

RESOLUTION TO ADOPT THE AMENDMENT TO THE WATER AND POWER EMPLOYEES' RETIREMENT PLAN TO ELIMINATE THE RESERVE FOR INVESTMENT GAINS AND LOSSES ACCOUNT

WHEREAS, Section III C (8) of the Water and Power Employees' Retirement Plan (Plan) establishes the Reserve for Investment Gains and Losses for recording the investment gains and losses of security transactions and to retain an amount in the account as determined by the Board of Administration (Retirement Board) of the Plan; and

WHEREAS, the Reserve for Investment Gains and Losses account is inconsistent with the Retirement Board's Investment Policy, which provides investment managers full discretion over security transactions and trading activities; and

WHEREAS, the Reserve account records only the realized gains and losses and; therefore, does not provide the total returns experienced by the Retirement Fund which include both realized and unrealized gains and losses; and

WHEREAS, the proposed Plan amendment to Section III C (8) eliminates the Investment Gains and Losses account and establishes a change in recording of the investment gains and losses directly to the General Reserve Account for the Retirement Fund; and

WHEREAS, an actuarial study is not required because there is no impact to cost or benefits; and

WHEREAS, at its regular meeting on June 8, 2016, the Retirement Board approved Resolution No. 16-98, to recommend the Board of Water and Power Commissioners of the City of Los Angeles (Board of Commissioners) approve the proposed Plan amendment to eliminate the Reserve for Investment Gains and Losses account; and

WHEREAS, at its regular meeting on August 2, 2016, the Board of Commissioners approved the proposed Plan amendment, Resolution No. 017 028.

NOW, THEREFORE, BE IT RESOLVED, that the Retirement Board adopts the proposed Plan amendments as hereinafter provided:

Plan section III C (8) is amended by the addition of the underlined language. Words underlined in this resolution shall not be underlined in the Plan document.

Section III C (8) Surplus

The Board shall accumulate surplus funds within the Retirement Fund, Disability Fund and the Death Benefit Fund out of the gross income of said Funds before any excess of income, not specifically disposed of under the terms of this Plan, shall be utilized for any purpose. The surplus funds in each Fund shall be kept in general reserve accounts. The Board having established a special reserve account as of June 30, 1981 to be used to record the gains and losses of security transactions of the Retirement Fund shall, for fiscal years beginning after June 30, 1981, determine the amounts to be retained in said special reserve account at the end of each year. Any excess may be placed in the Retirement Fund General Reserve Account at the end of the year. For fiscal years beginning after June 30, 2016, the gains and losses of security transactions of the Retirement Fund will be recorded directly to the General Reserve Account for the Retirement Fund.

I **HEREBY CERTIFY**, the foregoing is a full, true, and correct copy of a Resolution adopted by the Retirement Board of Administration [created by Section 1102 (b) of the Los Angeles City Charter] at its regular meeting held on September 14, 2016.



Linda P. Le
Retirement Plan Manager