

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

**MINUTES**

**October 22, 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:**

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

**Staff Present:**

Mary Higgins, Interim Retirement Plan Manager  
Monette Carranceja, Asst. Retirement Plan Manager  
Jeremy Wolfson, Chief Investment Officer

**Others Present:**

Marie McTeague, Deputy City Attorney

Mary E. Alvarez, Utility Executive Secretary

Mr. Romero called the meeting to order at 9:00 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**

Ms. Alvarez stated no requests for public comment were received.

Mr. Romero introduced Retirement Office employees Fahad Haider, who was hired to the classification of Investment Officer in the Investments Section, and Clarissa Segovia, who was hired to the classification of Clerk Typist in the Administration Section.

- 1. Termination of Monthly Allowance from the October 2014 Retirement Roll**
- 2. Report of Payment Authorizations for September 2014**
- 3. Notice of Deaths for September 2014**
- 4. Report on Status of Insurance as of September 17, 2014**
- 5. Investment Reports for September 2014**
  - a) Summary of Investment Returns as of September 30, 2014**
  - b) Market Value of Investments by Fund and Month as of September 30, 2014**
  - c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of September 30, 2014**
  - d) Summary of Contract Expirations**
- 6. Third Quarter 2014 Benefits Group Workload Statistics**

*Mr. Rozanski moved that the Board approve Items 1 through 6; seconded by Mr. Ignacio.*

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

## **7. Discussion of Proposed Changes to Insurance Requirements for Contracts Issued by the Retirement Board**

Ms. Higgins introduced Michael Salazar, Risk Manager, who had previously provided a presentation to the Retirement Board at its meeting of August 27, 2014, regarding potential changes to the insurance requirements for the Plan contractors. She stated that the Retirement Board requested Mr. Salazar review the Plan's current insurance requirements and provide recommendations.

Mr. Salazar presented findings from his review of the Plan's current insurance requirements after conducting a survey of the Plan contractors, and after review of the insurance requirements for the Los Angeles City Employees' Retirement System (LACERS) and Los Angeles Fire and Police Pension System (LAFPP).

Mr. Salazar advised that an effective way to provide protection for the Plan is through the contract provisions rather than the insurance requirements. He recommended that staff work with the Risk Manager to determine the types and amounts of insurance that will be required in a contract on a case-by-case basis, for incorporation in the Request for Proposal.

Detailed discussion ensued regarding insurance coverage, requirements, and definitions. Ms. McTeague stated that the current insurance process had been in place since the last Risk Manager was in office, approximately 2004, and advised there was no legal requirement that the insurances be in place.

The Retirement Board directed that the item be held for further review to determine ramifications of changing the insurance requirements. The Retirement Board requested that staff provide an educational piece including past losses, past cases, additional background, and review of the industry as a whole, for a broad and deeper discussion. Mr. Romero requested that the general contractor be included in the discussion. Mr. Rozanski requested that staff provide a report of the Plan's current investment managers and their current insurances and levels of insurance coverage. Mr. Ignacio also requested staff include the number of firms turned-away due to insurance coverage requirements.

## **8. Continued from August 27, 2014, Discussion of Proposed Plan Amendments**

Ms. Higgins reported on the proposed Plan amendments and requested to approve the amendments "in concept" to allow staff to forward the proposed amendments to the Department's Labor Relations Section to begin the meet and confer process. Simultaneously, authorization of funding to allow staff to have the actuary provide the necessary cost studies that would need to accompany a Plan amendment.

### **c) Actuarial Factors Used to Calculate Optional Benefits and the Interest Crediting Rate Applied to Member Contribution Accounts**

Discussion ensued regarding the request to approve in concept the Plan amendment to align the Regular Rate of Interest to the Assumed Investment Rate of Return used in the annual actuarial valuation of the Plan. Mr. Romero and Mr. Poole agreed that the process should not be automated, and staff should return to the Retirement Board for presentation of the results of the meet and confer process and consideration of a Plan amendment.

*Mr. Rozanski moved that the Board approve Item No. 8c to align the interest crediting factors consistent with the actuarial report and move through the meet and confer process and return to the Retirement Board to present findings and resolution; seconded by Ms. Bogin.*

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

It was later clarified by Ms. Higgins that the Board was approving to: 1) align the regular rate of interest to the assumed investment rate of return; and 2) align the actuarial factors used to calculate benefit options with the factors used in the annual actuarial valuation

Mr. Romero concurred.

**a) Eliminate the Reserve for Investment Gains and Losses**

Discussion ensued regarding the request to approve the Plan amendment to eliminate the Reserve for Investment Gains and Losses. Mr. Poole stated his preference to continue to receive the report and; therefore, maintain it in the Retirement Board's jurisdiction.

*Mr. Rozanski moved that the Reserve for Investment Gains and Losses discussed in Item No. 8a remain as status quo; seconded by Ms. Bogin.*

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

*Nays: None*

*Absent: Edwards, Levine*

*THE MOTION CARRIED.*

**b) Add Medical Professionals to Certify Time Off for Temporary and Extended Temporary Disability Benefits**

Discussion ensued regarding the request to approve in concept the Plan amendment to enable additional medical professionals to provide medical certification of Temporary and Extended Temporary Disability. Concerns were discussed regarding the need for a meet and confer process. It was requested that staff meet with the unions to get input from them on the matter and then return to the Retirement Board to present the results.

Item No. 8b was held.

Ms. Higgins stated that the total amount to procure the necessary cost studies for the proposed amendments as reflected in Resolution No. 15-23 should be corrected to read \$8,500. The Board did not discuss the funding portion of Resolution 15-23.

Resolution No. 15-23 was held for a future meeting.

**9. Discussion of Request for Proposal (RFP) for General Consulting Services**

Mr. Wolfson introduced the item to interview four candidates for the Plan's General Consultant Services. Mr. Wolfson stated staff objectively scored all responses from the RFP and presented the detailed results of the evaluation of the RFP.

The Board then interviewed the following candidates:

- a) RVK, Inc.

The Retirement Board recessed the meeting at 11:17 a.m. and reconvened at 11:26 a.m.

- b) Pension Consulting Alliance, Inc.
- c) NEPC LLC
- d) Meketa Investment Group, Inc.

Upon conclusion of the interviews, discussion ensued among the Board Members and staff regarding the interviews and the individual Board Members' choices.

*Mr. Rozanski moved that the Board approve Resolution No. 15-24 and select RVK, Inc., as the Plan's General Consultant, contingent that staff negotiate the fees at a competitive level; seconded by Mr. Ignacio.*

*Ayes: Bogin, Poole, Ignacio, Rozanski  
Nays: Romero  
Absent: Edwards, Levine*

*THE MOTION CARRIED.*

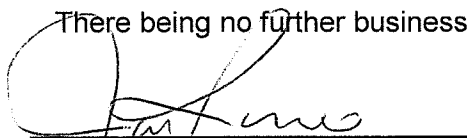
**10. Retirement Plan Manager's Comments**

There were no comments.

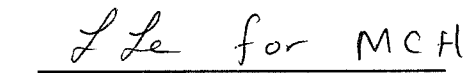
**11. Future Agenda Items**

No items were requested.

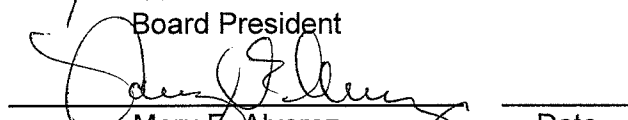
There being no further business, the meeting adjourned at 1:56 p.m.

  
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Javier Romero  
Board President

3/25/15  
Date

  
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Mary C. Higgins  
Assistant Retirement Plan Manager

3/25/15  
Date

  
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Mary E. Alvarez  
Utility Executive Secretary

\_\_\_\_\_  
Date