

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

MINUTES

June 13, 2018

Board Members Present:

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

Board Members Absent:

LaTanya Bogin, Member
Aura Vasquez, LADWP Commissioner
David H. Wright, General Manager

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

Others Present:

Anya Freedman, Asst. City Attorney

Vice President Poole called the meeting to order at 9:01 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 of May 23, 2018, Regular Meeting

Mr. Hemming moved that the Board approve Item 1; seconded by Mr. Ignacio.

Ayes: Felix, Hemming, Ignacio, Poole

Nays: None

Absent: Bogin, Vasquez, Wright

THE MOTION CARRIED.

2. Investment Reports for April 2018

- a) Summary of Investment Returns as of April 30, 2018**
- b) Market Value of Investments by Fund and Month as of April 30, 2018**
- c) Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of April 30, 2018**

3. Articles of Interest

No articles of interest were submitted.

Mr. Hemming moved that the Board receive and file Items 2 and 3; seconded by Mr. Ignacio.

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

Mr. Poole introduced and welcomed Anya Freedman, Assistant City Attorney, to the meeting. Ms. Freedman would be replacing Mr. Alan Manning who recently retired.

4. Discussion of Professional Services Contract to Regularly Update the Print and Electronic Versions of the Water and Power Employees' Retirement Plan Document

Veronica Mendez, Utility Administrator, presented the report to request approval of funding for a professional services contract to utilize the services of a publisher to regularly update and maintain the print and electronic versions of the Plan document.

Mr. Ignacio requested further elaboration on the electric version and what specific services would be provided. Ms. Mendez stated the services would provide initial Plan document conversion, formatting of updates to the electronic documents, production of MS Word and PDF formats hosted under the internet site, capability to search the documents and print copies. She also stated that based on the contractor's good standing and twelve-year relationship with the City, staff recommends the Retirement Board contract directly with American Legal for the services.

Mr. Ignacio moved that the Board approve Resolution No. 18-92; seconded by Mr. Hemming.

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

THE MOTION CARRIED.

16. Discussion of Request for Proposals for Outside Tax Counsel – Out of Order

Ms. Freedman presented the report to approve the City Attorney's Office's issuance of a Request for Proposal (RFP) to solicit proposals for one or more outside law firms to assist the City Attorney in providing tax law advice to the Plan for a three year-term, beginning September 21, 2018. She stated that the role would be for outside counsel to assist the City Attorney's Office in providing expert advice to the three City pensions and retirement plans to ensure tax-exempt status and answer other tax compliance questions.

Discussion ensued regarding the selection process, screening and interviewing process which would be coordinated by the City Attorney's Office, with the active participation of staff members from all three retirement plans. Ms. Freedman further stated that the Panel would then make recommendations of one or more law firms to the Retirement Board for final approval.

Mr. Hemming moved that the Board approve Resolution No. 18-95; seconded by Mr. Felix.

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

THE MOTION CARRIED.

5. Discussion of U.S. Large-Cap Growth Equity Mandate

Mr. Wolfson briefly presented the report and introduced Ravi Sharma, staff, and Ryan Sullivan and Becky Gratsinger of RVK, Inc. (RVK), the Plan's general consultant, who presented the details of the report to interview four candidates for the Plan's U.S. Large-Cap Growth Equity mandate.

Mr. Poole requested RVK address the possible issue of the percentage of total assets under management by MFS Investment Management (MFS). Mr. Sullivan stated the four final firms were all capable of managing Large-Cap Growth Equity Mandates and all had a proven track record. He stated there were no immediate concerns with the investment management and operational capabilities of MFS; however, if 15 percent was an uncomfortable percentage to invest in one company, RVK recommended the Retirement Board hold future discussion to amend or craft language in the actual investment policy. Mr. Ignacio reminded staff to provide detailed comparisons of the four candidates. The Retirement Board agreed to move forward with the interviews.

6. Discussion of Contract Extension for MFS Investment Management, Large-Cap Value Equity

Mr. Wolfson briefly discussed the item and introduced Mr. Sharma and RVK who presented the contract extension with MFS for the Large-Cap Value Equity for three years, beginning December 1, 2018 through November 30, 2021.

Mr. Ignacio moved that the Board approve Resolution No. 18-93; seconded by Mr. Felix.

Ayes: Felix, Hemming, Ignacio, Poole

Nays: None

Absent: Bogin, Vasquez, Wright

THE MOTION CARRIED.

7. Discussion of Contract Extension for Emerald Advisers Small-Cap Growth Equity

Mr. Wolfson briefly discussed the item and introduced Mr. Sharma and RVK who presented the contract extension with Emerald Advisers for Small-Cap Growth Equity for three years, beginning October 1, 2018 through September 30, 2021.

Mr. Ignacio moved that the Board approve Resolution No. 18-94; seconded by Mr. Hemming.

Ayes: Felix, Hemming, Ignacio, Poole

Nays: None

Absent: Bogin, Vasquez, Wright

THE MOTION CARRIED.

8. Presentation by StepStone – 2018 Private Equity Strategic Plan

Mr. Wolfson briefly explained that the annual Private Equity Strategic Plan is typically presented in February; however, was delayed due to the recent selection of StepStone as the new Private Equity Consultant and the process to bring them on board. Mr. Poole acknowledged Michael

Elio, Partner, John Kettlich, Partner, and Jonathan True, Senior Associate, representatives of StepStone, who presented an overview of the firm and summarized the 2018 strategic plan.

Mr. Ignacio left the meeting at 9:54 a.m.

Mr. Felix left the meeting at 10:15 a.m. and returned at 10:18 a.m.

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

Mr. Poole acknowledged Paul Sauer, CFA of Neuberger Berman Fixed Income, LLC introduced David M. Brown, Managing Director, Andrew A. Johnson, Managing Director, and David Tang, Senior Vice President, representatives of Neuberger Berman Fixed Income, LLC, who presented an overview of the firm and summarized the performance of the Portfolio.

10. Annual Presentation by Macquarie Investment Management – Extended Global Credit Manager

Mr. Poole acknowledged Skip Corkran, Institutional Relationship Manager, and David Hillmeyer, Sr. Portfolio Manager, of Macquarie Investment Management, who presented an overview of the firm and summarized the performance of the Portfolio.

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

Mr. Poole acknowledged Matthew Cecil, Director, and JP Leasure, Sr. Managing Director, of Pacific Asset Management, who presented an overview of the firm and summarized the performance of the Portfolio.

12. 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

No discussion held.

13. Investment Reports for March 2018

- a) **Summary of Investment Returns as of March 31, 2018**
- b) **Market Value of Investments by Fund and Month as of March 31, 2018**
- c) **Market Value of the Retirement, Death, and Disability Funds and Retiree Health Care Fund as of March 31, 2018.**

14. Retirement Plan Manager's Comments

Ms. Le reported the following:




- Staff currently working on data validation for the annual valuation and the item will be presented to the Retirement Board sometime in September, and staff was already working on year-end closing, financials and annual member statements.
- Preparing for the Retirement Board Educational Session scheduled for the early part of October and lasting approximately four to five hours and involving multiple topics.

- Investments Section currently working on three RFPs; one will be presented at the next Retirement Board meeting with the interviews and two are in the queue.

15. Future Agenda Items

There were no requests for future agenda items.

There being no further business, the meeting adjourned at 10:54 a.m.

 _____ Barry Poole Board Vice President	<u>7/25/18</u> Date	 _____ Linda P. Le Retirement Plan Manager	<u>7/25/18</u> Date
 _____ Mary E. Alvarez Utility Executive Secretary	<u>7/25/18</u> Date		