

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

**MINUTES**

**July 23, 2014**

**Board Members Present:**

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

**Board Members Absent:**

Mel Levine, DWP Commissioner  
Marcie L. Edwards, General Manager

**Staff Present:**

Mary Higgins, Interim Retirement Plan Manager  
Monette Carranceja, Assistant Retirement Plan Manager  
Carlo Manjikian, Sr. Investment Officer  
Mary E. Alvarez, Utility Executive Secretary

**Others Present:**

Marie McTeague, Deputy City Attorney

Mr. Romero called the meeting to order at 9:05 a.m.

Ms. Higgins stated a quorum of the Board of Administration (Retirement Board) of the Water and Power Employees' Retirement Plan (Plan) was present.

**Public Comments**

Mr. Romero introduced Retirement Office employees Riza Mulawin, who was hired to the classification of Management Analyst, and Kenny Cheung, who was hired to the classification of Clerk Typist both in the Retirement and Death Section of the Benefits Group.

- 1. Approval of Minutes of the January 22, 2014, Regular Meeting**
- 2. Termination from Rolls**
  - a) Termination of Monthly Allowance from the July 2014 Retirement Roll**
  - b) Termination of Calvin Ray Cotton from the May 2014 Permanent Total Disability Roll**
  - c) Termination of Lucrecia Segundo from the May 2014 Permanent Total Disability Roll**
  - d) Termination of Michael Malley from the July 2014 Permanent Total Disability Roll**

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

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

- 3. Report of Payment Authorizations for June 2014**

- 4. Notice of Deaths for June 2014**

## **5. Summary of Contract Expirations**

## **6. Report on Status of Insurance as of July 11, 2014**

*Mr. Rozanski moved that the Board approve Items 3 through 6; seconded by Mr. Ignacio.*

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

Mr. Romero requested an update at the next meeting on insurance requirements for Vontobel, Landmark, and Oak Tree.

## **7. Discussion of Retirement Plan Manager Selection Process**

Ms. Carranceja reported that Resolution No. 14-91 was continued from the June 25, 2014, Retirement Board meeting to allow sufficient time for all Retirement Board members to review the advice from the City Attorney and to allow staff to revise the resolution as requested by the City Attorney.

*Mr. Rozanski moved that the Board approve Resolution No. 14-91; seconded by Mr. Ignacio.*

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

## **8. Discussion of Request for Proposal Responses for the Global Credit/Global High Yield Mandate**

Mr. Manjikian presented the report to recommend the Retirement Board select the highest scoring six firms to be interviewed for the global credit/global high yield mandate within the fixed income asset class. He also stated details of the RFP.

Mr. Colin Bebee of Pension Consulting Alliance, Inc. (PCA), presented the preferred criteria summary, score summary of the candidates, and PCA's recommendation of the interview finalists.

*Mr. Rozanski moved that the Board approve Board Agenda Item No. 8; seconded by Mr. Ignacio.*

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

## **9. Discussion of Request for Proposal for the Commission Recapture Mandate**

Mr. Manjikian presented the report to recommend the Retirement Board interview Abel/Noser Corp. Northern Trust Securities, and Russell Implementation Service for the Commission Recapture program. He stated the Commission Recapture Program allows the Plan to "recapture" a portion of the commissions paid to participating brokers in the program.

Mr. Bebee stated that PCA recommends all three commission recapture service providers that responded to the RFP be selected as finalists to be interviewed.

*Mr. Rozanski moved that the Board approve Board Agenda Item No. 9; seconded by Mr. Ignacio.*

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

#### **10. CLOSED SESSION PURSUANT TO GOVERNMENT SECTION CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF ONE PARTICULAR, SPECIFIC PENSION FUND INVESTMENT**

The Item was held to later in the meeting.

#### **11. Annual Trading Cost Analysis Review – Presentation by Zeno Consulting Group**

Mr. Manjikian introduced Warren Chung of Zeno Consulting Group. Mr. Chung reported on the Annual Trading Cost Analysis review including the firm's overview and structure. He reported specifically on equity trade cost analysis, market environment and trends, high frequency trading, and market review. He also discussed the External Equity portfolio's trading volumes and participation rates stating trading volume for the aggregate fund was slightly higher over the prior year. Gross commission expenditures also increased slightly. Annualized turnover rates were generally stable at 45% of assets. The total costs for the Plan in aggregate increased slightly.

#### **12. Presentation by Pension Consulting Alliance, Inc. – 2013 Fourth Quarter Private Equity Performance Report**

Mr. Tad Ferguson and Mike Moy, PCA, presented the Plan's Private Equity Portfolio. Mr. Ferguson stated the portfolio had \$290.5 million in commitments across 13 partnerships. Mr. Ferguson also stated approximately 69% of commitments had been drawn down, with \$84.4 million returned in the form of distributions with a remaining market value of \$170.2 million as of the end of the fourth quarter in 2013. This resulted in an internal rate of return since inception of 9.5% and an investment multiple of 1.3x.

#### **13. Reports for Reference - Summary of Investment Returns as of May 31, 2014**

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

Ms. Higgins advised the Retirement Board on the following:

- Northern Trust Contract – Anticipate transition of funds on September 2, 2014.
- Insurance – In discussion with the New Risk Manager on alternatives for insurance requirements of contractors. Anticipate options will be presented to the Retirement Board in late August or September.
- Computer Tablets – Final decision delayed until October
- Staffing – Working toward filling a number of vacant positions as soon as possible.

In response to an inquiry from Mr. Poole regarding the selection process for the Retirement Plan Manager position, Mr. Ignacio advised that he had spoken to Ms. Edwards and she stated that she anticipated having a committee-based approach for the selection process.

Ms. Higgins updated on the timeline stating that the Personnel Department was still in the civil service process and they anticipate civil service interviews sometime in the second half of August.

**15. Future Agenda Items**

There were no requests for future agenda items.

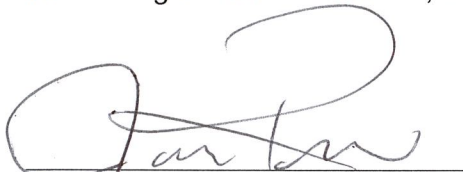
The Board met in Closed Session at 10:14 a.m. to discuss the following:

**10. CLOSED SESSION PURSUANT TO GOVERNMENT SECTION CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF ONE PARTICULAR, SPECIFIC PENSION FUND INVESTMENT**

The Board reconvened in Open Session at 10:19 a.m.

Discussion ensued regarding clarification of the Retirement Board's request for information from the City Attorney on the Retirement Board's authority in the preliminary processes for selection of the Retirement Plan Manager.

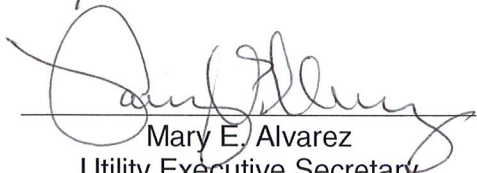
There being no further business, the meeting adjourned at 10:21 a.m.

  
\_\_\_\_\_  
Javier Romero  
Board President

11/21/15  
Date

  
\_\_\_\_\_  
Mary C. Higgins  
Interim Retirement Plan Manager

11/21/15  
Date

  
\_\_\_\_\_  
Mary E. Alvarez  
Utility Executive Secretary

11/21/15  
Date