

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF OCTOBER 15, 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, October 15, 2009.

COMMISSIONERS PRESENT: George V. Aliano, President
Sam Diannitto
Raúl Pérez
Robert von Voigt
Adlai Wertman

COMMISSIONER ABSENT: Mike Carter, Vice President
Dean Hansell

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

CITY ATTORNEY'S OFFICE: Mary Jo Curwen, 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 stated the agenda will be called out of order.

3. **DISABILITY CASES**

DISABILITY CLAIM – NEW – TIER 5 – 2

Martin N. Franco

(P)

Police Officer II

As recommended by staff and concurred in by the applicant, service connected disability pension is granted at 90% with no foreseeable purpose for review. Motion made by President Aliano, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioners Diannitto, Perez, von Voigt, Wertman, and President Aliano – 5; nays, none. Officer Franco was not present, nor was he represented.

Ulysses S. Taylor

(P)

Police Officer II + 2

As recommended by staff and concurred in by the applicant, service connected disability pension is granted at 60% with no foreseeable purpose for review. Motion made by Commissioner von Voigt, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioners Diannitto, Perez, von Voigt, Wertman, and President Aliano – 5; nays, none. Officer Taylor was not present, nor was his attorney, Thomas Hoegh.

6. CONSIDERATION AND POSSIBLE ADOPTION OF ASSUMPTIONS FOR THE JUNE 30, 2009 RETIREE HEALTH ACTUARIAL VALUATION

Ms. Robyn Wilder, Senior Manager Analyst II, Communications and Special Projects presented the report. She gave a brief history of the issue and clarified actuarial terminology for the Board.

RESOLUTION 10042

Commissioner Diannitto moved that the Board adopt the retiree health assumptions as recommended by The Segal Company for the June 30, 2009 Retiree Health Valuation, 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.

8. APPROVAL OF NEW MEDICARE, QUALIFIED SURVIVING SPOUSE/DOMESTIC PARTNER, AND DENTAL SUBSIDY MAXIMUMS FOR 2010

Mr. Greg Mack, Senior Management Analyst II, Medical and Dental Benefits Section requested Board approval of the new Medicare, qualified surviving spouse/domestic partner and dental, subsidy maximums for 2010. He reported an increase of 1.3% to the Medicare Health Insurance Subsidy, 0.3% increase to the Qualified Surviving Spouse/Domestic Partner Non-Medicare Health Insurance Subsidy and no increase to the Dental Insurance Subsidy. Mr. Mack will return to the Board for approval of the Medicare Part B premiums when Medicare releases the 2010 premiums.

RESOLUTION NO. 10043.1

Commissioner Diannitto moved the following resolution:

HEALTH SUBSIDIES/REIMBURSEMENTS FOR PENSIONERS

WHEREAS, retired members of the Fire and Police Pension Plan, Tiers 1, 2, 3, 4 and 5, have had paid, on their behalf, a health insurance premium subsidy, or have received a reimbursement, in accordance with the provisions of section 4.1154 of the Administrative Code; and

WHEREAS, the Board of Fire and Police Pension Commissioners has been granted the authority under Section 4.1154(e) of the Administrative Code to increase or decrease the maximum monthly amount of the health insurance subsidy in accordance with the authority conferred in subsections (e) of Sections 1330, 1428, 1518, and 1618 of the Charter and subsection (e) of 4.2018 of the Administrative Code, respectively; and

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System (LACERS) has negotiated a rate of \$440.09 for its highest monthly premium of an approved plan supplemental to Part A of Medicare;

RESOLVED, that the maximum monthly health insurance premium subsidy as described in Section 4.1154 (e) of the Administrative Code shall be \$958.52, payable on behalf of the members and their eligible dependents (as such term is defined in the Board approved health insurance plans) or received as a reimbursement; and

RESOLVED, that retired members of age 60 and above with 10 or more years of service who retired with an effective date prior to July 1, 1998, and retired members of age 55 and above with 10 or more years of service who retired with an effective date of July 1, 1998 or after, who do not qualify for Part A of Medicare, shall have paid to their respective approved health insurance carriers a monthly health insurance subsidy, or paid directly to the member as a reimbursement, an amount not to exceed \$38.3408 for each whole year of service; said subsidy to apply first to that portion of the premium applicable to the retired member with any remainder to be applied to the dependent(s) of said member; and

RESOLVED, that retired members who do qualify for federally funded Part A of Medicare shall have paid to their respective approved health insurance carriers, on their behalf, a subsidy of \$440.09 as provided in Section 4.1154(c) and in addition shall have paid to said insurance carriers, on behalf of their eligible dependents, a subsidy equal to the amount payable on behalf of the dependents of a retired member in the same plan with the same years of service who does not qualify for Parts A or B of Medicare or qualifies for Part B only whichever subsidy amount is greater, providing such subsidy does not exceed the highest subsidy for the dependent of a retired member with a like number of years of service and enrolled in a health plan available to retired members of the Los Angeles City Employees' Retirement System, in which case the latter shall be the subsidy for the dependents; and

RESOLVED, the health insurance premium subsidy provided herein shall be applied against the December 31, 2009 pension payments and subsequent monthly health insurance premiums or at the earliest month thereafter which is administratively feasible, and shall remain in effect until modified or cancelled by subsequent action of the Board; and

RESOLVED, that the Manager-Secretary of the Department of Fire and Police Pensions be authorized to cause demands to be drawn upon the funds of the Fire and Police Tiers 1,2,3,4 and 5 General Pension and Service Pension Funds to be paid to the service organizations through which health insurance is provided for subsidy payments applying the health insurance premiums to said eligible members in advance of or after the effective date of enrollment or change in coverage, or directly to the member in the case of a reimbursement; providing

such subsidy payments have been verified against records kept by the Department of Fire and Police Pensions and the Controller's Office and found to be correct and proper and that individual subsidy amounts are within the limits set forth in the Los Angeles City Administrative Code;

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.

RESOLUTION NO. 10043.2

Commissioner Diannitto moved the following resolution:

HEALTH SUBSIDIES/REIMBURSEMENTS FOR QUALIFIED
SURVIVING SPOUSES/DOMESTIC PARTNERS

WHEREAS, eligible surviving spouses/domestic partners of Tiers 1,2,3,4 and 5 of the Fire and Police Pension Plan have had paid, on their behalf, a health insurance premium subsidy in accordance with the provisions of Section 4.1161 of the Administrative Code; and

WHEREAS, the Board of Fire and Police Pensions Commissioners has been granted the authority under Sections 1330(e), 1428(e), 1518(e) and 1618(e) of the City Charter and subsection (e) of Section 4.2018 of Article 10, Division 4, Chapter 20 of the Administrative Code to increase or decrease the maximum monthly amount of the health insurance subsidy; and

WHEREAS, active members of the Fire and Police Pension Plan have been granted a maximum monthly subsidy of \$978.18 which is sufficient to pay the member's premium and a part or all of the premium for dependents; and

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System has negotiated a rate of \$562.36 for its Kaiser single-party premium for retired members without Part A and B of Medicare; and

WHEREAS, it is the desire of this Board to exercise its authority to provide a health insurance subsidy for eligible qualified surviving spouses/domestic partners within the limits of the Administrative Code, i.e., no more than active members of the Fire and Police Pension Plans or the single party premium for civilian retirees without Part A and B of Medicare;

RESOLVED, that eligible qualified surviving spouses/domestic partners who do not qualify for Part A of Medicare, shall have paid to their respective approved health insurance carriers, a monthly health insurance subsidy not to exceed \$562.36 in accordance with the subsidy entitlements based on years of service of the member, pursuant to Section 4.1161 of the Administrative Code, said subsidy to be used for the premium cost for the qualified surviving spouse/domestic partner only; and

RESOLVED, that surviving qualified spouses/domestic partners who do qualify for federally Funded Part A of Medicare shall have paid to their respective approved health insurance carriers, on their behalf, a subsidy as provided in Section 4.1161(d) and (e), said subsidy to be used for the premium cost for the qualified surviving spouse/domestic partner only; and

RESOLVED, the health insurance premium subsidy provided herein shall be applied on the December 31, 2009 pension payments and subsequent monthly payments, and shall remain in effect until modified or cancelled by subsequent action of the Board; and

RESOLVED, that the Manager-Secretary of the Department of Fire and Police Pensions be authorized to cause demands to be drawn upon the General Pension Funds of Tiers 1,2,3,4 and 5 to be paid to the service organizations and health insurance carriers through which health insurance is provided for subsidy payments. However, such subsidy payments must have been verified against records kept by the Department of Fire and Police Pensions and the Controller's Office and found to be correct and proper, and individual subsidy amounts must be within the limits as set forth in the Los Angeles City Administrative Code; 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.

RESOLUTION NO. 10043.3

Commissioner Diannitto moved the following resolution:

DENTAL SUBSIDIES FOR PENSIONERS

WHEREAS, Section 4.1164 of the Los Angeles Administrative Code provides that the Board of Fire and Police Pension Commissioners will pay subsidies toward certain dental benefit costs for certain eligible retired members of the Fire and Police Pension Plan; and

WHEREAS, the Board of Fire and Police Pension Commissioners has been granted the authority under Section 4.1164 of the Administrative Code to increase or decrease the maximum monthly amount in accordance with the authority conferred in subsections (e) of Sections 1330, 1428, 1518, and 1618 of the Charter and subsection (e) of 4.2018 of the Administrative Code, respectively; and

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System (LACERS) has granted a maximum monthly subsidy of \$36.16;

WHEREAS, active members of the Fire and Police Pension Plan have been granted maximum monthly subsidies in excess of \$36.16; and

RESOLVED, that eligible members shall have paid to their respective approved employee service organizations, a monthly dental insurance subsidy not to exceed \$36.16 in accordance with the subsidy

entitlements based on years of service of the member pursuant to subsection (a) of Section 4.1164 of the Administrative Code, said subsidy to be used for the premium cost for the member only; and

RESOLVED, the dental insurance premium subsidy provided herein shall be applied against the December 31, 2009 pension payments and subsequent monthly health insurance premiums, and shall remain in effect until modified or cancelled by subsequent action of the Board; and

RESOLVED, that the Manager-Secretary of the Department of Fire and Police Pensions be authorized to cause demands to be drawn upon the General Pension Funds of the Fire and Police Pension Plan, Tiers 1, 2, 3, 4 and 5, to be paid to the service organizations through which dental insurance is provided for subsidy payments, applying to dental insurance premiums of said eligible members, providing such subsidy payments have been verified against records kept by the Department of Fire and Police Pensions and the Controller's Office and found to be correct and proper and that individual subsidy amounts are within the limits as set forth in the Los Angeles City Administrative Code;

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.

9. EXTENSION OF SECURITY CONSULTANT CONTRACT AND POSSIBLE BOARD ACTION

Ms. Jan Jordan-Johnson, Senior Systems Analyst II, Systems Section reported on this issue. She stated there were no additional costs involved with the extension of the contract as asked by Commissioner von Voigt.

RESOLUTION 10044

Commissioner von Voigt moved that the Board authorize the General Manager to retroactively approve an additional 30-day contract extension with Verizon Business Security Solutions at no additional cost, 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.

4. APPROVAL OF RECOMMENDATION BY STEPSTONE GROUP – FUNDING FOR ANGELENO INVESTORS III, LP

Mr. Jose Fernandez, Managing Director from Stepstone presented the Angeleno Investors III L.P. fund. Mr. Tom Lopez, Chief Investment Officer, Investments Division explained the fee structure for the Board. Mr. Fernandez elaborated on mitigating their concerns of the fund for Commissioners Diannitto and Wertman. General Manager Perez reported that staff will bring a recommendation to the Board as part of the process of approving private equity funds.

RESOLUTION 10045

Commissioner Diannitto moved that the Board approve Stepstone's recommendation to invest \$10 million in Angeleno Investors III, LP, which was seconded by Commissioner Wertman and approved by the following vote: ayes, Commissioners Diannitto, Pérez, von Voigt, Wertman and President Aliano – 5; nays, none.

10. APPROVAL OF OUTSIDE INVESTMENTS AND FIDUCIARY COUNSEL AND POSSIBLE BOARD ACTION

Ms. Mary Jo Curwen, Deputy City Attorney reported on this issue. General Manager Perez explained that when the need arises for outside counsel, the City Attorney bids out the work. The firms will then bid against each other and each may provide a different area of expertise. The Board requested a verbal report on what firms are selected and why. Mr. Tom Lopez reported on the reductions of proposed fees negotiated by the City Attorney. General Manager Perez stated that staff will return to the Board with the cost analysis.

RESOLUTION 10046

Commissioner Diannitto moved that the Board:

1. Pursuant to Charter Section 275, recommend that the City contract with the following three law firms to assist the City Attorney in providing real estate and alternative investment counsel services to LAFPP: (1) Nossaman LLP, (2) Foster Pepper PLLC, and (3) Cox, Castle & Nicholson LLP.
2. Pursuant to Charter Section 275, recommend that the City contract with the following four law firms to assist the City Attorney in providing fiduciary counsel services to LAFPP: (1) Klausner & Kaufman PA, (2) Morrison & Foerster LLP, (3) Reed Smith LLP, and (4) Olson, Hagel & Fishburn LLP.
3. Authorize the General Manager to approve and execute three-year contracts with all of the above-named law firms (with the City Attorney also a party to the contract, per the City Charter).
4. Authorize the annual expenditure of up to \$150,000 per year for each of the contracts with real estate and alternative investment counsel and up to \$50,000 per year for each of the contracts with fiduciary counsel, which was seconded by Commissioner Pérez and approved by the following vote: ayes, Commissioners Diannitto, Pérez, von Voigt, Wertman and President Aliano – 5; nays, none.

15. PUBLIC COMMENTS

Ms. Elsa Moy commented on the monthly report.

5. PROPOSED RENEWAL OF NORTHERN TRUST GLOBAL INVESTMENT SERVICES FIXED INCOME ADVISORY CONTRACT AND POSSIBLE BOARD ACTION

Item continued.

7. REVIEW OF AUDIT COMMITTEE AUDIT PLAN ASSIGNMENTS FOR DISPOSITION AND POSSIBLE BOARD ACTION

Item continued.

11. ROTATION OF BOARD PRESIDENT AND VICE PRESIDENT AND POSSIBLE BOARD ACTION

Item continued.

12. QUARTERLY COMMISSIONERS' AND STAFF TRAVEL REPORT

Item received and filed.

13. GENERAL MANAGER'S REPORT

A. Benefits actions approved by General Manager on October 1, 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 October 1, 2009.

DISCONTINUED PENSIONS – TIER 1 – 2

Joseph G. Papsun	Police Disability	Retired:	11-01-59	Died:	09-10-09
Kathleen M. Baker	Fire Widow	Retired:	06-01-72	Died:	08-12-09

DISCONTINUED PENSIONS – TIER 2 – 12

Charles C. Hilzer	Fire Service	Retired:	06-20-76	Died:	06-04-09
John R. Schindler	Fire Service	Retired:	07-01-73	Died:	08-25-09
James J. Docherty	Police Service	Retired:	12-05-93	Died:	06-15-09
William R. Kofahl	Police Service	Retired:	12-01-77	Died:	09-03-09
Robert M. Sluder	Police Service	Retired:	02-05-71	Died:	08-17-09
Eugene R. Crammer	Police Disability	Retired:	03-23-69	Died:	09-03-09
John F. Murray	Police Disability	Retired:	07-28-88	Died:	03-29-09

Roger W. Smoyer	Police Disability	Retired:	02-06-75	Died:	08-30-09
Marjorie E. Holroyd	Fire Widow	Retired:	02-04-90	Died:	06-23-09
Beryl L. Littlejohn	Fire Widow	Retired:	11-11-90	Died:	08-14-09
Betty Lohrke	Fire Widow	Retired:	01-25-95	Died:	09-15-09
Thelma C. Waldal	Police Widow	Retired:	05-26-82	Died:	08-30-09

SERVICE PENSIONS – POLICE – TIER 5 – 2

Dennis M. Archie	Inspector I	Eff:	09-12-09	25	Years	87	Days
Beth A. Heim	Sergeant I	Eff:	09-27-09	23	Years	12	Days

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 1 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Maxine D. Nowell	Louis R. Nowell	Fire Service	07-03-09

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 4

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Geraldine A. Schindler	John R. Schindler	Fire Service	08-26-09
Geneva K. Kofahl	William R. Kofahl	Police Service	09-04-09
Louise D. Sluder	Robert M. Sluder	Police Service	08-18-09
JoAnne M. Smoyer	Roger W. Smoyer	Police Disability	08-31-09

SURVIVOR BENEFIT PURCHASE PROGRAM PARTICIPANTS – TIER 2 – 5

<u>Name</u>	<u>Member’s Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
John J. Adams	Fire Service	10-01-09	40%
Clyde L. Cronkhite	Police Service	10-01-09	90%
Donald L. Erath	Police Service	10-01-09	75%
Andrew Ketterer	Police Service	10-01-09	50%
Jerry L. May	Police Service	10-01-09	30%

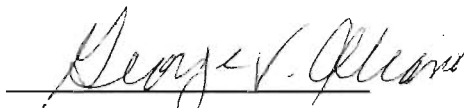
REINSTATE SURVIVING CHILD’S PENSION – TIER 3 – 1

Pension reinstated payable to Whitney E. Sanchez, surviving child of deceased Police Officer Lisa M. Nielsen, effective October 1, 2009. Documentation has been submitted for full-time student status. There are no remaining minors.


14. CONSIDERATION OF FUTURE AGENDA ITEMS

There were none.

The meeting adjourned in memory of Assistant City Attorney Alan Manning's father at 9:40 a.m.



President



Secretary