

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF MARCH 17, 2011

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, March 17, 2011.

COMMISSIONERS PRESENT: Dean Hansell, President
Robert von Voigt, Vice President
George Aliano
Sam Diannitto
Brenda Maull
Wayne Moore
Ruben Navarro
Raúl Pérez
Adlai Wertman

DEPARTMENT OF FIRE AND POLICE PENSIONS: Michael A. Perez, General Manager
Laura Guglielmo, Assistant General Manager
William Raggio, Assistant General Manager
Tom Lopez, Chief Investment Officer
Barbara Nobregas, Commission Executive Assistant

CITY ATTORNEY'S OFFICE: Alan Manning, Assistant City Attorney

President Hansell called the regular meeting to order at 9:02 a.m. All of the above-listed Commissioners were present at the start of the meeting with the exception of Commissioner Pérez, who arrived at 9:07 a.m.

A. ITEMS FOR BOARD ACTION

1. PORTFOLIO PERFORMANCE MEASUREMENT REPORT FOR THE FOURTH QUARTER

Mr. Jim Voytko, Chief Operating Officer, RV Kuhns presented the report focusing on the total fund performance. He and Mr. Tom Lopez, Chief Investment Officer answered the Board's questions. President Hansell suggested a future discussion or presentation on the value added to the Fund with emphasis on gross and net of fees. No board action was taken.

Item 4 was taken out of order.

4. PRESENTATION BY RV KUHNS ON INTERNATIONAL EQUITY SEARCHES AND POSSIBLE BOARD ACTION

Messrs. Jim Voytko and Tom Lopez were before the Board. The Board discussed various approaches to take for the active, emerging and passive manager searches. Board Members gave their opinions on the process and selection of finalists. Mr. Voytko stated he will provide information to the Board as the searches proceed.

RESOLUTION 11080

President Hansell moved that the Board approve the search procedures for active manager, emerging manager, and passive manager searches as proposed by the general consultant, RV Kuhns, and approved by the following vote: ayes, Commissioners Aliano, Maull, Moore, Navarro, Pérez, von Voigt, Wertman, and President Hansell – 8; nays, none. *Commissioner Diannitto stepped out the board room and did not participate in the vote.*

Item 3 was taken out of order.

3. REAL ESTATE CONSULTANT SEARCH UPDATE AND POSSIBLE BOARD ACTION

Mr. Tom Lopez and Ms. Erika Tiedge, Investment Officer II, Investments Division presented the report on the selection of a real estate consultant. The Board questioned Staff on the reasons for recommending the selection of Townsend. Mr. Alan Manning, Assistant City Attorney, City Attorney's Office, requested an amendment to the motion to remove "and legality" and in all future language contracts.

RESOLUTION 11081

Commissioner Diannitto moved that the Board:

1. Approve a three-year real estate consultant contract with The Townsend Group;
2. Authorize the General Manager to negotiate and approve the terms and conditions of the contract with The Townsend Group for real estate consulting services, including the incorporation of the Board's Contractor Disclosure Policy; and,
3. Authorize the President of the Board, on behalf of the Board, to execute the contract with The Townsend Group for real estate consulting services, subject to the approval of the City Attorney as to form, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, and President Hansell – 8; nays, Commissioner Wertman – 1.

2. CHIEF INVESTMENT OFFICER'S QUARTERLY REPORT OF ASSET ALLOCATION STATUS AND POSSIBLE BOARD ACTION

Mr. Tom Lopez presented the report stating domestic equities are out of range.

RESOLUTION 11082

Commissioner Wertman moved that the Board approve the actual asset allocation of the Fund, and staff's plans for bringing asset classes currently outside of their target allocation ranges back within their allocation ranges, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman, and President Hansell – 9; nays, none.

5. PROPOSAL TO REVIEW AND DEVELOP ACTUARIAL FUNDING POLICY AND POSSIBLE BOARD ACTION

Mr. William Raggio presented the report indicating that the Board does not have discretion over the amortization policy.

RESOLUTION 11083

Commissioner Moore moved that the Board:

1. Direct the System's actuary, The Segal Company, to review the actuarial funding policy of the System, with a focus on amortization policy; and
2. Approve the attached Letter of Agreement for actuarial services not specified in the current contract with The Segal Company, at a total cost not to exceed \$50,000; and,
3. Authorize the President of the Board, on behalf of the Board, to execute the Letter of Agreement, subject to City Attorney approval as to form and legality, and include the signature of the General Manager, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman, and President Hansell – 9; nays, none.

6. AUTHORITY FOR ADMINISTRATION OF CITY-APPROVED MEDICAL AND DENTAL INSURANCE PLANS AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Senior Management Analyst II, Medical and Dental Benefits Section presented the report

indicating the resolution gives LAFPP the ability to audit the Associations.

RESOLUTION 11084

Commissioner Navarro moved that the Board adopt the resolution authorizing the Los Angeles Fire Relief Association, Los Angeles Police Relief Association, United Firefighters of Los Angeles City and Los Angeles Police Protective League to administer City-approved medical and dental insurance plans.

HEALTH SUBSIDY PROGRAM

Through the authority provided under Ordinance 147,014, the Los Angeles Fire and Police Pensions (LAFPP) Board adopted a Resolution on April 17, 1975, whereby LAFPP subsidies would be paid to Los Angeles Fire Relief Association (LAFRA), Los Angeles Police Relief Association (LAPRA) and the United Firefighters of Los Angeles City (UFLAC) for contracted health insurance plans. There has not been an updated Board resolution that encompasses the changes in benefits since the 1975 Resolution. This Resolution updates the authorization for the Associations to administer both medical and dental insurance plans, such as the addition of the Los Angeles Police Protective League (LAPPL) dental plans as being eligible for LAFPP subsidies and the authorization for the LAFPP to conduct audits of the Associations that are administering these medical and dental plans.

WHEREAS, the Los Angeles City Charter and Administrative Code provides that the LAFPP Board of Commissioners will pay subsidies toward benefit costs as may be authorized by ordinances adopted from time to time by the Los Angeles City Council for certain eligible retired members of the Fire and Police Pension System; and

WHEREAS, the City Council on March 20, 1975, adopted Ordinance No. 147,014 authorizing subsidy payments to be made toward health insurance premiums for said retired members of the Fire and Police Pension System pursuant to the provisions of said ordinance; and

WHEREAS, certain employee service organizations, including the Fire Relief Association, the Police Relief Association, the United Firefighters of Los Angeles City and the Los Angeles Police Protective League, are the organizations delegated under Agreement with LAFPP to administer said health insurance (medical and dental) as provided by contracts with recognized health insurance carriers; and

WHEREAS, the LAFPP Board, under its authority provided in the Los Angeles City Charter and the Administrative Code, will conduct independent audits of said Associations to the extent that the audits apply to the administration of any retiree medical and/or dental plan subsidized by the LAFPP.

WHEREAS, said service organizations providing medical/dental plans shall assure the Board that they will comply with all applicable regulatory requirements and that said organizations are required to notify the

LAFPP Board of any plan design changes.

NOW, THEREFORE, BE IT RESOLVED that the Manager-Secretary of the Department of Pensions be and is hereby authorized to cause demands to be drawn upon the funds of the Fire and Police General Pension Fund in payment of invoices presented by said service organizations for subsidy payments applying to health insurance premiums (medical and dental) for said eligible members, provided said invoices are verified against records kept by the Fire and Police Pension System and Controller's Office and found to be correct and proper and that individual subsidy amounts are within the limits as set forth in Ordinance No. 147,014, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman, and President Hansell – 9; nays, none.

Commissioner Diannitto asked for clarification on the amortization policy relating to Item A5. Mr. William Raggio stated that any changes to the amortization policy will come to the Board before the next valuation is considered by the Board in November. General Manager Perez stated the intention is to have a proper funding policy.

7. 2011-12 PROPOSED STRATEGIC PLAN AND POSSIBLE BOARD ACTION

Mr. William Raggio was before the Board. President Hansell thanked staff for creating categories and stated it is useful to list where the strategic plans relate to the common goals.

RESOLUTION 11085

Commissioner Diannitto moved that the Board approve the 2011-12 Proposed Strategic Plan, which covers fiscal years 2011-12, 2012-13 and 2013-14, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman, and President Hansell – 9; nays, none.

8. FISCAL YEAR 2011-2012 PROPOSED BUDGET AND POSSIBLE BOARD ACTION

Ms. Myo Thedar, Senior Management Analyst II and Ms. Diana Pointer, Senior Management Analyst I, Administrative Services presented the proposed budget and answered the Board's questions. Based on the Audit Committee's recommendation, the budget was reduced. General Manager Perez stated the budget will come before the Audit Committee again in early May.

RESOLUTION 11086

Commissioner Wertman moved that the Board approve and instruct staff to submit the 2011-12 Proposed Budget to the City Administrative Officer and the Mayor's Office for inclusion in the Mayor's Proposed

Budget and to return to the Audit Committee for further discussion on the Proposed Budget, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman, and President Hansell – 9; nays, none.

9. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR; Properties: 1212 South Flower Street, 312 East 1st Street, 330 South Alameda Street, 360 East Second Street; Negotiator: David Weiner and Martin Cawley (participating by phone); Negotiating parties: Sentinel Real Estate Corporation; Under negotiation: Instruction to negotiator will concern price

General Manager Perez stated this is a standing item on the agenda and had no updates to report.

B. REPORTS TO THE BOARD

1. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
2. Monthly Report
3. General Manager's Report
 - a. Benefits Actions approved by General Manager on March 3, 2011

Pursuant to Resolution 04008, adopted by the Board of Fire & Police Pension Commissioners on August 7, 2003, the following benefit actions have been approved by the General Manager on March 3, 2011.

DISCONTINUED PENSIONS – TIER 2 – 17

Lewis Firestone	Fire Service	Retired:	07-31-69	Died:	09-07-09
Julian C. George	Fire Service	Retired:	03-09-70	Died:	01-16-11
Thomas R. Brummett	Police Service	Retired:	11-22-78	Died:	01-31-11
James P. Gormley	Police Service	Retired:	07-08-73	Died:	01-10-11
Lawrence K. Meyer	Police Service	Retired:	12-09-68	Died:	12-12-10
Roger J. Conley	Police Disability	Retired:	11-07-85	Died:	01-27-11
William J. Duffy, IV	Police Disability	Retired:	05-29-82	Died:	02-02-11
Phyllis L. Burns	Fire Widow	Retired:	10-22-99	Died:	12-28-10
Mary Ann Lentz	Fire Widow	Retired:	09-15-09	Died:	12-30-10
Lorraine B. Sheppard	Fire Widow	Retired:	02-19-96	Died:	01-04-11
Margaret J. Young	Fire Widow	Retired:	05-26-01	Died:	01-08-11
Mabel C. Baker	Fire Widow	Retired:	12-04-96	Died:	01-20-11

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Joan M. Lee	Police Widow	Retired:	06-01-72	Died:	01-30-11
Sonya S. Mathison	Police Widow	Retired:	08-08-10	Died:	01-04-11
Rosie Mena	Police Widow	Retired:	09-10-02	Died:	01-13-11
Gloria R. Sanchez	Police Widow	Retired:	07-22-96	Died:	01-14-11
Margaret J. Young	Police Widow	Retired:	07-10-01	Died:	01-08-11

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 5

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Adeline H. Georgi	Frank O. Georgi, Jr.	Fire Service	12-18-10
Virginia A. Conley	Roger J. Conley	Police Disability	01-28-11
Diana R. Duffy	William J. Duffy, IV	Police Disability	02-03-11
Wanda G. Middough	Robert B. Middough	Police Service	01-17-11
Alice C. Williams	Clyde L. Williams	Police Service	02-26-10

SURVIVOR BENEFIT PURCHASE PROGRAM TIER 2 – 3

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
Gary D. Cramer	Fire Service	03-01-11	30%
Richard J. Thomas	Fire Service	03-01-11	35%
William R. Walley, Jr.	Police Service	03-01-11	35%

SURVIVOR BENEFIT PURCHASE PROGRAM TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
Carl L. Steel	Police Service	03-01-11	55%

SURVIVOR BENEFIT PURCHASE PROGRAM VESTED MEMBERS – TIER 2 – 5

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Vested Date</u>	<u>Survivor Benefit %</u>
Gloria D. Harber	Police Service	03-01-10	03-01-11	30 %
Donald A. Radesky	Police Service	03-01-10	03-01-11	50 %
Richard D. Ziemer	Fire Disability	03-01-10	03-01-11	50 %
Rodney F. Eddy	Police Disability	03-01-10	03-01-11	100 %
Robert P. Fay	Police Disability	03-01-10	03-01-11	65 %

SURVIVING CHILD'S PENSION – TIER 3 – 1

Surviving child benefits are now payable to Sabrina M. Schmid, surviving child of deceased Police Officer II David C. Schmid, effective March 14, 2011 due to the attainment of age 18 and the continuation of her full-time student status.

DECREASE SURVIVING SPOUSE'S PENSION – TIER 3 – 1

Decrease the pension payable to Teresa J. Schmid, surviving spouse of deceased Police Officer II David C. Schmid, due to the attainment of age 18 and full-time student status by Sabrina M. Schmid, effective March 14, 2011.

DISCONTINUE SURVIVING CHILD'S PENSION – TIER 3 – 1

Discontinue the pension payable to Samantha R. Streelman, surviving child of deceased Police Officer II David L. Hofmeyer, effective March 12, 2011 due to the attainment of age 22 on March 13, 2011.

DISCONTINUE SURVIVING CHILD'S PENSION – TIER 5 – 1

Discontinue the pension payable to Andrew S. Walters, surviving child of deceased Fire Captain John C. Walters, effective November 1, 2010 due to discontinuance of full-time student status. There are no remaining minors.

DISCONTINUE/REINSTATE SURVIVING CHILD'S PENSION – TIER 4 – 1

Discontinue the pension payable to Brittany S. Byrnes, surviving child of deceased Police Officer Paul C. Byrnes, effective January 1, 2011 due to the discontinuance of full-time student status.

Reinstate the pension payable to Brittany S. Byrnes, effective March 1, 2011 due to her current enrollment as a full-time student.

SERVICE PENSION – TIER 5 – 1

Police

Gregory M. Stone	Detective III	Eff: 01-30-11	28	Years	118	Days
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SERVICE PENSION/DROP – TIER 5 – 6

Police

Michael D. Gray	Detective II	Eff: 01-04-11	28	Years	114	Days
Carmen M. Johnson	Detective III	Eff: 01-04-11	27	Years	241	Days
Dena M. Johnson	Detective III	Eff: 01-03-11	27	Years	48	Days
Daryl M. Russell	Captain I	Eff: 01-04-11	30	Years	310	Days
Digby Sharpe	Police Officer II	Eff: 01-05-11	25	Years	309	Days
Peter C. Whipple	Police Officer III +1	Eff: 01-03-11	29	Years	45	Days

SERVICE CONNECTED DISABILITY PENSION – TIER 3 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Thomas I. Mace	Police Officer II	50.0000%	03-21-09	02-17-11

SERVICE CONNECTED DISABILITY PENSION – TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Catherine A. Utterback	Firefighter III	50.0000%	04-08-10	02-03-11

b. Other business relating to Department operations

General Manager Perez gave the following updates:

1. He introduced two new staff persons working in the Investments Division: Ms. Annie Chao, Management Analyst II, who transferred from LAPD and graduated from UCLA and Ms. Melissa Soo Hoo, Management Assistant, who transferred from the Personnel Department and graduated from USC.
2. The Cost of Living Adjustment (COLA) for retirees is 2.3%. The assumed COLA for Tiers 1 and 2 members is 3.5%, and Tiers 3, 4, and 5 is 3%, which are both are actuarial gains, effective July 1, 2011.
3. There is a new civilian tier going to City Council, effective January 1, 2012. The changes are: three years will be used for the final average salary to compute a pension; 2% COLA cap with no bank; the earliest to retiree with 30 years of service is age 65. The most significant is the health subsidy which will be restricted to retirees only, not their spouses.
4. The new Tier 6 for our members is effective July 1, 2011. Mr. William Raggio stated the move to transfer from Tier 2, 3, and 4 to the new Tier 6 will be negotiated by the City and Employee Unions, as asked by Commissioner Navarro. An actuarial study must be performed to determine if the transfer to Tier 6 will be cost neutral. General Manager Perez stated for those people who retire on a disability pension with under 10 years of service in Tier 6, follow up work still needs to be completed on the issue.
5. The DROP may be studied in the future by the City; it may take a year or so.

c. Marketing Cessation Information

C. COMMITTEE REPORTS

1. Benefits Committee

Chair Aliano had no updates to report.

2. Governance Committee

Chair Diannitto stated a tentative meeting is scheduled in late April.

3. Audit Committee

Chair Navarro had no updates to report.

4. Ad Hoc Space Planning Committee

Chair Wertman had no updates to report.

D. CONSENT ITEMS

1. Miscellaneous Board Actions

a. CONTRACTOR DISCLOSURE POLICY - QUARTERLY REPORT

2. Approval of Travel

a. APPROVAL OF TRAVEL AUTHORITY (DIANNITTO)– NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS, 2011 ANNUAL CONFERENCE, MAY 20-26, 2011, MIAMI, FL

3. Approval of Minutes

- a. Minutes of the Regular Board meeting of February 3, 2011
- b. Minutes of the Special Board Meeting of December 16, 2010

4. Findings of Fact

a. John J. Flowers – Tier 3

Commissioner Diannitto moved that the Board approve the consent items, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman and President Hansell – 9; nays, none.


E. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Navarro requested a breakdown of Commodities.

F. PUBLIC COMMENTS

Ms. Elsa Moy commented on the foundation of the asset allocation.

The meeting was adjourned at 11:31 a.m.



President



Secretary