

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

MINUTES

September 14, 2016

Board Members Present:

Javier Romero, President
Barry Poole, Vice President
LaTanya Bogin, Regular Member
Timothy Hemming, Retiree Member
Mario Ignacio, Chief Accounting Employee
Mel Levine, LADWP Commissioner
David H. Wright, General Manager

Board Members Absent:

None

Staff Present:

Linda P. Le, Retirement Plan Manager
Monette Carranceja, Asst. Retirement Plan Manager
Katie S. Zordilla, Interim Asst. Retirement Plan Mgr.
Jeremy Wolfson, Chief Investment Officer
Mary E. Alvarez, Utility Executive Secretary

Others Present:

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

President Romero called the meeting to order at 9:00 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 expressed his condolences to Mr. Ignacio upon the passing of his mother. He also welcomed David H. Wright to the Retirement Board meeting. Mr. Wright was recently appointed as the General Manager of the Los Angeles Department of Water and Power.

- 1. Approval of the Minutes of July 13, 2016.**
- 2. Termination from Rolls**
 - a) Termination of Monthly Allowance from the July 2016 Retirement Roll**
 - b) Termination of Monthly Allowance from the August 2016 Retirement Roll**

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

Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright

Nays: None

Absent: None

THE MOTION CARRIED.

3. **Report of Payment Authorizations**
 - a) June 2016
 - b) July 2016
4. **Notice of Deaths**
 - a) June 2016
 - b) July 2016
5. **Investment Reports for June 2016**
 - a) Summary of Investment Returns as of June 30, 2016
 - b) Market Value of Investments by Fund and Month as of June 30, 2016
 - c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of June 30, 2016
 - d) Summary of Contract Expirations
6. **Investment Reports for July 2016**
 - a) Summary of Investment Returns as of July 31, 2016
 - b) Market Value of Investments by Fund and Month as of July 31, 2016
 - c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of July 31, 2016
 - d) Summary of Contract Expirations
7. **Report on Status of Insurance as of August 24, 2016**

Mr. Hemming moved that the Board receive and file Items 3 through 7; seconded by Ms. Bogin.

Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright

Nays: None

Absent: None

THE MOTION CARRIED.

8. **Report on Discussion of Audit Program for the Fiscal Year-Ended June 30, 2016 Presented to the Audit Committee on September 14, 2016**

Mr. Poole reported that Simpson and Simpson was moving forward with the audit of the financial statements of the Plan and the Retiree Health Benefit Fund as of and for the year ended June 30, 2016.

9. **Discussion of Recommendation to Adopt the Amendment to the Water and Power Employees' Retirement Plan to Eliminate the Reserve for Investment Gains and Losses Account**

Ms. Carranceja presented the report to adopt the amendment to the Plan to eliminate the Reserve for Investment Gains and Losses Account.

Mr. Hemming moved that the Board approve Resolution No. 17-08; seconded by Mr. Ignacio.

Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright
Nays: None
Absent: None

THE MOTION CARRIED.

10. Discussion of Recommendation to Adopt the Amendment to the Water and Power Employees' Retirement Plan to Correct Classes Eligible for Tier 1 Membership

Ms. Carranceja presented the report to adopt the amendment to the Plan to Correct the Classes of Construction Electrical Helper (Class Code 0994) and Construction Electrical Mechanic (Class Code 0995) for eligibility for Tier 1 membership upon qualification.

Mr. Hemming moved that the Board approve Resolution No. 17-09; seconded by Mr. Ignacio.

Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright
Nays: None
Absent: None

THE MOTION CARRIED.

11. Discussion of Recommendation to Adopt the Amendments to the Water and Power Employees' Retirement Plan to Address Issues Encountered in the Administration of Tier 2 Provisions

Ms. Zordilla presented the report to adopt the amendments to the Plan to address issues encountered in the administration of Tier 2 provisions. She stated that the amendments were for corrections and clarifications to the language only and does not have any material impact on the Plan or the Plan sponsor.

Mr. Hemming moved that the Board approve Resolution No. 17-10; seconded by Mr. Ignacio.

Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright
Nays: None
Absent: None

THE MOTION CARRIED.

12. Discussion of Funding to Develop the Methodology, Assumptions, and Calculation Spreadsheet for Determining Cost to Purchase Additional Cost of Living Adjustment Coverage for Tier 2 Members

Ms. Zordilla presented the report to approve funding to develop the methodology, assumptions, and calculation spreadsheet to determine the cost of the additional COLA coverage for Tier 2 members.

Mr. Hemming moved that the Board approve Resolution No. 17-11; seconded by Mr. Ignacio.

*Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright
Nays: None
Absent: None*

THE MOTION CARRIED.

13. Discussion of Hedge Funds Investment Policy

Mr. Wolfson introduced Alexander Lee, Investment Officer, and Ryan Sullivan and Jeremy Miller from RVK, Inc. (RVK), the Plan's general consultant, who presented the report to adopt the proposed changes to the Hedge Funds Investment Guidelines and incorporate them into the Plan's Statement of Investment Objectives, Goals and Guidelines, as part of the new hedge fund mandate.

Mr. Hemming moved that the Board approve Resolution No. 17-12; seconded by Mr. Ignacio.

*Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright
Nays: None
Absent: None*

THE MOTION CARRIED.

14. Discussion of Updates to the Plan's Investment Policy

Mr. Wolfson introduced Grace Adajar, Investment Officer, and Mr. Miller, who presented the report to adopt the proposed changes to the Plan's Statement of Investment Objectives, Goals and Guidelines and incorporate them into the Plan's Investment Policy. Ms. Adajar identified all the proposed changes.

Mr. Romero requested that the suggested changes on Page 14.27, Section 3.5 Rebalancing, for notification to the Retirement Board from President of the Board, be kept as notification to the President of the Board. Mr. Napier was in agreement with the amendment.

Mr. Poole moved that the Board approve Resolution No. 17-13, as amended; seconded by Ms. Bogin.

*Ayes: Bogin, Hemming, Ignacio, Levine, Poole, Romero, Wright
Nays: None
Absent: None*

THE MOTION CARRIED.

15. Annual Presentation by J.P. Morgan Investment Management, Inc. – Fixed Income Principal Protection Manager

Mr. Romero acknowledged Darren Smith, Executive Director, Peter Simon, Managing Director, and Joe Hisdorf, Executive Director, of J.P. Morgan, who presented an overview of the firm and summarized the performance of the Portfolio.

The Board met in Closed Session at 9:51 a.m. to discuss the following:

- 19. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54956.81 to Consider the Purchase of One Particular, Specific Pension Fund Investment**
- 20. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54956.81 to Consider the Purchase of One Particular, Specific Pension Fund Investment**
- 21. CLOSED SESSION - PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 to Confer with, or Receive Advice from, Legal Counsel Regarding the Consolidated Class Action Against Lendingclub Corporation Pending in the United States District Court, Northern District of California**

Mr. Wright left the meeting at 11:36 a.m.

Mr. Levine and Mr. Ignacio left the meeting at 12:04 p.m.

The Retirement Board recessed at 12:04 p.m. for lunch and reconvened in Open Session at 12:45 p.m.

16. Annual Presentation by Wells Capital Management, Inc. – Fixed Income Principal Protection Manager

Mr. Romero acknowledged Dan Anderson Client Relations Director, Jarad Vasquez, Portfolio Manager, and David Klug, Portfolio Specialist, of Wells Capital, who presented an overview of the firm and summarized the performance of the Portfolio.

17. Presentation by Courtland Partners – 2016 First Quarter Real Estate Performance Report

Mr. Wolfson introduced Bill Foster of Courtland Partners, who provided a presentation of the 2016 First Quarter Real Estate performance.

18. Presentation by Pension Consulting Alliance, LLC – 2016 First Quarter Private Equity Performance Report

Mr. Wolfson introduced Tad Ferguson of Pension Consulting Alliance, LLC (PCA), who presented the 2016 First Quarter Private Equity Performance Report.

22. Retirement Plan Manager's Comments

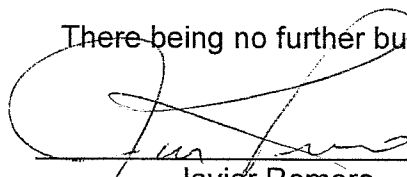
Ms. Le reported on the following:

- The Actuarial Study will be due to be presented to the Retirement Board by the end of September.
- Implementation of Plan Amendments adopted by the Retirement Board – Letters to the affected Plan Members will be sent out today and refunds should be issued within the next eight to ten weeks.
- Annual Member Statements were mailed out at the end of August.
- Scanning Project is moving forward faster than anticipated and staff has found very little issues with the results of the scanning details.
- Returns – the Investments staff beat out all sister Plans for the year: LACERS by 71 basis points; LAFPP by 38 basis points; LACERA by 21 basis points; and CalPERS by 40 basis points, all by net of fees.
- Katie Zordilla is currently on emergency appointment to the position of Assistant Retirement Plan Manager – Linda will begin the process of certifying the certification list to conduct interviews – Discussion ensued regarding the hiring process and Mr. Romero requested that the Chair and Vice-Chair of the Retirement Board be included in the hiring process.

20. Future Agenda Items

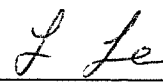
There were no requests for future agenda items.

There being no further business, the meeting adjourned at 1:22 p.m.



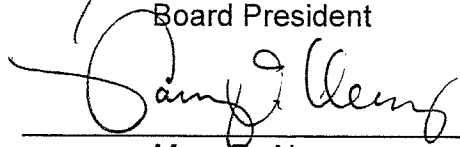
Javier Romero
Board President

9/28/16
Date



Linda P. Le
Retirement Plan Manager

9/28/16
Date



Mary E. Alvarez
Utility Executive Secretary

9/28/16
Date