

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

**MINUTES**

**March 8, 2017**

**Board Members Present:**

Javier Romero, President  
Barry Poole, Vice President/Chair  
Timothy Hemming, Retiree Member  
David H. Wright, General Manager

**Board Members Absent:**

LaTanya Bogin, Regular Member  
Mel Levine, LADWP Commissioner  
Mario Ignacio, Chief Accounting Employee

**Staff Present:**

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

**Others Present:**

Joshua M. Geller, Deputy City Attorney

President Romero called the meeting to order at 9:06 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 acknowledged and welcomed Katie S. Zordilla, as newly appointed Assistant Retirement Plan Manager. Mr. Romero also acknowledged Kimloan Tran and Kenny Cheung, staff of the Retirement Plan Office, for commendation received from a retiree member for their helpfulness and professionalism.

- 1. Request for Approval of Minutes of February 8, 2017**
- 2. Termination of Monthly Allowance from the February 2017 Retirement Roll**

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

*Ayes: Hemming, Poole, Romero, Wright*

*Nays: None*

*Absent: Bogin, Levine, Ignacio*

*THE MOTION CARRIED.*

- 3. Report of Payment Authorizations for January 2017**
- 4. Notice of Deaths for January 2017**
- 5. Investment Reports for January 2017**
  - a) Summary of Investment Returns as of January 31, 2017**
  - b) Market Value of Investments by Fund and Month as of January 31, 2017**

**c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of January 31, 2017**

**6. Summary of Contract Expirations**

**7. Report on Status of Insurance as of February 24, 2017**

**8. Report of Organizational Change at Pension Consulting Alliance, LLC**

Mr. Wolfson briefly presented the item.

*Mr. Hemming moved that the Board Receive and File Items 3 through 8; seconded by Mr. Wright.*

*Ayes: Hemming, Poole, Romero, Wright*

*Nays: None*

*Absent: Bogin, Levine, Ignacio*

*THE MOTION CARRIED.*

**9. Discussion of July 1, 2017, Annual Cost of Living Adjustment for Eligible Recipients of Monthly Retirement Plan Benefits**

Ms. Zordilla presented the annual cost of living adjustment for all eligible recipients of monthly Retirement Plan benefits.

*Mr. Poole moved that the Board approve Resolution No. 17-44, seconded by Mr. Hemming.*

*Ayes: Hemming, Poole, Romero, Wright*

*Nays: None*

*Absent: Bogin, Levine, Ignacio*

*THE MOTION CARRIED.*

**10. Discussion of Hedge Funds Investment Mandate**

Mr. Wolfson briefly presented the report and introduced Alex Lee and Scott Vargas of staff, and Becky Gratsinger and Ryan Sullivan of RVK, Inc. (RVK), the Plan's general consultant, who presented the report to interview four candidates for the Plan's Hedge Fund-of-One mandate.

Mr. Romero inquired on the scoring process specific to performance rating. Ms. Gratsinger stated that performance rating was based on several factors including evaluation of success and risk adjustment factors. She stated that 15% was typical in the industry and her firm was comfortable with the performance weight.

**11. Annual Presentation by T. Rowe Price Associates, Inc. – Large-Cap Value Manager**

John D. Plowright, Heather McPherson and Bill Nolan, representatives of T. Rowe Price Associates, Inc., presented the annual report on the Large-Cap Value Manager.

**12. Annual Presentation by MFS Investment Management, Inc. – Large-Cap Value Manager**

Carolyn Lucey and Kate McCloskey Mead, representatives of MFS Investment Management, Inc., presented the annual report on the Large-Cap Value Manager.

**13. Annual Presentation by BlackRock Institutional Trust Co. – Large-Cap Core Manager**

Timothy Murray and Jeremy Watt, representatives of BlackRock Institutional Trust Co., presented the annual report on the Large-Cap Core Manager including an overview of their firm.

**14. Presentation by Pension Consulting Alliance, LLC – 2016 Third Quarter Private Equity Performance Report**

Mr. Romero acknowledged Tad Ferguson and Ahman Dirks of Pension Consulting Alliance, LLC (PCA), who presented the 2016 Third Quarter Private Equity Performance Report.

**15. Presentation by RVK, Inc. – 2016 Fourth Quarter Portfolio Performance Report**

Mr. Romero acknowledged Ms. Gratsinger and Mr. Sullivan of RVK, who presented the 2016 Fourth Quarter Portfolio Performance Report.

**16. Presentation by RVK, Inc. – 2016 Fourth Quarter Real Return and Hedge Funds Portfolio Performance Report**

Ms. Gratsinger also who presented the 2016 Fourth Quarter Real Return and Hedge Funds Portfolio Performance Report.

At 10:45 a.m. the Retirement Board met in Closed Session to discuss the following items:

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

**18. 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**

The Retirement Board reconvened in Open Session at 11:19 a.m. and announced no reportable actions.

**19. Investment Reports for December 2016 – Out of Order**

- 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**

**20. Retirement Plan Manager's Comments – Out of Order**

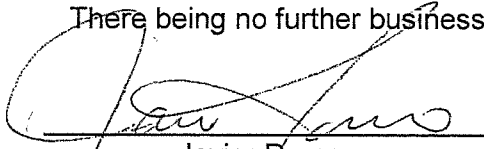
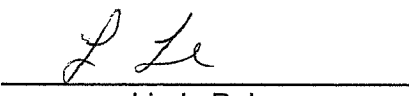
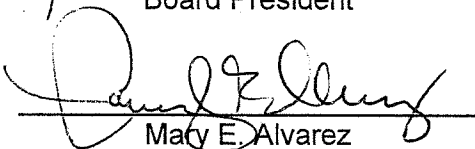
Ms. Le reported on the following:

- The Ad Hoc Committee, consisting of Ms. Bogin, Mr. Poole, and Mr. Ignacio, held a question and answer period with the candidate for the Assistant Retirement Plan Manager position and reported no issues; therefore, staff moved forward with the appointment of Ms. Katie S. Zordilla on February 21, 2017.
- The data validation process for the annual valuation for June 30, 2017, has begun and the reports will be created at the end of March.
- Staff will begin the process of notifying the eligible recipients of the new COLA for 2017.
- On March 21, 2017, Ms. Le will provide the Board of Water and Power Commissioners with a presentation of an overview of the Retirement Plan and how the actuarial assumptions and the funding ratios are adopted.

**21. Future Agenda Items – Out of Order**

There were no requests for future agenda items.

There being no further business, the meeting adjourned at 11:20 a.m.

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| <br><hr/> Javier Romero<br>Board President                | <u>4/12/17</u><br>Date | <br><hr/> Linda P. Le<br>Retirement Plan Manager | <u>4/12/17</u><br>Date |
| <br><hr/> Mary E. Alvarez<br>Utility Executive Secretary | <u>4/12/17</u><br>Date |  |                        |