

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

MINUTES

November 9, 2016

Board Members Present:

Barry Poole, Vice President
LaTanya Bogin, Regular Member
Timothy Hemming, Retiree Member
Mario Ignacio, Chief Accounting Employee
David H. Wright, General Manager

Board Members Absent:

Javier Romero, President
Mel Levine, LADWP Commissioner

Staff Present:

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

Others Present:

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

Vice President Poole called the meeting to order at 9:12 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.

1. Request for Approval of Minutes:

- a) October 12, 2016, Regular Meeting
- b) October 14, 2015, Regular Meeting – Clerical Correction

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

3. Resolution No. 17-10 to Adopt Amendments to the Water and Power Employees' Retirement Plan to Address Issues Encountered in the Administration of Tier 2 Provisions – Clerical Correction

Mr. Wright moved that the Board approve Items 1 through 3; seconded by Ms. Bogin.

Ayes: Bogin, Ignacio, Poole, Wright

Nays: None

Absent: Hemming, Levine, Romero

THE MOTION CARRIED.

4. Report of Payment Authorizations for September 2016

5. Notice of Deaths for September 2016

6. Investment Reports for September 2016

- a) **Summary of Investment Returns as of September 30, 2016**
- b) **Market Value of Investments by Fund and Month as of September 30, 2016**

c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of September 30, 2016

7. Summary of Contract Expirations

8. Report on Status of Insurance as of October 25, 2016

9. Manager Presentation Schedule for 2017

Mr. Poole stated that Item No. 9 was amended to reflect changes to the May 10th presentation, removing Timberland, Hancock, and Molpus.

Mr. Ignacio moved that the Board Receive and File Items 4 through 9, as amended; seconded by Ms. Bogin.

Ayes: Bogin, Ignacio, Poole, Wright

Nays: None

Absent: Hemming, Levine, Romero

THE MOTION CARRIED.

16. Presentation by Courtland Partners – 2016 Second Quarter Real Estate Performance – Out of Order

Mr. Wolfson introduced Michael Humphrey, Managing Principal, of Courtland Partners, Ltd. (Courtland) who presented an overview of the firm and the quarterly Real Estate Performance report. Mr. Humphrey summarized the Portfolio, the one to five year returns, and target goals going forward.

Mr. Hemming arrived at 9:30 a.m.

Mr. Wolfson requested that Mr. Humphrey discuss potential implications on the Portfolio considering the recent presidential elections. Mr. Humphrey discussed the Brexit situation in Europe and the implications it had and continues to have on the market, and the need to continue global diversification exposure considering the current political and economic risk. In addition, Mr. Ryan Sullivan, of RVK, Inc. (RVK), also discussed historical global events that had effects on the market and investors, and core principles for managing the Portfolio. He reiterated the need to continue to diversify and monitor the Portfolio and to rebalance, as necessary.

10. Presentation by Segal Consulting of the Insured Lives Death Benefit Fund for Noncontributing Members, Governmental Accounting Standard Board 43/45 Information through June 30, 2016

Ms. Zordilla introduced John Monroe of Segal Consulting, who telephonically presented the Governmental Accounting Standard Board 43/45 information through June 30, 2016, for the Insured Lives Death Benefit Fund for Noncontributing Members, for financial reporting purposes.

Mr. Ignacio moved that the Board approve Resolution No. 17-24; seconded by Mr. Wright.

Ayes: Bogin, Hemming, Ignacio, Poole, Wright

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

11. Discussion of the Plan's Annual Audit Report and Related Financial Statements as of June 30, 2016, Presented at the Audit Committee

The item was held for the next meeting.

12. Follow-up to Discussion Regarding Selection Process for Assistant Retirement Plan Manager

Ms. Le presented the report on follow-up discussion regarding the selection process for the Assistant Retirement Plan Manager position, as requested by the Retirement Board at their meeting on October 12, 2016. The report also presented Resolution No. 17-25 to waive attorney-client privilege to four advices. The Retirement Board chose to not consider said resolution.

Mr. Poole requested that the Retirement Board entertain a motion to have a member of the Retirement Board sit-in to monitor the interview process and report back to the Retirement Board. Ms. Le stated the matter could be agendaized for a future meeting to allow staff to prepare a resolution. She also stated that consistent with Department policy and the Letter of Agreement regarding selection of positions throughout the Department, Retirement Board members at the right supervisory level may be allowed to participate in the interviews.

Mr. Poole requested that the item be tabled to the next meeting and agendaized for possible action.

13. Discussion of Organizational Change at Fidelity Institutional Asset Management

Mr. Wolfson introduced Ravi Sharma, staff, and Becky Gratsinger of RVK, who presented the report to place Fidelity Institutional Asset Management on organizational watch due to significant organizational change.

Mr. Hemming moved that the Board approve Resolution No. 17-26; seconded by Mr. Wright.

Ayes: Bogin, Hemming, Ignacio, Poole, Wright

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

14. Discussion of Organizational Change at Delaware Investments

Mr. Wolfson introduced Fahad Haider, staff, and Ms. Gratsinger of RVK, who presented the report to place Delaware Investments on organizational watch due to a significant organizational change.

Mr. Ignacio moved that the Board approve Resolution No. 17-27; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Ignacio, Poole, Wright

Nays: None

Absent: Levine, Romero

THE MOTION CARRIED.

15. Discussion of Organizational Change at Courtland Partners

Mr. Wolfson introduced Melissa Soo Hoo, staff, and Michael Humphrey, Managing Principal, Courtland Partners, Ltd. (Courtland), who presented the report to discuss organizational change at Courtland due to the departure of Mr. William Foster, Managing Director, and several other members of the firm.

Mr. Wright left the meeting at 10:20 a.m.

17. Discussion of Post-Trade Transition Report by BlackRock Transition Management

Mr. Wolfson introduced Jeremy Watt, Account Manager, and John Platt, Director and Team Leader, of BlackRock, who presented the report to discuss the post-trade transition report.

18. Presentation by RVK, Inc., Post Transition – Emerging Markets Transition

Ms. Gratsinger presented the report on the evaluation of the Blackrock Emerging Markets Equity transition event.

19. Annual Presentation by GAM – Hedge Fund of Funds Manager

Mr. Wolfson introduced Kristin Hovencamp, Director, Arvin Soh, Portfolio Manager, and Jim Ha, Portfolio Manager, of GAM, who presented the firm's Hedge Fund of Funds annual presentation.

20. Annual Presentation by Morgan Stanley AIP – Hedge Fund of Funds Manager

Mr. Wolfson introduced Dan McHale, Executive Director, Jose Gonzalez-Heres, Managing Director, and Steven Shin, Vice President, of Morgan Stanley AIP, who presented the firm's Hedge Fund of Funds annual presentation.

21. Discussion of Contract Amendment for Scanning of Retirement Board Records

Ms. Zordilla introduced Veronica Mendez, staff, who presented the report on the contract amendment for scanning of the Retirement Board records. Ms. Mendez discussed amending the existing scanning contract with Metasource, LLC, to perform scanning of additional Retirement Board records, with no change in time or cost.

Mr. Hemming moved that the Board approve Resolution No. 17-28; seconded by Mr. Ignacio.

Ayes: Bogin, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero, Wright

THE MOTION CARRIED.

25. Investment Reports for August 2016 – Out of Order

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

26. Retirement Plan Manager’s Comments – Out of Order

Ms. Le reported on the following:

- Staff is starting to work on the 1099s for 2016
- Staff is working on updating the Summary Plan Description and how to calculate a retirement for Tier 2 members and it should be published by the end of the year
- Staff is creating new classes geared toward Tier 2 members

27. Future Agenda Items – Out of Order

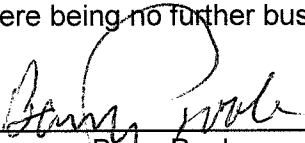
There were no requests for future agenda items.

At 10:57 a.m. the Retirement Board met in Closed Session to discuss the following items:

- 22. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54956.81 to Consider the Purchase of One Particular, Specific Pension Fund Investment**
- 23. CLOSED SESSION – PURSUANT TO SUBDIVISIONS (a) AND (d)(1) of GOVERNMENT CODE SECTION 54956.9 to Confer with, or Receive Advice from, Its Legal Counsel Regarding the Consolidated Class Action Against LendingClub Corporation Pending in the United States District Court, Northern District of California**
- 24. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1) to Consider Board Review of the Evaluation of City Attorney Services for the Period of July 1, 2016 through September 30, 2016; and Possible Action**

The Retirement Board reconvened in Open Session at 11:30 a.m.

There being no further business, the meeting adjourned at 11:31 a.m.

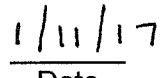


 Barry Poole
 Board Vice President

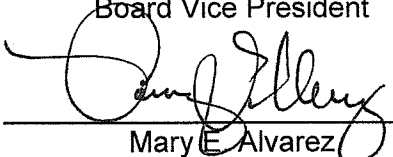
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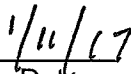
 Linda P. Le
 Retirement Plan Manager



 Date



 Mary E. Alvarez
 Utility Executive Secretary



 Date