



WATER AND POWER EMPLOYEES' RETIREMENT PLAN

SUMMER 2018 NEWSLETTER



Mr. Javier Romero presided over his last Retirement Board meeting on April 11, 2018 after years of dedicated service to our members. Mr. Romero is one of the Board's longest serving members, filling the roles of both Board President and active employee representative for the Water System during his tenure.

Mr. Romero was elected to the Retirement Board by his fellow employees on May 1, 2000. Within a year of his first Board meeting, he was selected unanimously by his fellow Board members to the position of Board President and has remained in this position until today.

For nearly two decades, as a non-paid volunteer Board member, he has been unwavering in his dedication to safeguarding our benefits and prudently directing the investment of our Plan assets. Through his actions on the Retirement Board, Mr. Romero has led us to overcome many of the challenges of an increasingly complex pension administration.

Mr. Romero accomplished all this, while continuing to excel in his regular job in the Water System, receiving promotions from Water Service Worker to Water Service Supervisor in 2005, then Assistant Water Utility Superintendent in 2017.

He told me shortly after his promotion, "I think it's time for me to concentrate on my career and the future of my family."

His leadership, integrity, and knowledge will be greatly missed on the Retirement Board. However, the values he has instilled in staff will continue on: *"Duty to our participants over all other duties."* **Linda P. Le, Retirement Plan Manager**

Highlights from Mr. Romero's stewardship:

- Served alongside 12 different LADWP General Managers, who are ex officio members of the Retirement Board;
- Provided guidance to 7 different Retirement Plan Managers in the administration of Plan benefits;
- Directed transition of Plan investments from a passive portfolio to an active portfolio encompassing a myriad of asset classes, while growing Plan assets from \$5.9 billion to over \$12.1 billion (\$14.2 billion including the Health Benefits Fund); and
- Ensured continued viability of the Plan by leading the movement to suspend reciprocity with LACERS and creating a new tier of benefits.

It has been my pleasure and an honor to work with Mr. Romero over the past nine years. He always maintained the highest levels of service, professionalism, and integrity for the members of the Plan, ensuring maximum safety and growth of our funds. He will be deeply missed as a colleague and as a friend. I wish him and his family the very best in their future endeavors.

Barry Poole, Vice President Retirement Board



I would like to extend my best wishes and gratitude for Mr. Romero's outstanding leadership as Board President of the Water and Power Employees' Retirement Plan (Plan) over the last 17 years. Personally, I wanted him to know what a blessing it's been to work with him over the past seven years that I have been on the Board. I am immeasurably thankful for the motivating atmosphere that he created on the Board for all of us. He is the kind of person that brings out the best in others. The Plan saw success because of his leadership, enthusiasm, and dedication at work. He has left an indelible mark.

As a Board member, I will be happy if we can be even half as efficient, half as creative and half as amazing as a team as compared to what we were when he was the Board President. We will miss his spirit and energy, resourcefulness, amazing charisma, and the role of a true leader of the Retirement Board. Most of all, we will miss his professional expertise and his friendship. Thank you for everything.

Mario Ignacio, Chief Accounting Employee and Assistant Chief Financial Officer & Treasurer

It is with mixed emotions that I announce the end of my tenure as your representative on the Board of Administration of the Water and Power Employees' Retirement Plan. Unfortunately, the demands of my new position in Water Distribution require my best efforts and remaining on the Board will hinder my ability to meet those new challenges.

I am very proud of the accomplishments the Board has made over the years. It has always been my goal to provide our members with good customer service and to safeguard the Plan by diversifying investments to best meet the challenges from the various market environments that may come our way.

I want to thank all the Board members and staff that I have served with over the years and contributed to the safeguarding of the Plan. Your efforts did not go unnoticed.

Best wishes to all and thank you for allowing me to serve you all these years. **Javier Romero, Retirement Board President**

Introduction of New Board Members

The Retirement Board has welcomed two new members to our Board this year.



Board member Adolfo Felix is our newest Active Employee Member representing the Water System. Mr. Felix has some big shoes to fill as the replacement for Javier Romero, however, he's up to the task and excited about his new endeavor.

Mr. Felix has been a Department employee for almost 17 years. His career began as a Customer Service Representative, promoting to Laboratory Technician, and most recently to Water Microbiologist. Working in the Department's Water Quality Lab, Mr. Felix is part of the team performing the essential function of maintaining the high quality of water delivered to the over 4 million residents of the City.

Board member Aura Vasquez is the representative of the Board of Water and Power Commissioners. She also serves on the Board of the Los Angeles League of Conservation Voters.

Ms. Vasquez is an organizer, advocate, and activist for environmental and social justice issues with more than 10 years of experience in New York, Washington D.C, and California. A native of Colombia, she brings her experiences as a Latina immigrant, woman of color, and successful environmental leader to many issues concerning frontline communities. She is the Climate Justice Director for the Center for Popular Democracy (CPD) and has been instrumental in addressing several issues affecting our communities, such as the ban of single use plastic bags in Los Angeles, the California Clean Energy and Pollution Reduction Act (SB 350), and the Feed-in Tariff Initiative – the largest rooftop solar program in the country.



The Retirement Board

Although the purpose of the Board of Administration (Retirement Board) of the Water and Power Employees' Retirement Plan (Plan) has not changed substantially since 1938 when the Plan was created, the complexities of these responsibilities and the standards to which Board members are held have definitely evolved. Since its inception, the Retirement Board has the sole and exclusive responsibility to administer the Plan and to invest its assets.

At its inception, the Plan was limited in its investments to bond and securities. Today, the Plan maintains an active portfolio allocated between a myriad of asset classes.

The Retirement Board members serve as trustees and must act in the exclusive interest of our participants and their beneficiaries. The Retirement Board has seven members: one member of the Board of Water and Power Commissioners, the General Manager, the Chief Accounting Employee of the Department, three active employee members who are elected for three-year terms by active members of the Plan, and one retiree who is appointed by the Board of Water and Power Commissioners for a three-year term.

The Retirement Board usually meets twice a month on the second and fourth Wednesday. All Board and committee meetings are open to the public.

Our Retirement Board Members

- David H. Wright LADWP General Manager
- Mario C. Ignacio Chief Accounting Employee
- Aura Vasquez DWP Board of Commissioners Representative
- LaTanya Bogin Elected Active Member – Joint System
- Adolfo Felix Elected Active Member – Water System
- Barry Poole Elected Active Member – Power System
- Timothy Hemming Appointed Retired Member

Investment Corner

The Retirement Board and Investment Staff continuously strive to stay abreast of the changes in the financial markets and global macroeconomics to achieve optimal results for the Plan's portfolio. As of December 31, 2017, the Plan had an aggregate market value of assets of \$14.2 billion, with a return of 16.53%. The Plan's portfolio has outperformed more than 71% of the other public sector plans of similar size during this period*.

The Retirement Board adopted a new diversified allocation structure last year to maximize investment returns, while minimizing the level of risk in those returns. Transitioning to the new portfolio allocation takes time to implement; therefore, the Plan adopted interim asset allocation targets until all assets can be properly funded.

Asset Class	Target	Interim Target	As of 12/31/17
Domestic Equity	29.00%	33.00%	35.1%
International Equity	19.00%	19.00%	20.7%
Fixed Income	25.00%	26.00%	24.4%
Hedge Funds	5.00%	5.00%	4.9%
Real Estate	8.00%	6.00%	5.7%
Private Equity	8.00%	5.00%	3.5%
Real Return	5.00%	5.00%	4.6%
Cash	1.00%	1.00%	1.1%

Plan Stats (as of December 31, 2017), except Real Estate and Private Equity as of 9/30/2017.

*Source: RVK, Inc.