

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

MINUTES

September 13, 2017

Board Members Present:

Javier Romero, President
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:

Mel Levine, LADWP Commissioner

Staff Present:

Linda P. Le, Retirement Plan Manager
Monette Carranceja, Asst. Retirement Plan Manager
Jeremy Wolfson, Chief Investment Officer
Mary E. Alvarez, Utility Executive Secretary
Sandra Turner, Senior Administrative Clerk

Others Present:

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 comments were received.

- 1. Approval of Minutes of August 9, 2017, Regular Meeting**
- 2. Termination of Monthly Allowance from the August 2017 Retirement Roll**

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

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Levine, Wright

THE MOTION CARRIED.

- 3. Report of Payment Authorizations for July 2017**
- 4. Notice of Deaths for July 2017**
- 5. Investment Reports for July 2017**
 - a) Summary of Investment Returns as of July 31, 2017**
 - b) Market Value of Investments by Fund and Month as of July 31, 2017**
 - c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of July 31, 2017.**

6. Summary of Contract Expirations

7. Report on the Status of Insurance as of August 23, 2017

8. Report on the Realized Investment Gains of the Retirement Fund for Fiscal Year Ended June 30, 2017

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

Ayes: Bogin, Hemming, Ignacio, Poole, Romero

Nays: None

Absent: Levine, Wright

THE MOTION CARRIED.

9. Discussion of Management Audit of the Los Angeles Department of Water and Power Employees' Retirement Plan Part II: Governance-Related Recommendations

Ms. Carranceja discussed Part II of the recommendations of the Management Audit report covering the period from July 2010 through June 30, 2015. Discussion ensued on these recommendations that are focused on governance-related items.

Mr. Wright entered the meeting at 9:06 a.m.

Mr. Romero requested that the item be held to research and review other pension plans and determine the best approach to developing a governance document. Mr. Poole requested a report to see all groupings of the recommendations to determine the prioritization of the Management Audit in its entirety.

The item was held.

10. Discussion of Workload Statistics Report of the Retirement Plan Office Benefits Sections for Fiscal Year 2016-2017

Ms. Mendez presented the Workload Statistics Report of the Retirement Plan Office Benefits Section for Fiscal Year 2016-2017. Discussion ensued regarding the Department and staffing needs in preparation of future retirements.

11. Discussion of Contract Consideration for a Search Service Agency to Locate Members/Participants and Beneficiaries

Ms. Mendez presented the report to consider a contract for a search service agency to locate Members/Participants and Beneficiaries. Ms. Mendez requested a modification to the report and resolution to correctly document the name of the contractor as CoventBridge (USA), Inc.

Mr. Poole moved that the Board approve Resolution No. 18-16, as amended; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Ignacio, Poole, Romero, Wright

Nays: None

Absent: Levine

THE MOTION CARRIED.

12. Discussion of the Active Extended Global Credit Guidelines

Mr. Wolfson briefly presented the item and introduced Fahad Haider, staff, Ryan Sullivan and Becky Gratsinger of RVK, Inc. (RVK), the Plan's general consultant, who then presented the report to recommend additional enhancements to the Active Extended Global Credit Guidelines to improve the liquidity and risk profile of the mandate. Discussion ensued regarding term limits and various revisions to the guidelines.

Mr. Ignacio moved that the Board approve Resolution No. 18-17; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Ignacio, Poole, Romero, Wright

Nays: None

Absent: Levine

THE MOTION CARRIED.

13. Discussion of the Fund of Hedge Fund Guidelines

Mr. Wolfson introduced Scott Vargas, staff, Mr. Sullivan and Ms. Gratsinger of RVK, who presented revisions to the Fund of Hedge Fund Guidelines to allow the Hedge Fund Manager to efficiently and effectively manage the portfolio in a way that will best meet the risk adjusted returns of the mandate. Discussion ensued regarding timeframes, fees, discounts and risk return parameters of the portfolio.

Mr. Wright moved that the Board approve Resolution No. 18-18; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Ignacio, Poole, Romero, Wright

Nays: None

Absent: Levine

THE MOTION CARRIED.

14. Annual Presentation by J.P. Morgan Investment Management, Inc. – Principal Protection Manager

Darren Smith, Managing Director, Joseph Hisdorf, Portfolio Manager, and Richard Figuly, Managing Director, of J.P. Morgan Asset Management presented the annual report on the Principal Protection Manager.

15. Annual Presentation by Wells Capital Management, Inc. – Principal Protection Manager

Daniel Anderson, Client Relations Director, Jarad Vasquez, Senior Portfolio Manager, and David Klug, Portfolio Specialist, presented the annual report on the Principal Protection Manager.

16. Presentation by Courtland Partners – 2017 First Quarter Real Estate Portfolio Performance Report

Tom Hester of Courtland Partners presented the 2017 First Quarter Real Estate Portfolio Performance Report.

17. Presentation by Pension Consulting Alliance, LLC – 2017 First Quarter Private Equity Portfolio Performance Report

Tad Fergusson and Ahman Dirks of Pension Consulting Alliance, LLC, presented the 2017 First Quarter Private Equity Portfolio Performance Report

22. Investment Reports for June 2017 – Out of Order

- a) **Summary of Investment Returns as of June 30, 2017**
- b) **Market Value of Investments by Fund and Month as of June 30, 2017**
- c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of June 30, 2017.**

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

- The Assistant Retirement Plan Manager position is currently vacant.
- Beginning January 2018 Retirement will be in full compliance of the Tax Compliance issues.
- Draft valuations will be presented to the Retirement Board for review in late September, and the financial statement will be presented in November.
- Currently working on the Budget and anticipate presenting to the Retirement Board in November.
- Currently updating the Plan Document which was removed from the website due to errors. Anticipate it will be back online in mid-October.
- Meet and confer meeting held with IBEW on the Plan amendments. Other unions have not requested to meet; however, we are anticipating another meeting with IBEW prior to moving forward with the amendments.
- Investments staff are working on the private equity contract and planning interviews for later this year. Also, the global equity allocation should be completed by the November meeting.

24. Future Agenda Items – Out of Order

There were no requests for future agenda items.

The Board met in Closed Session at 10:31 a.m. to discuss the following:

- 18. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54956.81 to Consider the Purchase of One Particular, Specific Pension Fund Investment**
- 19. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54956.81 to Consider the One Particular, Specific Pension Fund Investment**
- 20. CLOSED SESSION – PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1) to Consider Board Review of the Evaluation of City Attorney Services for the Period July 1, 2016 through June 30, 2017**

21. 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 11:28 a.m.

There being no further business, the meeting adjourned at 11:29 a.m.

_____ Javier Romero Board President	_____ Date	_____ Linda P. Le Retirement Plan Manager	_____ Date
_____ Mary E. Alvarez Utility Executive Secretary	_____ Date		