

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

MINUTES

February 28, 2018

Board Members Present:

Javier Romero, President
Barry Poole, Vice President
LaTanya Bogin, Regular Member
Timothy Hemming, Retiree Member
Aura Vasquez, 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. Ret. Plan Manager
Jeremy Wolfson, Chief Investment Officer
Mary E. Alvarez, Utility Executive Secretary

Others Present:

Joshua Geller, Deputy City Attorney
Alan Manning, Assistant City Attorney

President Romero called the meeting to order at 9:04 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 there were no requests for public comment.

The Board entered Closed Session at 9:05 a.m. to discuss the following:

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 – Out of Order

Discussion held – action taken but not reportable.

Ms. Vasquez entered the meeting at 9:14 a.m. Mr. Manning left the meeting at 9:16 a.m.

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

Discussion held – action taken but not reportable.

The Retirement Board reconvened in Open Session at 9:50 a.m.

Public Comments

Mr. Romero re-opened Public Comments to welcome Commissioner Aura Vasquez, Water and Power Board of Commissioners, as the most recent appointment to the Retirement Board, replacing Commissioner Mel Levine.

Ms. Alvarez reported one request for public comment from Paul W. Moore, who read from a prepared statement regarding his retirement benefits and submitted it for the record. Mr. Moore requested the Retirement Board approve his request so that he would not have to file a lawsuit.

Mr. Romero stated that staff would review the request and contact Mr. Moore regarding the matter.

- 1. Approval of Minutes of January 24, 2018, Regular Meeting**
- 2. Termination from Rolls**
 - a) Termination of Monthly Allowance from the February 2018 Retirement Roll**
 - b) Termination of Harry D. Underwood from February 2018 Permanent Total Disability Roll**

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

Ayes: Bogin, Hemming, Poole, Romero, Vasquez

Nays: None

Absent: Ignacio, Wright

THE MOTION CARRIED.

- 3. Report of Payment Authorizations for January 2018**
- 4. Notice of Deaths for January 2018**
- 5. Investment Reports for December 2017**
 - a) Summary of Investment Returns as of December 31, 2017**
 - b) Market Value of Investments by Fund and Month as of December 31, 2017**
 - c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of December 31, 2017**
- 6. Summary of Contract Expirations for February 2018**

Mr. Wolfson stated that the subject report inadvertently included additional months of information with the February 2018 reporting.

- 7. Report on Status of Insurance as of February 2018**
- 8. Evaluation of City Attorney Services for the Period of October 1, 2017 through December 31, 2017**
- 9. Presentation by Pension Consulting Alliance, LLC – 2017 Third Quarter Private Equity Performance Report**

Mr. Hemming moved that the Board approve Items 3 through 9; seconded by Mr. Poole.

Ayes: Bogin, Hemming, Poole, Romero, Vasquez

Nays: None

Absent: Ignacio, Wright

THE MOTION CARRIED.

10. Discussion of July 1, 2018, Annual Cost of Living Adjustment for Eligible Recipients of Monthly Retirement Plan Benefits

Veronica Mendez, staff, presented the annual Cost of Living Adjustment (COLA) for all eligible recipients of monthly Retirement Plan benefits. She stated that the Consumer Price Index for 2018 was 2.8 percent.

Mr. Hemming moved that the Board approve Resolution No. 18-69; seconded by Mr. Poole.

*Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright*

THE MOTION CARRIED.

11. Discussion of Adoption of Approved Amendments to the Water and Power Employees' Retirement Plan

Ms. Le presented the report to request adoption of approved amendments to the Plan, thereby completing the final step in the amendment process.

Mr. Hemming moved that the Board approve Resolution No. 18-70 to reduce the vesting requirements for Tier 2 members; seconded by Mr. Poole.

*Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright*

THE MOTION CARRIED.

Mr. Hemming moved that the Board approve Resolution No. 18-71 to align the actuarial assumptions; seconded by Mr. Poole.

*Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright*

THE MOTION CARRIED.

Mr. Hemming moved that the Board approve Resolution No. 18-72 to require a minimum period of separation after retirement; seconded by Mr. Poole.

*Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright*

THE MOTION CARRIED.

Mr. Hemming moved that the Board approve Resolution No. 18-73 to make technical corrections to the Plan; seconded by Mr. Poole.

Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright

THE MOTION CARRIED.

12. Discussion of Investment Focused Recommendations in the Management Audit of the Los Angeles Department of Water and Power Employees' Retirement Plan

Ms. Carranceja presented the report to create an Ad Hoc Committee with delegated authority to review and determine the course of action for the Investment-focused Management Audit recommendations.

Mr. Romero recommended that the Ad Hoc Committee be comprised of Messrs. Ignacio, Poole, and Romero.

Mr. Poole moved that the Board approve Resolution No. 18-74; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright

THE MOTION CARRIED.

13. Discussion of Contract Extension for Blackrock Institutional Trust Company, International Developed Passive Core Equity

Mr. Wolfson briefly discussed the item and introduced Ravi Sharma, staff, and Ryan Sullivan and Becky Gratsinger of RVK, Inc. (RVK), the Plan's general consultant, who presented the report to extend the contract with Blackrock Institutional Trust Company for three years, beginning September 1, 2018 through August 31, 2021.

Mr. Poole moved that the Board approve Resolution No. 18-75; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright

THE MOTION CARRIED.

14. Discussion of Contract Extension for MFS Investment Management, Inc.

Mr. Wolfson briefly discussed the item and introduced Mr. Sharma, Mr. Sullivan and Ms. Gratsinger who presented the report to extend the contract with MFS Investment Management, Inc., for three years beginning July 1, 2018 through June 30, 2021.

Mr. Poole moved that the Board approve Resolution No. 18-76; seconded by Mr. Hemming.

Ayes: Bogin, Hemming, Poole, Romero, Vasquez
Nays: None
Absent: Ignacio, Wright

THE MOTION CARRIED.

15. Discussion of Organizational Change at JP Morgan Investment Management, Inc.

Mr. Wolfson briefly discussed the item and introduced Fahad Haider, staff, Mr. Sullivan and Ms. Gratsinger who presented the item to remove JP Morgan Investment, Inc., from organizational watch status.

Mr. Hemming moved that the Board approve Resolution No. 18-77; seconded by Mr. Poole.

Ayes: Bogin, Hemming, Poole, Romero, Vasquez

Nays: None

Absent: Ignacio, Wright

THE MOTION CARRIED.

16. Presentation by Courtland Partners – 2018 Real Estate Strategic Plan

Mr. Romero acknowledged Tom Hester, Sr. Vice President, Courtland Partners (Courtland), who presented an overview of the firm's 2018 Real Estate Strategic Plan.

The Retirement Board recessed at 10:32 a.m. and reconvened at 10:45 a.m.

17. Presentation by Courtland Partners – 2017 Third Quarter Real Estate Performance Report

Mr. Hester presented an overview of the firm and the quarterly Real Estate Performance report.

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

Mr. Romero acknowledged representatives of Earnest Partners, Regina Martyanova, Product Management, and Chris Hovis, Partner, who presented an overview of the firm and reported on the annual performance of the Domestic Small-Cap Value Equity Manager.

19. Annual Presentation by Emerald Advisors, Inc. – Domestic Small-Cap Growth Equity Manager

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

22. Investment Reports for November 2017

a) Summary of Investment Returns as of November 30, 2017

b) Market Value of Investments by Fund and Month as of November 30, 2017

c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of November 30, 2017

23. Retirement Plan Manager's Comments


Ms. Le stated there were no comments.

24. Future Agenda Items

Mr. Romero stated that his name would not appear on the ballot for the upcoming elections for Retirement Board members.

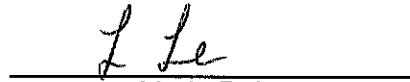
Mr. Poole thanked Mr. Romero for his numerous years of service on the Retirement Board and requested staff to look into the possibility of a commemoration for Mr. Romero. Ms. Le stated she would look into the matter.

There being no further business, the meeting adjourned at 11:18 a.m.



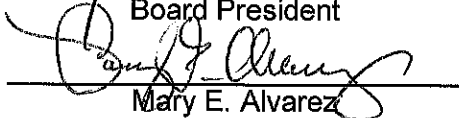
Javier Romero
Board President


4/11/18
Date



Linda P. Le
Retirement Plan Manager

4/11/18
Date



Mary E. Alvarez
Utility Executive Secretary

4/11/18
Date