

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

SEPTEMBER 17, 2009

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, September 17, 2009.

COMMISSIONERS PRESENT: George V. Aliano, President
 Mike Carter, Vice President
 Sam Diannitto
 Dean Hansell
 Raúl Pérez
 Robert von Voigt
 Adlai Wertman

COMMISSIONERS ABSENT: Steve Juarez

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

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

President Aliano called the regular meeting to order at 9:05 a.m. All of the above-listed Commissioners were present at the start of the meeting. President Aliano introduced new Commissioner Raúl Pérez. President Aliano stated that he placed Board members according to their background on the various Committees. He asked members to inform him if they wish to be placed on another committee. He is also waiting for the Mayor to fill one Board Member vacancy.

1. **COMMUNICATIONS TO THE BOARD**

- A. Miscellaneous correspondence from money managers, consultants, etc. was received and filed.
- B. Monthly Report

President Aliano commented on LAFD outreach and the lack of interest. Commissioner Carter clarified that it's not a lack of interest but the fact that the outreach seminars have been full. Ms. Robyn Wilder, Senior Management Analyst II, Communications and Special Projects Section concurred and has contacted UFLAC to increase the outreach. Asked by Commissioner Diannitto, Ms. Wilder reported that seminars will be revised for younger active members to include issues tailored to their needs.

2. **COMMITTEE REPORTS**

A. **Benefits Committee**

Chair Aliano stated he had no updates to report.

B. **Governance Committee**

Chair Diannitto stated that Committee met earlier and discussed the General Manager's performance evaluation, review of the Governance Committee audit plan assignments, the Board president's role related to disability cases, and the rotation of the Board president and vice president. The Committee approved staff's recommendations on all four reports and will bring report them at the next Board meeting.

C. **Audit Committee**

General Manager Perez stated a meeting is scheduled on October 1, 2009.

D. **Ad Hoc Space Planning Committee**

Commissioner Carter stated that the issue is on today's agenda. General Manager Perez reported that staff will wait for direction from Board and will set up a committee meeting if needed. Commissioner Carter was added back to the Committee.

Deputy City Attorney Mike Wilkinson took the City Attorney chair.

3. **DISABILITY CASE**

DISABILITY CLAIM – DEPENDENT CHILD – TIER 2 – 1

Michael K. Rohmer (F) Retired Firefighter III (Deceased)
Dependent Child of Laurence J. Rohmer

As recommended by staff and concurred in by the applicant, Dependent Child status and benefits granted. Motion made by Commissioner Diannitto, seconded by Commissioner von Voigt and adopted by the following vote: ayes, Commissioners Carter, Diannitto, Hansell, Perez, von Voigt, Wertman, and President Aliano – 7; nays, none. Mr. Rohmer was not present nor was he represented.

Assistant City Attorney Alan Manning took the City Attorney chair.

Commissioner Hansell recused himself from Items 4 and 5. His law firm represents a candidate listed on Item 4 and a candidate's parent company on Item 5. Commissioner Carter recused himself from Item 4 because he introduced a real estate firm to the Board a year ago. Assistant City Attorney Alan Manning stated that although staff is not required to publicly announce recusals, he chose to do so. He used to be employed as general counsel at Wilshire Associates and they are a candidate on the list.

Deputy City Attorney Mike Wilkinson took the City Attorney chair.

4. GENERAL CONSULTANT SEARCH AND POSSIBLE BOARD ACTION

Messrs. Paul Palmer, Investment Officer II and Daren Perlstein, Investment Officer I, Investments Division summarized the recommendations for the Board. Responding to Commissioner Pérez' question, Mr. Palmer stated that asset allocation studies are conducted every 3-5 years. General Manager Perez reported that the last asset allocation study was conducted in December 2006. President Aliano recommended that the Chief Investment Officer (CIO) be part of the interview process and ask questions due to his expertise on the matter. Commissioner von Voigt concurred and indicated that the CIO's expertise is an asset to the Board. The Commissioners had no objection that the CIO participate in the interview process. Commissioner Diannitto asked that staff prepare a list of questions to ask the firms. The Board discussed the time allowance and requested a non board day to interview firms. General Manager Perez stated that the selection of a General Consultant is important and recommended that the Board spend as much time as needed to interview firms. President Aliano requested that Board Members receive materials on the various firms in advance of the interview process so that members may have ample time to review. Commissioner Diannitto encouraged staff to submit recommendations. General Manager Perez indicated that staff will poll the Commissioners for a interview date and ask that firms submit all materials for consideration prior to the interviews. Commissioner Pérez requested that recommendation to be tabled.

RESOLUTION 10034

Commissioner Diannitto moved that the Board:

1. Interview all six firms that responded to the General Consultant Request for Proposal (RFP) and select one firm to become Los Angeles Fire & Police Pensions' (LAFPP) full service General Consultant; and

2. Include the Chief Investment Officer in the interview process with the Commissioners, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Diannitto, Pérez, von Voigt, Wertman and President Aliano – 5; nays, none. Commissioners Carter and Hansell recused themselves.

Assistant City Attorney Alan Manning took the City Attorney chair.

Commissioner Carter remained outside the Board room and later filled out the paperwork to recuse himself from Item 5.

5. PRIVATE EQUITY MANAGER SEARCH AND POSSIBLE BOARD ACTION

Messrs. Tom Lopez, Chief Investment Officer (CIO) and Daren Perlstein, Investment Officer I, Investments Division came before the Board and discussed the need for a private equity consultant. Mr. Lopez explained the recommendation to restructure the private equity program to function on a semi-discretionary basis. Messrs. Lopez and Mr. Daren Perlstein answered the Boards questions.

RESOLUTION 10035

Commissioner Wertman moved that the Board:

1. Instruct Staff to interview candidates and bring a report and recommendation to the Board for hiring; and
2. Restructure the private equity program to function on a semi-discretionary basis, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Pérez, von Voigt, Wertman and President Aliano – 5; nays, none. Commissioners Carter and Hansell recused themselves.

4. GENERAL CONSULTANT SEARCH AND POSSIBLE BOARD ACTION

Commissioner Diannitto moved to approve Item 4, number 2 of the recommendation.

RESOLUTION 10036

Commissioner Diannitto moved that the Board extend Pension Consulting Alliance's (PCA) contract for six months to allow for the search process to be completed, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Diannitto, Pérez, von Voigt, Wertman and President Aliano – 5; nays, none. Commissioners Carter and Hansell recused themselves.

Commissioners Carter and Hansell returned to the Board Room.

8. REPORT ON THE STATUS OF THE NEW HEADQUARTERS FACILITIES PROJECT AND POSSIBLE BOARD ACTION

Mr. Tom Lopez, Chief Investment Officer (CIO) and Ms. Erika Tiedge, Investment Officer II, Investments Division came before the Board. Ms. Tiedge briefed the Board on the history of the project. She reported that Kennedy Wilson, if retained, will charge a monthly retainer fee even if no building is found. She stated the recommendation to have staff work directly with brokers or office owners to monitor and pursue a potential headquarters building and report back to the Ad Hoc Space Planning Committee or full Board should suitable property be found. The Board discussed how far out from the Civic Center location would be suitable.

RESOLUTION 10037

Commissioner Diannitto moved that the Board refer this item to its Ad Hoc Space Planning Committee to direct Staff to interact directly with brokers and office owners to monitor the real estate market in the downtown Los Angeles Civic Center Area, pursue a potential headquarters facility and report back to the Ad Hoc Space Planning Committee or the full Board should it find suitable property available for purchase, which was seconded by Commissioner Wertman and approved by the following vote: ayes, Commissioners Carter, Diannitto, Hansell, Pérez, von Voigt, Wertman and President Aliano – 7; nays, none.

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

Mr. Tom Lopez, Chief Investment Officer (CIO), Investments Division presented the asset allocation status of the Fund.

7. PORTFOLIO PERFORMANCE REPORT FOR THE 2ND QUARTER 2009

Mr. Tom Lopez, Chief Investment Officer (CIO), Investments Division and Ms. Sarah Bernstein, Principal, PCA presented the performance report. Mr. Lopez and Ms. Bernstein addressed the Board's questions. Mr. Lopez stated that the reporting period is to June 30th and that timely updates are reported in the monthly report. Commissioner Hansell asked for a discussion of fees at a future meeting. General Manager Perez stated that he plans to give an extensive review of the managers and how much they are paid. He reported that the Board recently gave staff the authority to work with the City's civilian retirement funds to arrange better fees with shared managers. Mr. Lopez ended his presentation and stated that if Board members have questions, to contact him or staff.

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

President Aliano asked the Board to vote on whether or not to bring back the asset allocation ranges.

RESOLUTION 10038

Commissioner Diannitto 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 Hansell and approved by the following vote: ayes, Commissioners Carter, Diannitto, Hansell, Pérez, von Voigt, and President Aliano – 6; nays, none.

Commissioner Wertman left the Board Room for the day.

9. GENERAL MANAGER'S REPORT

A. Benefits actions approved by General Manager on September 3, 2009

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 September 3, 2009.

DISCONTINUED PENSIONS – TIER 1 – 2

Winifred R. Pointer	Police Widow	Retired:	10-02-91	Died:	07-14-09
Fannie O. Tankersley	Police Widow	Retired:	08-30-01	Died:	07-30-09

DISCONTINUED PENSIONS – TIER 2 – 10

Charles C. Dodge	Fire Service	Retired:	06-21-76	Died:	08-08-09
Woodrow E. Haskin	Fire Service	Retired:	09-02-71	Died:	06-06-09
Thorval J. Miller	Fire Service	Retired:	06-30-78	Died:	06-26-09
Junior L. Parker	Fire Service	Retired:	06-22-78	Died:	08-02-09
Richard E. Marra	Police Service	Retired:	06-30-77	Died:	08-07-09
Gordon W. Palmer	Police Service	Retired:	08-07-73	Died:	07-27-09
Walter R. Reisser	Police Service	Retired:	09-02-84	Died:	08-05-09
Robert L. Tichenor	Fire Disability	Retired:	06-01-75	Died:	07-30-09
Jeanette A. Lovold	Police Widow	Retired:	10-04-89	Died:	08-02-09
Tiffany Owens	Police Widow	Retired:	05-24-04	Died:	06-03-09

DISCONTINUED FORMER SPOUSE – TIER 2 – 1

Dorothea Miller	Fire Service	Retired:	08-01-92	Member Died:	06-26-09
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SERVICE PENSIONS – FIRE – TIER 5 – 1

Douglas L. Barry Chief Engineer Eff: 08-31-09 34 Years 194 Days

SERVICE PENSIONS – POLICE – TIER 5 – 1

Philander C. Butler Sergeant I Eff: 04-24-09 25 Years 302 Days

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 5

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Lillian D. Dodge	Charles C. Dodge	Fire Service	08-09-09
Irene E. Haskin	Woodrow E. Haskin	Fire Service	06-07-09
Elizabeth Parker	Junior L. Parker	Fire Service	08-03-09
Barbara Marra	Richard E. Marra	Police Service	08-08-09
Vera P. Watson	Donald D. Watson	Police Service	06-30-09

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 5 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Deborah A. Nitschke	Kenneth A. Nitschke	Police Service	06-23-09

SURVIVOR BENEFIT PURCHASE PROGRAM PARTICIPANTS – TIER 2 – 12

<u>Name</u>	<u>Member’s Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
Harold B. Hogan, Jr.	Fire Service	09-01-09	70%
Arthur R. Parker	Fire Service	09-01-09	60%
Felix V. Piere	Fire Service	09-01-09	35%
Edwin B. Smith	Fire Service	09-01-09	70%
Walter C. Weis, Jr.	Fire Service	09-01-09	45%
Ronald W. Coultrup	Fire Disability	09-01-09	100%
Louis J. Croghan	Fire Disability	09-01-09	100%
Virgil D. Hancock	Fire Disability	09-01-09	50%
John M. Wigfield	Fire Disability	09-01-09	30%
Janice L. Carlson	Police Service	09-01-09	75%
Ronald J. Code	Police Service	09-01-09	30%
Gerald R. Osterholt	Police Service	09-01-09	100%

SERVICE PENSION/DROP – TIER 5 – 8

Fire

Kenny H. Brady	Fire Captain II	Eff:	07-02-09	28 Years	151 Days
Keith Bridges	Fire Engineer	Eff:	05-31-09	32 Years	9 Days
Andrew E. Fields, Jr.	Inspector II	Eff:	07-01-09	26 Years	17 Days
Joseph T. Johnson, Jr.	Inspector II	Eff:	07-01-09	28 Years	1 Day
Joseph H. Klein	Fire Battalion Chief	Eff:	05-01-09	32 Years	57 Days
Mark L. Koenig	Firefighter III	Eff:	06-02-09	34 Years	22 Days
Ronald C. Lingo	Firefighter III	Eff:	05-18-09	32 Years	9 Days

Police

Daniel R. Horan	Police Sergeant I	Eff:	05-01-09	26 Years	356 Days
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B. Other business relating to Department operations

General Manager Perez gave the following updates:

1. The General Manager is rated by the Board once a year. The Results Group will send out survey to Board Members to assist in the evaluation. The on-line survey covers the period of July 1, 2008 to June 30, 2009. He encouraged Board members to complete the survey.
2. He attended the UCLA Economic Forecast Event. He encouraged Board Members to attend future events. Mr. Tom Lopez, CIO was on a panel and commended his participation.
3. January 7, 2010 is the Board retreat. Assistant General Manager Laura Guglielmo, who recently attended the Wharton School program, has contacted Professor MacKinlay. Professor MacKinlay has agreed to speak at the retreat on performance measurement.
4. The Board has one vacancy left. He has not been apprised of a new member by the Mayor's Office.
5. He is going on vacation. Assistant General Manager Laura Guglielmo will be in charge of the Department during his absence.

Responding to Commissioner Hansell's question, General Manager Perez stated that the Board retreat is a one day event. Ms. Guglielmo stated she will be reporting on this issue at the next Board meeting with a draft of the agenda.

10. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Hansell requested a discussion of fees.

11. PUBLIC COMMENTS

Ms. Elsa Moy commented on the monthly report and the asset allocation report.

12. CONSENT ITEMS

A. Approval of Travel

1. APPROVAL OF TRAVEL AUTHORITY, CALAPRS, TRUSTEES' ROUND TABLE, OCTOBER 16, 2009, OAKLAND, CA

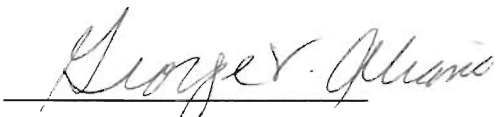
B. Finding of Facts – Tier 5 – 1

1. Valerie J. Lawrence


Commissioner Diannitto moved that the Board approve the consent items, which was seconded by Commissioner Hansell and approved by the following vote: ayes, Commissioners Carter, Diannitto, Hansell, Pérez, von Voigt and President Aliano – 6; nays, none.

Commissioner Hansell motioned to adjourn the meeting, which was seconded by Commissioner von Voigt.

The meeting was adjourned at 11:45 a.m.



President



Secretary