

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

MINUTES

May 11, 2016

Board Members Present:

Barry Poole, Vice President
LaTanya Bogin, Regular Member
Marcie L. Edwards, General Manager
Timothy Hemming, Retiree Member
Mario Ignacio, Chief Accounting Employee

Board Members Absent:

Mel Levine, LADWP Commissioner
Javier Romero, President

Staff Present:

Linda P. Le, Retirement Plan Manager
Monette Carranceja, Asst. Retirement Plan Manager
Katie Zordilla, Asst. Retirement Plan Manager
Jeremy Wolfson, Chief Investment Officer
Ravi Sharma, Investment Officer
Fahad Haider, Investment Officer
Mary E. Alvarez, Utility Executive Secretary
Joni Quinn, Senior Administrative Clerk

Others Present:

James Napier, Deputy City Attorney

President Poole called the meeting to order at 9:03 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. Poole introduced two new employees in the Retirement Plan Office (RPO). Khia Moore was hired on April 18, 2016, to the classification of Senior Administrative Clerk in the Membership Section.

Katie Zordilla was appointed to the position of emergency Assistant Retirement Plan Manager, effective January 11, 2016, in the Executive Section, reporting to the Retirement Plan Manager.

1. Request for Approval of Minutes:

- a) April 13, 2016, Regular Meeting
- b) April 20, 2016, Special Meeting

Mr. Hemming moved that the Board approve Item 1; seconded by Ms. Bogin

Ayes: Bogin, Edwards, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

2. Investment Reports for March 2016

- a) Summary of Investment Returns as of March 31, 2016
- b) Market Value of Investments by Fund and Month as of March 31, 2016
- c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of March 31, 2016
- d) Summary of Contract Expirations

3. Report on Fidelity Institutional Asset Management – On-Site Due Diligence Visit

Mr. Hemming moved that the Board Receive and File Items 2 and 3; seconded by Ms. Bogin

Ayes: Bogin, Edwards, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

4. Discussion of the Ratification of the Retirement Board's Adoption of the New Hedge Fund Structure

Mr. Wolfson reported on the ratification of the Retirement Board's adoption of the new hedge fund structure.

At the April 13, 2016, meeting, the Retirement Board made a motion to adopt a Fund-of-One structure with a single manager and to move forward with a Request for Proposal (RFP) search for a manager. As a result of that motion and decision, Resolution No. 16-88 was presented for consideration to ratify the decision for the hedge fund structure.

Mr. Hemming moved that the Board approve Resolution No. 16-88; seconded by Ms. Bogin

Ayes: Bogin, Edwards, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

5. Discussion of Contract Extension for Earnest Partners Small-Cap Value Equity

Mr. Wolfson introduced Ravi Sharma, Investment Officer, and Ryan Sullivan of RVK, Inc. (RVK), who presented the report to extend the contract with Earnest Partners for the Small-Cap value Equity mandate for three years, beginning September 1, 2016.

Mr. Hemming moved that the Board approve Resolution No. 16-89; seconded by Ms. Bogin

Ayes: Bogin, Edwards, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

6. Discussion of Organizational Change at JP Morgan Investment Management, Inc.

Mr. Wolfson introduced Fahad Haider, Investment Officer, and Mr. Sullivan, who presented the report of organizational change at JP Morgan Investment Management, Inc. (JP Morgan). RVK and staff recommended that JP Morgan be placed on formal watch status for a minimum of six months to monitor impact on performance and additional senior level departures.

Discussion ensued regarding policy limits on organizational watch.

Mr. Hemming moved that the Board approve Resolution No. 16-90; seconded by Mr. Ignacio

Ayes: Bogin, Edwards, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

7. Discussion of Authorizing Wells Capital Management to Invest in Accordance with ERISA Exemption

Mr. Wolfson introduced Mr. Haider and Mr. Sullivan, who presented the report to authorize Wells Capital Management to invest in accordance with ERISA exemption.

Mr. Ignacio requested clarification regarding newly fixed income securities exemptions issued to Wells Fargo.

Mr. Hemming moved that the Board approve Resolution No. 16-91; seconded by Mr. Ignacio

Ayes: Bogin, Edwards, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

8. Annual Presentation by Los Angeles Capital Management – Emerging Markets Equity Manager

Thomas Stevens and Laina Draeger of Los Angeles Capital Management, presented the Annual report on Emerging Markets Equity Manager.

9. Annual Presentation by Vontobel Asset Management, Inc. – Emerging Markets Equity Manager

Evelyn Orley and Ben Falcone of Vontobel Asset Management, Inc., presented the Annual report on Emerging Markets Equity Manager.

10. Presentation by RVK, Inc. – Emerging Manager Program Education – Part II

Ryan Sullivan, Jim Voytko, and Paige Blaser of RVK, presented educational training on Emerging Manager Program – Part II.

Discussion ensued whether additional data should be brought before the Retirement Board at a future meeting. Mr. Poole requested data on the fee structure. RVK offered to provide fee performance information for the Retirement Board's review.

Item Nos. 13 and 14 were taken out of order.

13. Retirement Plan Manager's Comments

Ms. Le reported the following:

- Lone Star Real Estate Fund V – At the March 9, 2016, meeting the Retirement Board met in closed session to discuss investment in Loan Star Real Estate Fund V. The Retirement Board voted unanimously to approve the investment. The contract was executed on April 25, 2016, with \$78,760,695 invested from the Retirement Fund, and \$13,889,946 invested from the Retiree Health Benefit Fund.
- Staff is in the process of completing Management Audits
- The meet and confer process with the unions regarding Tier 2 Plan Amendment corrections have been completed
- Staff is starting work on the Experience Study
- Due to several key vacancies in the Retirement Plan Office , focus is being placed on hiring staff, including the Assistant Retirement Plan Manager test

14. Future Agenda Items

There were no requests for future agenda items.

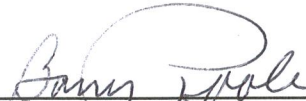
The Retirement Board entered Closed Session at 10:09 a.m. to discuss the following:

11. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54956.81 to Consider the Purchase of One Particular, Specific Pension Fund Investment

12. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1) to Consider Board Review of the Evaluation of City Attorney Services for the Period January 1, 2016 through March 31, 2016

The Retirement Board reconvened in Open Session at 10:41 a.m.

There being no further business, the meeting adjourned at 10:42 a.m.



Barry Poole
Vice President

6/8/16

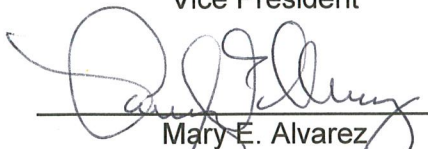
Date



Linda P. Le
Retirement Plan Manager

6/8/16

Date



Mary E. Alvarez
Utility Executive Secretary

6/8/16

Date