

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

MINUTES

April 13, 2016

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
Monette Carranceja, Asst. Retirement Plan Manager
Jeremy Wolfson, Chief Investment Officer
Ravi Sharma, Investment Officer
Veronica Mendez, Utility Administrator
Fahad Haider, Investment Officer
Mary E. Alvarez, Utility Executive Secretary
Joni Quinn, Senior Clerk Typist

Others Present:

James Napier, Deputy City Attorney
Alan Manning, Asst. City Attorney

President Romero called the meeting to order at 9:02 a.m.

Ms. Le 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 a new employee in the Retirement Plan Office (RPO). Lupe Pulido was hired to the classification of Administrative Clerk in the Membership Section.

Mr. Romero commended the RPO staff for successfully processing and finalizing 265 retirement applications. He noted that the retirees had nothing but positive feedback regarding the staff's professionalism and knowledge during the counseling sessions.

1. Request for Approval of Minutes of March 9, 2016, Regular Meeting

2. Termination of Monthly Allowance from the March 2016 Retirement Roll

Mr. Romero noted a correction on Item 2 of the Agenda, stating Resolution No. 16-71 should be revised to Resolution No. 16-78.

Mr. Hemming moved that the Board approve Items 1 and 2; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

- 3. Report of Payment Authorizations for February 2016**
- 4. Notice of Deaths for February 2016**
- 5. Investment Reports for February 2016**
 - a) Summary of Investment Returns as of February 29, 2016
 - b) Market Value of Investments by Fund and Month as of February 29, 2016
 - c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of February 29, 2016
 - d) Summary of Contract Expirations
- 6. Report on Status of Insurance as of March 22, 2016**

Mr. Hemming moved that the Board approve Items 3 through 6; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

7. Discussion of Request for Proposal Responses for External Auditor

Ms. Carranceja announced that Mr. Ignacio was recused from acting on Item No. 7. Mr. Ignacio left the meeting at 9:05 a.m.

Ms. Carranceja presented the Request for Proposal (RFP) responses for the External Auditor report. She stated Brown Armstrong Accountancy Corporation, Simpson & Simpson, CPAs, and Vasquez & Company, all responded to the RFP that was released on December 29, 2015.

Ms. Carranceja reported that all three responding firms are capable of performing the required services, and requested that the Retirement Board consider the Audit Committee's recommendation to interview the three firms at the special meeting of the Retirement Board scheduled for April 20, 2016.

Mr. Ignacio returned to the meeting at 9:09 a.m.

Item No. 19 was taken out of order.

19. Discussion of Selection of Vendor Finalists for Scanning of Active and Retired Member Files

Ms. Mendez presented the report of the selection of vendor finalists for the scanning of 15,000 active and retired member files. She noted a comprehensive RFP was distributed to 36 vendors and posted on the Retirement website on February 4, 2016. Staff collaborated with IBEW Local 18 representatives in obtaining a Notice of Compliance.

The four finalist vendors, DSSI, Iron Mountain Information Management Services, Inc., Metasource Holding, LLC, and Ricoh USA, Inc., met the minimum requirements, have extensive experience in scanning work for private and public sector clients, and apply excellent security measures for both electronic and physical records.

Ms. Bogin inquired about continuance of in-house scanning. Ms. Mendez stated that day forward scanning (documents generated and/or submitted to the Retirement Plan Office [RPO]) would continue to be scanned by the RPO staff.

Ms. Mendez stated the recommendation to interview the four finalists at the Special meeting of the Retirement Board on April 20, 2016. Mr. Romero expressed interest in visiting the vendor location(s). Ms. Mendez offered to look into the matter and make all necessary arrangements.

Mr. Hemming moved that the Board approve Item 19; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine

THE MOTION CARRIED.

8. Discussion of Report from City Attorney for Request for Proposal for Outside Investment and Fiduciary Counsel

Mr. Wolfson briefly introduced the report from the City Attorney for a RFP for outside Investment and Fiduciary Counsel.

Mr. Napier stated the current Investment Counsel contract expires November 30, 2016, and the Fiduciary Counsel contract expires November 9, 2017. He reported that the RFP was sent out for both the Investment and Fiduciary Counsel and would like for the Retirement Board to participate in the selection process.

Mr. Napier presented two resolutions for the Retirement Board's consideration, both of which were to ratify the RFP sent out by the City Attorney. Resolution No. 16-72 (Option 1) was to consider selecting Outside Investment and Fiduciary Counsel. Resolution No. 16-72 (Option 2) was to consider selecting Outside Investment Counsel.

Discussion ensued amongst the Retirement Board members regarding selection of Option 1 or Option 2.

Mr. Hemming moved that the Board approve Resolution No. 16-72, and select Option 2 to select Outside Investment Counsel; seconded by Mr. Ignacio

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

9. Discussion of Contract Extension for T. Rowe Price Associates, Inc., Large-Cap Value Equity

Mr. Wolfson introduced Ravi Sharma, Investment Officer and Ryan Sullivan, RVK, Inc. (RVK), Consultant, who presented the contract extension for T. Rowe Price Associates, Inc. (T. Rowe Price), Large-Cap Value Equity report.

Mr. Sharma noted that the contract with T. Rowe Price would expire on June 30, 2016. The contract contains a 30-day termination clause. Both staff and RVK recommend extending the contract with T. Rowe Price for three years, beginning July 1, 2016 through June 30, 2019.

Discussion ensued regarding potential contract extension policies.

Mr. Hemming moved that the Board approve Resolution No. 16-73; seconded by Mr. Ignacio

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

10. Discussion of Contract Extension for Fidelity Institutional Asset Management International Developed Growth Equity

Mr. Sharma and Mr. Sullivan presented the contract extension for Fidelity Institutional Management (Fidelity) International Development growth equity report. Mr. Sharma noted a discrepancy on page 10.4 of the memo.

Staff and RVK recommended extending the contract for Fidelity for three years, beginning August 1, 2016 through July 31, 2019.

Mr. Hemming moved that the Board approve Resolution No. 16-74; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

11. Discussion of Contract Extension for Blackrock Institutional Trust Company, N.A. Domestic Large Cap Core Equity

Mr. Wolfson introduced Mr. Sharma, who presented the contract extension for Blackrock Institutional Trust Company, N.A. (Blackrock), Domestic Large Cap Core Equity investment manager report.

Mr. Sharma stated the contract contained a 30-day termination clause. Both staff and RVK recommended extending the contract for three years, beginning August 1, 2016 through July 31, 2019.

Mr. Hemming moved that the Board approve Resolution No. 16-75; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

12. Discussion of Contract Extension for Wells Capital Management, Inc., Principal Protection

Mr. Wolfson introduced Mr. Haider and Mr. Sullivan who proceeded to present the report on the contract extension for Wells Capital Management, Inc. (Wells Capital), Principal Protection.

Staff and RVK recommended extending the contract for Wells Capital for three years, beginning July 1, 2016 through June 30, 2019.

Mr. Hemming moved that the Board approve Resolution No. 16-76; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

13. Discussion of Fred Alger Management, Inc., Large Cap Growth Equity Performance

Mr. Wolfson introduced Mr. Sharma and Mr. Sullivan who presented the report on Fred Alger Management, Inc., (Fred Alger) Large Cap Growth Equity performance.

Fred Alger will be placed on short-term watch status for a period of nine months for not meeting the Plan's performance criteria.

Discussion ensued regarding performance watch criteria.

Mr. Hemming moved that the Board approve Resolution No. 16-77; seconded by Ms. Bogin

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

14. Annual Presentation by Fred Alger Management, Inc. – Large Cap Growth Manager

Peter Latara and Daniel C. Chung of Fred Alger presented the annual report on Large Cap Growth Manager.

Discussion ensued regarding maintenance of market strategy.

The Retirement Board recessed at 10:27 a.m. and reconvened at 10:35 a.m.

15. Annual Presentation by T. Rowe Price Associates, Inc. – Large-Cap Growth Manager

Mr. Wolfson introduced John Plowright, Rob Sharps, and Ron Taylor of T. Rowe Price Associates, Inc., who presented the annual report on Large-Cap Growth Manager.

16. Presentation by RVK, Inc. - Post Transition – Interim Targets Rebalance

Ryan Sullivan and Becky Gratsinger of RVK presented the report conducted by Northern Trust on Post Transition – Interim Targets Rebalance.

17. Presentation by RVK, Inc. - Emerging Manager Program Education

Ms. Gratsinger and Mr. Sullivan of RVK presented the report on Emerging Manager Program Education.

Mr. Romero inquired about Fund-of-Funds and Hybrid programs and whether existing clients preferred one over the other. Mr. Romero and Mr. Ignacio requested that RVK provide additional data on both Fund-of-Funds and Hybrid programs at a future Retirement Board meeting.

The Retirement Board recessed for lunch at 11:28 a.m. and reconvened at 12:00 p.m.

Ms. Bogin left the meeting at 11:28 a.m.

18. Presentation by RVK, Inc. - Hedge Fund Structure

Mr. Wolfson introduced Ms. Gratsinger and Mr. Sullivan of RVK who presented the report on hedge fund structure.

Discussion ensued regarding hedge fund strategies and implementation of fiduciary responsibilities for selection of underlying managers.

Mr. Hemming moved that the Board approve Item 18; seconded by Mr. Ignacio

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Edwards, Levine,

THE MOTION CARRIED.

21. Retirement Plan Manager's Comments

Ms. Le reported on the following item from a closed session:

- On January 27, 2016, the Retirement Board unanimously voted to approve a commitment of \$60 million in the Retirement Fund and \$12 million in the Retiree Health Benefits Fund to Vista Equity Partners Fund VI, LP, a private equity mandate. The Fund closed as of March 11, 2016. We are fully subscribed.

Ms. Le also reported the following:

- Mary Higgins, Assistant Retirement Plan Manager, retired effective April 1, 2016. Ms. Higgins served in the Retirement Plan Office for 8.5 years. Her experience and dedication will be missed.
- Katie Zordilla, is the Interim Assistant Retirement Plan Manager, until a civil service list has been established.

- Staff appreciation was held on April 12, 2016. Ms. Le thanked the Retirement Board for acknowledging and supporting staff's hard work and dedication in the RPO.
- A total of 488 retirement applications were filed from January 2016 through April 2016, with 387 actual retirements. During April 2016, 314 applications were filed and 265 retirements were processed (an entire year's work in one month).
- Currently working with Segal in gathering data for the Experience Study, which should be complete within a month or so.
- Management Audits have resumed. The Consultants are expected to be in-house late April 2016, to work directly with staff.
- Currently working on Tier 2 amendment fixes. Staff has met with some unions and plans to meet with Local 18 to discuss Tier 2 amendment fixes.
- Working on system requirements and implementations of several parts of the original plan amendments back in 2014.

22. Future Agenda Items

There were no requests for future agenda items.


The Retirement Board entered Closed Session at 12:35 p.m. to discuss the following:

20. CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 to Confer with Legal Counsel Regarding Pending Litigation, in the Following Related Cases, Which are Consolidated in the United States District Court, Southern District of New York:

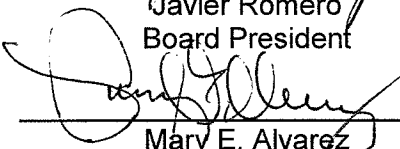
- (1) Deutsche Bank Trust Company Americas et al. v. First Republic Bank et al. (Case No. 1:11-cv-09572-WHP)
- (2) William A. Niese, et al. v. Chandler Trust No. 1, et al. (Case No. 1:12-cv00554-WHP)
- (3) The Official Committee of Unsecured Creditors v. Fitzsimmons, et al. (Case No. 1:12-cv-02652-WHP)

The Retirement Board reconvened in Open Session at 12:43 p.m.

There being no further business, the meeting adjourned at 12:45 p.m.



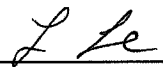
 Javier Romero
 Board President



 Mary E. Alvarez
 Utility Executive Secretary

5/11/16
 Date

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 Date



 Linda P. Le
 Retirement Plan Manager

5/11/16
 Date