest as the Board's retiree member.

President Romero recognized Mr. Timothy Hemming, First Vice President of the DWP Retired Employee's Association.

Mr. Hemming thanked the Board for reviewing the cost of living adjustment (COLA) for retirees. He distributed a statement, on behalf of the Retirees' Association, which recommended the Board adopt Option Three. He explained the Association believed Option Three best addressed their concerns as it would reduce the COLA banks of all retirees, except for those most recently retired, to 3.1%.

Ms. Bhatia stated the Board is required to review the COLA banks every three years and explained that because the last review occurred in 2001, the Board instructed Staff to develop options for a discretionary COLA with the objective of increasing the purchasing power of retirees. Ms. Bhatia summarized the three options listed on page 8.3, and stated Staff believed Option Two met the objective.

President Romero agreed and stated Option Two would provide all retirees with at least 90% purchasing power, and he recommended another review occur at the appropriate time.

In response to questions by Members Hogan-Rowles and Canzano regarding the frequency of review on this matter, Ms. Bhatia explained the Plan stipulates the Board should review COLA banks every three years, but staff can monitor it in the meantime.

Mr. Vazquez moved to adopt Option Two. Seconded by Commissioner Hogan-Rowles and carried unanimously after the following vote:

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

Mr. Moore returned to the Board meeting at 10:22 a.m.

9. Annual Review of Hedge Fund of Funds Portfolio by PCA – Discussion and Possible Action

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

Ms. Bernstein reported that overall, the Fund of Funds program was doing very well given the short amount of time it has been in place. Despite the current volatility of the market, Ms. Bernstein indicated the current managers, Aetos and PAAMCO, have had no disruptions and are still stable. She recommended both managers continue in the program.

10. Retirement Plan Manager's Comments

Ms. Bhatia reported on the following items:

- Ms. Bhatia attended the Audit Committee Meeting of the Board of Water and Power Commissioners where the Disability Audit report was presented. The report covered the period of July 1, 2005, to June 30, 2007, and had no findings and the fund was working per its objectives. She added that a copy of the report was available for review.
- The Retirement Staff was working to fill vacancies created by transfers, promotions, and retirements.
- Barker Khorasane, the newly hired consultant, was examining current processes to determine what changes may be necessary to implement the new Retirement System.
- James Evans and Associates (JEA) provided staff with a list of completed tasks. The first phase was expected to be underway by the third week of May. Staff was preparing for the testing that will take place during the first phase.

In response to a question from President Romero regarding JEA's ability to provide a summary of contributions, Ms. Bhatia indicated the possibility of providing a limited report may exist. She added that staff may be able to provide a simple statement of member contributions and interest through the new system.

Independent Fiduciary Services (IFS) was hired by the Controller's Office to conduct the Management Audit, and they will be introduced to the Board at the first meeting in May.

In response to an inquiry from Mr. Canzano, Ms Bhatia reported no new updates had been received regarding the plan amendment on death benefits pertaining to employees killed on duty.

In response to a question from Mr. Canzano regarding additional annuity distribution options, Ms. Bhatia stated that a meeting with Labor Relations was pending.

11. Future Agenda Items

No future agenda items were requested.

The Board meeting was adjourned at 10:35 a.m.



JAVIER ROMERO
President



SANGEETA BHATIA
Retirement Plan Manager



JULIE ESCUDERO
Recording Secretary