

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

**MINUTES**

**June 28, 2017**

**Board Members Present:**

Javier Romero, President  
Barry Poole, Vice President  
LaTanya Bogin, Regular Member  
Timothy Hemming, Retiree Member  
Mel Levine, LADWP Commissioner

**Board Members Absent:**

Mario Ignacio, Chief Accounting Employee  
David H. Wright, General Manager

**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  
Sandra Turner, Senior Administrative Clerk

**Others Present:**

Anya Freedman, Deputy City Attorney  
Joshua Geller, Deputy City Attorney

President Romero called the meeting to order at 9:03 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. Approval of Minutes**
  - a) April 12, 2017, Regular Meeting – Clerical Correction**
  - b) May 10, 2017, Regular Meeting**
  
- 2. Termination from Rolls**
  - a) Termination of Monthly Allowance from the May 2017 Retirement Roll**
  - b) Termination of Monthly Allowance from the June 2017 Retirement Roll**
  - c) Termination of Jose L. Esparza from May 2017 Permanent Total Disability Roll**

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

*Ayes: Bogin, Hemming, Levine, Poole, Romero*

*Nays: None*

*Absent: Ignacio, Wright*

*THE MOTION CARRIED.*

**3. Report of Payment Authorizations**

- a) April 2017**
- b) May 2017**

4. **Notice of Deaths**
  - a) **April 2017**
  - b) **May 2017**
5. **Investment Reports for April 2017**
  - a) **Summary of Investment Returns as of April 30, 2017**
  - b) **Market Value of Investments by Fund and Month as of April 30, 2017**
  - c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of April 30, 2017**
6. **Summary of Contract Expirations**
7. **Report on Status of Insurance as of May 31, 2017**
8. **Evaluation of City Attorney Services for the Period January 1, 2017 through March 31, 2017**

Ms. Carranceja stated that all future City Attorney evaluations would be presented under the "Received and Filed" items on the agenda.

*Mr. Poole moved that the Board approve Items 3 through 8; seconded by Mr. Hemming.*

*Ayes: Bogin, Hemming, Levine, Poole, Romero*

*Nays: None*

*Absent: Ignacio, Wright*

*THE MOTION CARRIED.*

#### **9. Discussion of Contract Extension for Custodian Services; and Possible Action**

Mr. Wolfson introduced Grace Adajar, staff, who presented the report to extend the contract with The Northern Trust Company for five years, pending successful negotiation of contract terms.

Mr. Romero requested that the item be returned to the Retirement Board for final approval, and to allow for review of the current and future fees of the contract.

*Mr. Hemming moved that the Board approve Resolution No. 17-67; seconded by Mr. Poole.*

*Ayes: Bogin, Hemming, Levine, Poole, Romero*

*Nays: None*

*Absent: Ignacio, Wright*

*THE MOTION CARRIED.*

#### **10. Discussion of Emerging Manager Program; and Possible Action**

The item was tabled for a future meeting.

**11. Discussion of Request for Proposal for Outside Securities Monitoring and Litigation Counsel; and Possible Action**

Ms. Freedman presented the report for outside securities monitoring and litigation counsel. Discussion ensued regarding the selection process, fee negotiations, and the advantage of monitoring counsel and litigation counsel.

The Retirement Board authorized the City Attorney's Office to implement the process as presented for the selection and engagement of outside counsel with expertise in securities litigation, and to issue a Request for Proposal for outside Securities Monitoring and Litigation Counsel.

**12. Annual Presentation by Neuberger Berman Fixed Income, LLC – Extended Global Credit Manager**

Ms. Jennifer L. Laird, Senior Vice President, and Andrew A. Johnson, Managing Director, representatives of Neuberger Berman Fixed Income, LLC, who presented an overview of the firm and summarized the performance of the Portfolio.

**13. Annual Presentation by Macquarie Investment Management (Formerly Delaware Investment Advisers) – Global Extended Credit Manager**

Skip Corkran, Relationship Manager, David Hillmeyer, Sr. Portfolio Manager, and Adam Brown, Sr. Portfolio Manager, of Macquarie Investment Management, who presented an overview of the firm and summarized the performance of the Portfolio.

**14. Annual Presentation by Pacific Asset Management – Active U.S. Bank Loans Manager**

Dominic Nolan, Sr. Managing Director, Michael Marzouk, Sr. Managing Director, and Matthew Cecil, Associate Director, of Pacific Asset Management, who presented an overview of the firm and summarized the performance of the Portfolio.

**15. Presentation by Courtland Partners – 2016 Fourth Quarter Real Estate Portfolio Performance Report**

Mr. Romero acknowledged Ms. Jacqueline Smith of Courtland Partners, who presented the 2016 Fourth Quarter Real Estate Portfolio Performance Report.

Mr. Levine left the meeting at 10:27 a.m.

**16. Presentation by RVK, Inc. – Active/Passive Global Equity Training**

Mr. Romero acknowledged Jim Voytko and Ryan Sullivan of RVK, Inc., who presented training on Active/Passive Global Equity.

**17. Presentation by RVK, Inc. – 2017 First Quarter Portfolio Performance Report**

Mr. Voytko and Mr. Sullivan presented the 2017 First Quarter Portfolio Performance Report.

**18. Presentation by RVK, Inc. – 2017 First Quarter Real Return Portfolio Performance Report**

Mr. Voytko and Mr. Sullivan presented the 2017 First Quarter Real Return Portfolio Performance Report.

**21. Investment Reports for March 2017 – Out of Order**

- a) **Summary of Investment Returns as of March 31, 2017**
- b) **Market Value of Investments by Fund and Month as of March 31, 2017**
- c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of March 31, 2017**

**22. Retirement Plan Manager’s Comments – Out of Order**

Ms. Le reported the following:

- The Retirement Board met in closed session on April 12, 2017, to discuss investment in EnCap Energy Capital Fund XI. The Retirement Board voted unanimously to approve the investment. The contract was executed on May 31, 2017, with \$50 million invested from the Retirement Fund, and \$10 million invested from the Retiree Health Benefit Fund.
- The Board recently approved the following contracts:
  - 1) Blackstone Hedge Fund – fees were negotiated down by 15 basis points, equal to approximately \$585,000/year, and could potentially be as high as \$6 million as investments ramp up.
  - 2) Courtland Real Estate consultant – fees were negotiated down by \$10,000/year.
- Staff has completed the response to the management audit and is waiting for the Controller’s Office and the City Administrative Office to make the report public, before bringing the item back to the Retirement Board for discussion.
- The Plan recently received a California Public Records Act request from the organization Transparent California, for Water & Power Employees’ Retirement Plan Retiree compensation data for calendar year 2016. As a public entity, we are required by law to make the information available. This information does not include amounts payable for Additional Annuities. The President of the Retirement Employees’ Association has also been notified.

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

There were no requests for future agenda items.

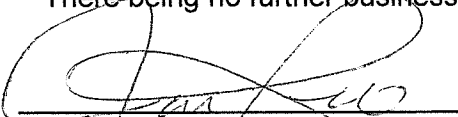
The Board met in Closed Session at 11:42 a.m. to discuss the following:

**19. CLOSED SESSION - PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 to Confer with, and/or Receive Advice from, Legal Counsel regarding pending litigation, and possible board action. Case: Morgan v. Board of Administration of the Water and Power Employees' Retirement Plan, et al. (Superior Court of California, County of Los Angeles, Case No. BS168466)**


**20. 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**

The Retirement Board reconvened in Open Session at 11:59 a.m. Mr. Romero announced that the Retirement Board had unanimously voted to approve Resolution No. 17-69.

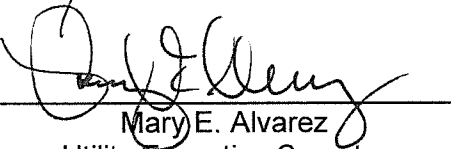
There being no further business, the meeting adjourned at 12:00 p.m.

  
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Javier Romero  
Board President

7/12/17  
Date

  
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Linda P. Le  
Retirement Plan Manager

7/12/17  
Date

  
\_\_\_\_\_  
Mary E. Alvarez  
Utility Executive Secretary

7/12/17  
Date