

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

MINUTES

September 23, 2015

Board Members Present:

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

Board Members Absent:

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

Staff Present:

Linda P. Le, Retirement Plan Manager
Mary C. Higgins, Asst. Retirement Plan Manager
Monette Carranceja, Asst. Retirement Plan Manager
Carlo Manjikian, Senior Investment Officer
Scott Vargas, Senior Investment Officer
Ravi Sharma, Investment Officer
Mary E. Alvarez, Utility Executive Secretary

Others Present:

James Napier, Deputy City Attorney

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

Mr. Romero announced one request for public comment from John Hauswirth, Vontobel Asset Management, regarding Item No. 9. Ms. Alvarez stated no additional requests for public comment were received.

Mr. Romero introduced two new employees in the Retirement Plan Office (RPO). Izabella Hovhanisian and Joni Quinn were hired to the classification of Senior Clerk Typist in the Administration and Executive Sections, respectively.

- 1. Request for Approval of Minutes of September 9, 2015, Regular Meeting**
- 2. Termination of Monthly Allowance from the September 2015 Retirement Roll**

Mr. Hemming moved that the Board approve Items 1 and 2: seconded by Mr. Poole

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED

3. Report of Payment Authorizations for August 2015

Ms. Bogin inquired on the disability benefits payments. Ms. Higgins explained that the amount was not unusual.

4. Notice of Deaths for August 2015

5. Investment Reports for August 2015

- a) **Summary of Investment Returns as of August July 31, 2015**
- b) **Market Value of Investments by Fund and Month as of August 31, 2015**
- c) **Market Value of the Retirement, Death and Disability Funds and Retiree Health Care Fund as of August 31, 2015**
- d) **Summary of Contract Expirations**

6. Report on Status of Insurance as of September 9, 2015

7. Report on Dimensional Fund Advisors – On Site Due Diligence Visit

8. Report on J.P. Morgan Asset Management, Inc. – Core Fixed Income – On Site Due Diligence Visit

Mr. Hemming moved that the Board approved Items 3 through 8; seconded by Mr. Ignacio.

Ayes: Bogin, Heming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED

9. Discussion of Contract for Vontobel Asset Management, Inc., Emerging Markets Equity; and Possible Action

Mr. Hauswirth, Director of Institutional Client Services for Vontobel Asset Management, Inc. (Vontobel), stated the firm's position on why Vontobel should continue to oversee the Portfolio and avoid termination of contract. He discussed the downtrend in global markets, and stated that Vontobel consistently preserved capital in declining markets for eight years while managing the Portfolio.

Mr. Manjikian and Mr. Sharma presented the report on the contract for emerging markets equity investment manager, Vontobel. He summarized Vontobel's history with the Portfolio, the concerns for the recommendation to terminate the contract, and the options presented to the Retirement Board as recommended by staff and RVK, Inc. (RVK).

Jeremy Miller and Becky Gratsinger of RVK, presented their conclusion for terminating the contract with Vontobel and discussed the various options.

Discussion ensued regarding cost and timeline for securing a new manager.

Mr. Hauswirth presented closing comments.

Mr. Poole moved that the Board approve Resolution No. 16-22 to leave the funds invested with Vontobel while the RFP process is conducted and a new manager is selected; seconded by Ms. Bogin.

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED

10. Presentation by RVK, Inc. – Hedge Funds Strategy Education

Ms. Gratsinger presented an educational training on hedge fund strategy.

11. Presentation by RVK, Inc. – Asset Allocation Study; Discussion and Possible Action

Mr. Vargas presented a brief history on the Asset Liability Study as presented every three to five years to the Retirement Board, and most recently at their meeting of August 19, 2015, by RVK.

Mr. Miller discussed the Asset Liability Study and their recommended target asset allocations for the Portfolio. He stated that an implementation plan would be presented at a later date and the implementation process would be multi-staged. He proceeded to discuss the Plan's current target and the three potential targets recommended by RVK.

Discussion ensued amongst the Retirement Board members.

Mr. Poole moved that the Board approve Resolution No. 16-23, Portfolio C, amended with consideration for managers; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED

The Retirement Board Recessed at 10:40 a.m. and reconvened at 10:48 a.m.

12. Presentation by Segal Consulting of the Annual Actuarial Valuation of the Retirement Plan and Recommended Increase in the Department Contribution Rate

Paul Angelo, Segal Consulting (Segal), presented the annual actuarial valuation report of the Retirement Fund as of July 1, 2015, based on assumptions recommended by Segal as

detailed in the Actuarial Experience Study for the period July 1, 2009 through June 30, 2012.

Mr. Poole moved that the Board approve Resolution No. 16-24; seconded by Mr. Hemming

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED

13. Presentation by Segal Consulting of the Retirement Plan Governmental Accounting Standard (GAS) 67 Actuarial Valuation as of June 30, 2015

Mr. Angelo presented the Retirement Plan Governmental Accounting Standard (GASB) 67 Actuarial Valuation.

Mr. Poole moved that the Board approve Resolution No. 16-25; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED

14. Presentation by Segal Consulting of the Insured Lives Death Benefit Fund for Noncontributing Members, Governmental Accounting Standard (GAS) 67 Actuarial Valuation as of June 30, 2015

Mr. Angelo presented the report recommending adoption of the Governmental Accounting Standard (GAS) 67 Actuarial Valuation of the Insured Lives Death Benefit for Noncontributing members.

Mr. Poole moved that the Board approve Resolution No. 16-26; seconded by Mr. Romero

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED

Ms. Higgins requested clarification of the Retirement Board's action on Item No. 9.

The Board amended the motion to exclude the word "new" from the third box checked, and include the fourth checkbox to extend the contract with Vontobel.

Mr. Poole moved that the Board approve Resolution No. 16-22, as amended; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine


15. Retirement Plan Manager's Comments

Ms. Higgins reported that on September 23, 2015, the Benefits Committee heard an appeal submitted by Toney E. Bible. The Benefits Committee approved Mr. Bible's appeal and adopted Resolution No. 16-19, by a unanimous vote.

16. Future Agenda Items

There were no requests for future agenda items.

There being no further business, the meeting adjourned at 11:10 a.m.



Javier Romero
Board President

10/14/14
Date



Linda P. Le
Retirement Plan Manager

10/14/145
Date



Mary E. Alvarez
Utility Executive Secretary

10/14/15
Date