

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

**MINUTES**

**AUGUST 10, 2011**

**Board Members Present:**

Javier Romero, President  
Cindy Coffin, Vice President  
Christina Noonan, DWP Commissioner  
Ronald O. Nichols, General Manager\*  
Barry Poole, Regular Member  
Robert Rozanski, Retiree Member

**Board Members Absent:**

Mario Ignacio, Chief Accounting Employee

**Staff Present:**

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

**Others Present:**

Marie McTeague, Deputy City Attorney

President Romero called the meeting to order at 9:03 a.m. following the Pledge of Allegiance.

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

**Public Comments**

No Public Comments were received.

**Consent Items**

1. **Request for Approval of Minutes:**
  - a) **June 22, 2011, Regular Meeting**
  - b) **June 22, 2011, Special Meeting**
  - c) **July 13, 2011, Regular Meeting**

*Ms. Coffin moved for approval of Item 1; seconded by Mr. Rozanski.*

*Ayes: Coffin, Noonan, Poole, Romero, and Rozanski*

*Nays: None*

*Absent: Ignacio and Nichols*

*THE MOTION CARRIED.*

**Received and Filed Items**

2. **Report on BNY ConvergEx Acquisition**

3. **Report on Organizational Change at Invesco, International Developed Mandate**

*Mr. Rozanski moved to accept Received and Filed Items 2 and 3; seconded by Ms. Coffin.*

*Ayes: Coffin, Noonan, Poole, Romero, and Rozanski*

*Nays: None*

*Absent: Ignacio and Nichols*

*THE MOTION CARRIED.*

## Regular Items

### 4. Committee Appointments

Mr. Romero noted the composition of the Board's committees as follows:

- a) **Appointment of Chair and Members of Audit Committee**  
Barry Poole (Chair), Mario Ignacio, and Robert Rozanski
- b) **Appointment of Chair and Members of Benefits Committee**  
Cindy Coffin (Chair), Barry Poole, and Javier Romero
- c) **Appointment of Chair and Members of Governance Committee**  
Barry Poole (Chair), and Committee-of-the-Whole\*

*\* Two or three members will constitute a quorum of the Committee. If more than three members attend, the meeting will be held as a Special Board Meeting.*

- d) **Appointment of Chair and Members of Legislative Committee**  
The Legislative Committee was combined with the Governance Committee.

### 5. Discussion of Changes to Placement Agent Policy

Mr. Wolfson explained the current Placement Agent policy was based on the policy used by the California Public Employees' Retirement System (CalPERS). He stated the CalPERS' policy included penalties that, over time, made it difficult to attract top managers and, as a result, the Plan's General Investment Consultant, Pension Consulting Alliance (PCA), proposed changing the policy. He stated PCA prepared proposed changes in conjunction with Courtland Partners (the Plan's Real Estate investment consultant) and the City Attorney, and those changes were provided to the Board for consideration.

Mike Moy from PCA stated the changes consisted of removing the penalties. He noted the modified policy conforms with what most of the other plans in California use, with the exception of CalPERS.

In response to Mr. Rozanski's question of what typically would happen if a violation were to occur involving a new allocation in an existing investment, Mr. Moy stated that firm would not be considered for future funding.

*\*Mr. Nichols entered the meeting at 9:09 a.m.*

*Mr. Rozanski moved for approval of Resolution No. 12-13 to change the Plan's Placement Agent Policy; seconded by Ms. Coffin.*

*Ayes: Coffin, Nichols, Noonan, Poole, Romero, and Rozanski*

*Nays: None*

*Absent: Ignacio*

**THE MOTION CARRIED**

**6. Ratification of the Board's Action to Change the Meeting Time for the Retirement Board Meetings**

*Mr. Rozanski moved for approval of Resolution No. 12-14 to change the meeting time for the Retirement Board meetings to 9:00 a.m.; seconded by Mr. Nichols.*

*Ayes: Coffin, Nichols, Noonan, Poole, Romero, and Rozanski*

*Nays: None*

*Absent: Ignacio*

*THE MOTION CARRIED*

*The Board met in closed session at 9:12 a.m. to discuss the following item.*

**7. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(b), to Confer with Legal Counsel Regarding a Matter in Which, Based on Existing Facts and Circumstances, there is a Significant Exposure to Litigation Against the Board, and Pursuant to Government Code Section 54956.9(c), to Confer with Counsel in Considering Whether to Initiate Litigation in that Matter**

*The Board met back in open session at 9:21 a.m.*

Mr. Romero announced that the Board took action to approve Staff's recommendation.

**8. Investment Reports for June 2011**

- a) **Summary of Investment Returns as of June 30, 2011**
- b) **Market Value of Investments by Fund and Month as of June 30, 2011**
- c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of June 30, 2011**
- d) **Summary of Contract Expirations**

These items were included for reference only, and no discussion transpired.

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

Ms. Bhatia reported implementation of the new computer system is expected to take place by the end of the year. Staff has tested transactions for the complete payroll cycle beginning with adding new retirees to the data base, printing checks, and creating direct deposit files. Staff sent the direct deposit files to the City Controller's Office and the Credit Union. The Credit Union files went through with no problems, and the Controller's Office is still testing. Staff worked with Wachovia Bank to test printing the checks, and Staff continues to validate the converted data from Health Plans, the Employees Association, and Retirement data.

Ms. Bhatia reported a third meeting concerning the Document Imaging project was scheduled for August 11 with Labor Relations staff and representatives from IBEW. She stated the new computer system will be seriously impacted if any delays occur or if the contract does not go through.

She reported Staff has begun the process of selecting a transition manager to handle the investment transition that was discussed at the last meeting. She added Staff may need to bring

the item back for further discussion regarding timing the transition if the current market volatility and uncertainty continues when the transition is ready to be implemented.

She reported the actuarial valuation for the year ended June 30, 2010, is planned for the September 28 Retirement Board meeting. She stated an Audit Committee meeting was planned for August 24, and a Special Retirement Board meeting was scheduled for August 17 to interview the candidates for the Emerging Markets investment manager.

She reported the Annual Member Statements will go out this month.

#### 10. Future Agenda Items

Mr. Romero requested the next agenda include discussion of creating a rule to provide the Retirement Plan Manager with the discretion to make a decision on behalf of the Board in emergency situations that may negatively impact the Plan, if holding a special meeting is not possible.

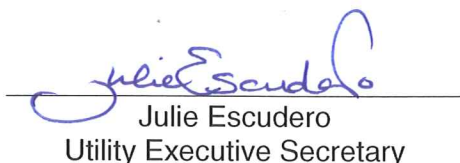
With no further business, the meeting adjourned at 9:30 a.m.

  
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Javier Romero  
Board President

9/14/11  
Date

  
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Sangeeta Bhatia  
Retirement Plan Manager

9.14.11  
Date

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

9.14.11  
Date