

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

MINUTES

February 8, 2017

Board Members Present:

Barry Poole, Vice President/Chair
LaTanya Bogin, Regular Member
Timothy Hemming, Retiree Member
Mario Ignacio, Chief Accounting Employee

Board Members Absent:

Mel Levine, LADWP Commissioner
Javier Romero, President
David H. Wright, General Manager

Staff Present:

Linda P. Le, Retirement Plan Manager
Jeremy Wolfson, Chief Investment Officer
Mary E. Alvarez, Utility Executive Secretary
Sophia Carr, Sr. Administrative Clerk

Others Present:

Joshua M. Geller, Deputy City Attorney

Vice President Poole called the meeting to order at 9:07 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.

Mr. Poole introduced Joshua M. Geller, Deputy City Attorney, who was present as the Retirement Board counsel.

Public Comments

Ms. Alvarez stated no requests for public comment were received.

- 1. Request for Approval of Minutes of January 11, 2017**
- 2. Termination of Monthly Allowance from the January 2017 Retirement Roll**

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

Ayes: Bogin, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero, Wright

THE MOTION CARRIED.

- 3. Report of Payment Authorizations for December 2016**
- 4. Notice of Deaths for December 2016**
- 5. Investment Reports for December 2016**
 - a) Summary of Investment Returns as of December 31, 2016**
 - b) Market Value of Investments by Fund and Month as of December 31, 2016**
 - c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of December 31, 2016**
 - d) Summary of Contract Expirations**

6. Report on Status of Insurance as of January 20, 2017

7. Report on Pacific Asset Management – On Site Due Diligence Visit

Mr. Hemming moved that the Board Receive and File Items 2 through 7; seconded by Mr. Ignacio.

Ayes: Bogin, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero, Wright

THE MOTION CARRIED.

8. Discussion of Ad-Hoc Committee to Review Candidates for Assistant Retirement Plan Manager Position

Ms. Le introduced the report regarding the selection process for Assistant Retirement Plan Manager. Discussion ensued. Mr. Poole, Ms. Bogin, and Mr. Ignacio were selected as members for the Ad Hoc Committee to conduct a question and answer session with the top candidate.

9. Discussion of Organizational Change at T. Rowe Price Associates, Inc. – Large-Cap Growth

Mr. Wolfson briefly presented the report and introduced Ravi Sharma, staff, and Jeremy Miller of RVK, Inc. (RVK), the Plan's general consultant, who presented the report to place T. Rowe Price Associates, Inc., on organizational watch due to a significant organizational change.

Mr. Hemming moved that the Board approve Resolution No. 17-41; seconded by Mr. Ignacio.

Ayes: Bogin, Hemming, Ignacio, Poole

Nays: None

Absent: Levine, Romero, Wright

THE MOTION CARRIED.

10. Annual Presentation by Earnest Partners – Domestic Small-Cap Value Equity Manager

Mr. Wolfson introduced representatives of Earnest Partners, Patmon Malcom, Partner, and Pavel Sokolov, Investment Manager, who presented an overview of the firm and reported on the annual performance of the Domestic Small-Cap Value Equity Manager.

11. Annual Presentation by Emerald Advisers, Inc. – Domestic Small-Cap Growth Equity Manager

Mr. Poole acknowledged Joseph W. Garner, Portfolio Manager, of Emerald Advisers, Inc., who presented an overview of the firm and reported on the annual performance of the Domestic Small-Cap Growth Equity Manager.

12. Presentation by Courtland Partners – 2016 Third Quarter Real Estate Performance

Mr. Wolfson introduced Tom Hester, Sr. Vice President, Steven Novick, Managing Principal telephonically included in the meeting, and Jacqueline Smith, Analyst, of Courtland Partners, Ltd. (Courtland), who presented an overview of the firm and the quarterly Real Estate Performance report.

13. Presentation by Courtland Partners – 2017 Real Estate Strategic Plan

Mr. Poole acknowledged Mr. Hester, Mr. Novick, and Ms. Smith, who presented an overview of the firm's 2017 Real Estate Strategic Plan.

14. Presentation by Pension Consulting Alliance – 2017 Private Equity Strategic Plan

Mr. Wolfson announced a turn-over in the firm, stating that Andrew Bratt, Principal, moved to another firm and staff would provide a full report at a future meeting. Mr. Wolfson then introduced Tad Ferguson and Mike Moy of Pension Consulting Alliance, LLC (PCA), who presented the firm's 2017 Private Equity Strategic Plan.

18. Investment Reports for November 2016 – Out of Order

- a) **Summary of Investment Returns as of November 30, 2016**
- b) **Market Value of Investments by Fund and Month as of November 30, 2016**
- c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of November 30, 2016**

19. Retirement Plan Manager's Comments – Out of Order

Ms. Le reported on the following:

- **FPA Core Plus – At the November 9, 2016, meeting the Retirement Board met in closed session to discuss investment in FPA Core Plus. The Retirement Board voted unanimously to approve the investment. The contract was executed on December 29, 2016, with \$50 million invested from the Retirement Fund, and \$10 million invested from the Retiree Health Benefits Fund.**

20. Future Agenda Items – Out of Order

There were no requests for future agenda items.


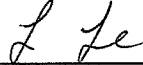
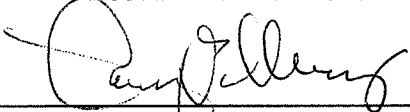
At 10:46 a.m. the Retirement Board met in Closed Session to discuss the following items:

- 15. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54956.81 to Consider the Purchase of One Particular, Specific Pension Fund Investment**
- 17. 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 – Out of Order**

16. 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

The Retirement Board reconvened in Open Session at 11:12 a.m. and announced no reportable actions.

There being no further business, the meeting adjourned at 11:13 a.m.

 _____ Barry Poole Board Vice President	<u>3/8/17</u> Date	 _____ Linda P. Le Retirement Plan Manager	<u>3/8/17</u> Date
 _____ Mary E. Alvarez Utility Executive Secretary	<u>3/8/17</u> Date		