

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

MINUTES

September 28, 2016

Board Members Present:

Javier Romero, President
LaTanya Bogin, Regular Member
Timothy Hemming, Retiree Member
Mel Levine, LADWP Commissioner
David H. Wright, General Manager

Board Members Absent:

Mario Ignacio, Chief Accounting Employee
Barry Poole, Vice President

Staff Present:

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

Others Present:

James Napier, Asst. City Attorney

President Romero called the meeting to order at 9:04 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 stated that the following items would be tabled for a future meeting:

9. Discussion of Emerging Manager Program (out of order)

Mr. Levine stated that he had several conflicts for the next few meetings and requested that the item be held until later in November.

12. Discussion of Selection Process for Assistant Retirement Plan Manager (out of order)

Mr. Romero stated that the State Constitution is what gives the Retirement Board authority over the administration of the Plan, not the City Charter. Although the City Charter does have authority, where there is conflict, the State Constitution supersedes the City Charter. He also stated that the General Manager's signed letters do not trump the Retirement Board's authority. There is a Letter from Management Employees' Association (MEA) and the General Manager for this Agreement; however, the Agreement does not govern the Retirement Board. It is the Retirement Board as a whole that governs how the Plan shall be administered appropriately. Mr. Romero stated that this has always been his position; however, whether the other Retirement Board members agree or disagree, it is a collective vote of the Retirement Board that will determine how to move forward.

The items were tabled for a future meeting.

- 1. Request for Approval of Minutes of September 14, 2016**
- 2. Termination of Monthly Allowance from the September 2016 Retirement Roll**

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

Ayes: Bogin, Hemming, Levine, Romero, Wright

Nays: None

Absent: Ignacio, Poole

THE MOTION CARRIED.

- 3. Report of Payment Authorizations for August 2016**
- 4. Notice of Deaths for August 2016**
- 5. Summary of Contract Expirations**
- 6. Report on Status of Insurance as of September 15, 2016**

Mr. Levine moved that the Board Receive and File Items 3 through 6; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Levine, Romero, Wright

Nays: None

Absent: Ignacio, Poole

THE MOTION CARRIED.

- 7. Discussion of the Annual Transfer of Funds from the Reserve for Investment Gains and Losses Account to the General Reserve Account**

William Feng, Chief Accountant for the Plan, presented the report to request approval to transfer \$474.4 million from the Reserve for the Investment Gains and Losses Account to the General Reserve Account. He stated that the report also requested approval for residual transfer of \$5.5 million to close out the account, pursuant to the Plan amendment adopted at the September 14, 2016, Retirement Board meeting (Resolution No. 17-08).

Mr. Hemming moved that the Board approve Resolution Nos. 17-18 and 17-19; seconded by Mr. Wright.

Ayes: Bogin, Hemming, Levine, Romero, Wright

Nays: None

Absent: Ignacio, Poole

THE MOTION CARRIED.

- 8. Presentation by Segal Consulting of the Annual Actuarial Valuation of the Retirement Plan Including the Recommended Increase in the Department Contribution Rate and the Governmental Accounting Standards 67**

Mr. Paul Angelo of Segal Consulting, presented the Annual Actuarial Valuation of the Retirement Fund as of July 1, 2016, the two-year phase in increase in employer funding due to the assumption changes, and the Governmental Accounting Standards (GAS) 67 valuation as of June 30, 2016.

Mr. Hemming moved that the Board approve Resolution No. 17-20; seconded by Mr. Wright.

Ayes: Bogin, Hemming, Levine, Romero, Wright

Nays: None

Absent: Ignacio, Poole

10. Presentation by RVK, Inc. – 2016 Second Quarter Portfolio Performance Report

Mr. Wolfson stated that the Portfolio outperformed other local pension plans. He then introduced Rebecca Gratsinger and Ryan Sullivan of RVK, Inc. (RVK), the Plan's general consultant, who presented the 2016 Second Quarter investment Performance Analysis.

11. Presentation by RVK, Inc. – 2016 Second Quarter Real Return and Hedge Funds Portfolio Performance Report

Ms. Gratsinger presented the 2016 Second Quarter Real Return and Hedge Fund Performance Analysis.

15. Investment Reports for June 2016 (out of order)

- 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**

16. Investment Reports for July 2016 (out of order)

- 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**

17. Retirement Plan Manager's Comments (out of order)

There were no comments.

18. Future Agenda Items (out of order)

Ms. Bogin inquired on an Educational Retreat for the Retirement Board members. Ms. Le stated that the Educational Retreats were typically held every two to three years, and there were no current plans for a retreat.

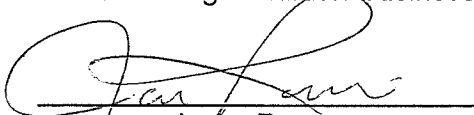
At 11:02 a.m. the Retirement Board met in Closed Session to discuss the following items:

13. 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

14. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1) for Discussion of Evaluation of City Attorney Services for the Period of January 1, 2016 through June 30, 2016; and Possible Action

The Retirement Board reconvened in Open Session at 11:09 a.m. and announced that no reportable action was taken in Closed Session.

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



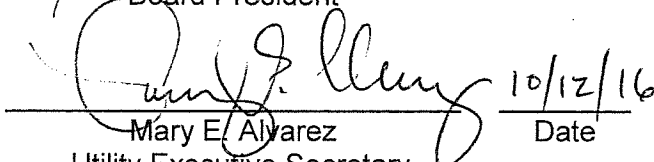
Javier Romero
Board President

10/12/16
Date



Linda P. Le
Retirement Plan Manager

10/12/16
Date



Mary E. Alvarez
Utility Executive Secretary

10/12/16
Date