

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

**MINUTES**

**JANUARY 9, 2013**

**Board Members Present:**

Javier Romero, President  
Cindy Coffin, Vice President  
Mario Ignacio, Chief Accounting Employee  
Barry Poole, Regular Member  
Robert Rozanski, Retiree Member

**Board Members Absent:**

Ronald O. Nichols, General Manager  
DWP Commissioner - Vacant

**Staff Present:**

Jeremy Wolfson, Chief Investment Officer  
Monette Carranceja, Assistant Retirement Plan Manager  
Mary Higgins, Assistant Retirement Plan Manager  
Julie Escudero, Utility Executive Secretary

**Others Present:**

Marie McTeague, Deputy City Attorney

President Romero called the meeting to order at 9:01 a.m.

Mr. Wolfson indicated a quorum of the Board was present.

**Public Comments**

Ms. Escudero stated no public comments were received.

**1. Approval of Minutes**

- a) **November 28, 2012, Regular Meeting**
- b) **December 12, 2012, Regular Meeting**

**2. Termination from Rolls - Monthly Allowance from the December 2012 Retirement Roll**

*Mr. Rozanski moved that the Board approve Items 1 and 2; seconded by Mr. Ignacio.*

*Ayes: Coffin, Ignacio, Poole Romero, Rozanski*

*Nays: None*

*Absent: Nichols*

*THE MOTION CARRIED.*

**3. Report of Payment Authorizations for November 2012**

**4. Notice of Deaths for November 2012**

**5. Investment Reports for November 2012**

- a) **Summary of Investment Returns as of November 30, 2012**
- b) **Market Value of Investments by Fund and Month as of November 30, 2012**
- c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of November 30, 2012**
- d) **Summary of Contract Expirations**

## **6. Report on Status of Insurance as of December 7, 2012**

Mr. Romero called for comments on Items 3 through 6, at which time Staff noted the subject line of Staff's memo for Item 4 was submitted as "Report of Payment Authorizations for December 2012"; however, it should read "Report of Payment Authorizations for **November** 2012" as shown on the agenda.

*Mr. Rozanski moved that the Board accept Items 3 through 6; seconded by Ms. Coffin.*

*Ayes: Coffin, Ignacio, Poole Romero, Rozanski*

*Nays: None*

*Absent: Nichols*

*THE MOTION CARRIED.*

## **7. Discussion of Private Equity Investment Opportunity**

Mr. Wolfson introduced this item regarding an investment opportunity in Silver Lake Partners IV, L.P. He noted Silver Lake Partners is a technology investment firm with a target of \$7.5 billion for this fund.

Tad Fergusson with Pension Consulting Alliance, Inc. (PCA), the Plan's private equity consulting firm, provided background information on Silver Lake Partners and described the investment opportunity. He explained the fund's strategy is to target larger transactions in the technology and technology-enabled sector with attractive growth potential. He highlighted the advantages and concerns with this opportunity. He noted the firm has generated pleasing results with its previous funds, and PCA believes Fund IV is an attractive strategy with a strong team, good performance, and acceptable terms and conditions. He stated PCA is recommending the Board commit \$25 Million from the Retirement Fund and \$5 Million from the Health Fund to this opportunity.

*Before the representative from Silver Lake Partners spoke, Mr. Romero briefly paused discussion of Item 7 and reopened Public Comments.*

### **Public Comments**

Mr. Romero introduced Tiffany He, the new Utility Accountant in the Retirement Office.

### **7. Private Equity Investment Opportunity – Continued**

Jim Davidson, co-founder, managing partner, and managing director of Silver Lake Partners, provided a more comprehensive review of this opportunity, which included an overview of the firm and more details of the Silver Lake Partners IV opportunity. He spoke about the firm's team, their performance, and Silver Lake's standing in the technology investment universe. He also described their investment strategy and philosophy and noted they look for value, growth, and trends in the technology sector that provide fundamental, five to ten year positive returns with low risk and an attractive entry price. He concluded by saying he believes Silver Lake IV is positioned well for success, and they will do their best to protect the Plan's investment and provide an attractive return regardless of the market cycle.

Mr. Romero commented on the number of females on Silver Lake's team. Mr. Davidson acknowledged Mr. Romero's comment and stated Silver Lake tries to comply with the industry's best practices and guidelines as best as possible.

*Mr. Rozanski moved that the Board approve Resolution No. 13-44 to invest in Silver Lake Partners IV, L.P. Fund; seconded by Mr. Ignacio.*

*Ayes: Coffin, Ignacio, Poole Romero, Rozanski  
Nays: None  
Absent: Nichols*

*THE MOTION CARRIED.*

#### **8. Discussion of Possible Contract Extension for JP Morgan Investment Management, Inc., Core Fixed Income**

Mr. Wolfson provided the background for this item which recommended the Board extend the contract with JP Morgan Investment Management, Inc., for an additional three years to manage the Plan's Core Fixed Income mandate.

*Mr. Rozanski moved that the Board approve Resolution No. 13-45 to extend the JP Morgan contract for three years; seconded by Mr. Ignacio.*

*Ayes: Coffin, Ignacio, Poole Romero, Rozanski  
Nays: None  
Absent: Nichols*

*THE MOTION CARRIED.*

#### **9. Discussion of Possible Contract Extension for T. Rowe Price Associates, Inc., Large Cap Growth**

Mr. Wolfson provided the background for this item which recommended the Board extend the contract with T. Rowe Price Associates, Inc., for an additional three years to manage the Plan's Large Cap Growth mandate.

*Mr. Rozanski moved that the Board approve Resolution No. 13-46 to extend the T. Rowe Price contract for three years; seconded by Mr. Ignacio.*

*Ayes: Coffin, Ignacio, Poole Romero, Rozanski  
Nays: None  
Absent: Nichols*

*THE MOTION CARRIED.*

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

Mr. Wolfson reported that at the first meeting of the new year, Retirement Plan Manager Sangeeta Bhatia usually reviews the accomplishments and challenges from the previous year, and she will provide that review at the next meeting.

He reported Retirement Office staff has implemented the tax reporting functionality in the Integrated Pension System (IPS), so the 1099s for 2012 will be issued from IPS for the first time. He stated Linda Le, Will Feng, and the Systems staff were very instrumental in making this happen. He noted Staff is now focused on processing the death benefits from IPS.

Mr. Wolfson reported Retirement Office staff from the Membership Section, with support from the Retirement Section Staff, has eliminated the backlog of retirement estimates by using a modified method of providing estimates then directing members to online resources for more exact estimates.

**11. Future Agenda Items**

None requested at this time.

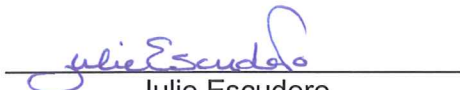
There being no further business, the meeting adjourned at 9:42 a.m.

  
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Javier Romero  
Board President

2/13/13  
Date

  
\_\_\_\_\_  
Sangeeta Bhatia  
Retirement Plan Manager

2/13/13  
Date

  
\_\_\_\_\_  
Julie Escudero  
Utility Executive Secretary

2.13.13  
Date