

**MINUTES**  
**OF THE**  
**BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**  
**MEETING OF FEBRUARY 4, 2010**

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, February 4, 2010.

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

DEPARTMENT OF FIRE AND     Michael A. Perez, General Manager  
POLICE PENSIONS:             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  
                                      John Blair, Deputy City Attorney

COURT REPORTER:             Diane L. Panicca, U.S. Legal Support

President Aliano called the regular meeting to order at 9:07 a.m. All of the above-listed Commissioners were present at the start of the meeting. President Aliano commended General Manager Perez for 30 years of service and awarded him with a 30-year Service Pin. General Manager Perez thanked the organization and his family for their support.

1.    **NEW BUSINESS**

President Aliano asked if any Board Member made any expenditure to influence State legislative or administrative action to which their reply was negative.

2.    **COMMUNICATIONS TO THE BOARD**

A.    Miscellaneous correspondence from money managers, consultants, etc. - Received and Filed

- B. Communication from the Los Angeles City Attorney's Office re: Brief Summary of California Supreme Court Opinion in the *Lexin* case

Assistant City Attorney Alan Manning stated the summary and outcome of the case.

3. **COMMITTEE REPORTS**

- A. Benefits Committee

Chair Aliano reported no updates but a meeting will be scheduled in April.

- B. Governance Committee

Chair Diannitto stated a meeting will be scheduled in March. Assistant City Attorney Alan Manning reported the status of the outside counsel is pending, awaiting signatures. Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations stated a revision to the Ethics Policy will come before the Committee.

- C. Audit Committee

Chair Hansell stated a meeting is set for March 4.

- D. Ad Hoc Space Planning Committee

Chair Wertman stated staff has not found a building for the Board to consider.

4. **GENERAL CONSULTANT FINALIST INTERVIEWS AND POSSIBLE BOARD ACTION**

Ms. Susan A. Dalton and Mr. Tom Lightvoet, Lead Investment Consultants from Mercer and Ms. Rebecca Gratsinger, Chief Executive Officer and Mr. Jim Voytko, Chief Operating Officer, Director of Research from R.V. Kuhns & Associates presented their respective firm to the Board for consideration of the General Consultant position.

**RESOLUTION 10078**

Commissioner Navarro moved that the Board approve R.V. Kuhns as the Board's new General Consultant subject to fee negotiations by Staff, which was seconded by Commissioner Wertman and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, Pérez, von Voigt, Wertman and President Aliano – 8; nays, none.

5. PRESENTATION BY INTERNATIONAL EQUITY MANAGER MCKINLEY CAPITAL MANAGEMENT, INC.

Ms. Sheila Borer, Director of Institutional Marketing and Mr. Robert Gillam CIO, McKinley Capital Management, LLC responded to their firm being placed on LAFPP's Watch List. Mr. Tom Lopez, Chief Investment Officer, Investments Division indicated there was no recommendation regarding McKinley Capital from Staff at this time. Staff will provide a performance review to the Board in March. Some Board Members requested future reports to list the reason an item is before the Board.

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

Mr. Tom Lopez, Chief Investment Officer, Investments Division presented the quarterly report.

RESOLUTION 10079

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 Navarro and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, von Voigt, Wertman and President Aliano – 7; nays, none. *Commissioner Pérez left the room during the discussion and did not participate in the vote.*

7. REVIEW AND DISCUSSION OF THE REVISED CONTRACTOR DISCLOSURE POLICY AND POSSIBLE BOARD ACTION

Ms. Caroline Dinu, Senior Management Analyst II, Internal Audit Section and Mr. Tom Lopez, Chief Investment Officer, Investments Division came before the Board. Commissioner Hansell had concerns as to why the definition of a family member was narrowed. Mr. Lopez and Ms. Dinu addressed the issue. Mr. Lopez indicated the need for a workable policy. Mr. Alan Manning, Assistant City Attorney, City Attorney's Office indicated the need to harmonize our policy with the City, State laws and City Attorney's Public Integrity standards. Mr. Manning indicated potential problems may arise if LAFPP had stricter standards. General Manager Perez referred to the Policy addressing Commissioner Wertman's concerns regarding the Board's role in receiving information. Commissioner Hansell agreed to adopt the policy change.

RESOLUTION 10080

Commissioner von Voigt moved that the Board approve the revised version of the Board's Contractor Disclosure Policy, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, Pérez, von Voigt, Wertman and President Aliano – 8; nays, none.

8. UPDATE ON THE SERVICE DELIVERY QUALITY ASSESSMENT PROJECT

Ms. Robyn Wilder, Senior Management Analyst II and Ms. Erika Robinson, Management Assistant, Communications and Special Projects Section, came before the Board. Ms. Wilder provided a summary of the project.

RESOLUTION 10081

Commissioner Diannitto moved that the Board:

- 1) Receive and file this report as it is for informational purposes only; and
- 2) Direct staff to provide the semi-annual survey results in the Board Monthly Report beginning in July 2010, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, Perez, von Voigt, Wertman and President Aliano – 8; nays, none.

9. GENERAL MANAGER'S REPORT

A. Benefits actions approved by General Manager on January 21, 2010

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 January 21, 2010.

DISCONTINUED PENSIONS – TIER 1 – 7

Ned O. Wells	Police Service	Retired: 07-01-57	Died: 11-02-09
Wilma L. West	Fire Widow	Retired: 07-01-72	Died: 11-27-09
Patricia R. Ambrecht	Police Widow	Retired: 10-02-06	Died: 11-24-09
Esther L. Hausman	Police Widow	Retired: 03-01-96	Died: 11-23-09
Marianne D. Hinman	Police Widow	Retired: 05-26-08	Died: 09-29-09
Eleanor R. Lensman	Police Widow	Retired: 11-20-97	Died: 12-07-09
Frances G. Lipe	Police Widow	Retired: 07-10-01	Died: 12-16-09

DISCONTINUED PENSIONS – TIER 2 – 12

Billy H. Hargett	Fire Service	Retired: 08-31-86	Died: 11-20-09
James W. Hogan	Fire Service	Retired: 01-10-82	Died: 07-29-09
Leon C. Kolb	Fire Service	Retired: 01-06-74	Died: 12-01-09
David O. Mc Cary	Fire Service	Retired: 07-16-79	Died: 07-31-09
Paul C. Burks	Police Service	Retired: 06-01-78	Died: 12-10-09
Owen McGough	Police Service	Retired: 07-01-68	Died: 12-16-09

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Hugh E. Rankin	Police Service	Retired: 01-01-68	Died: 11-24-09
Fred L. Thomas	Police Service	Retired: 03-01-72	Died: 11-29-09
Harold A. Reed	Fire Disability	Retired: 06-29-80	Died: 08-06-09
Lavonne L. Hayes	Fire Widow	Retired: 05-15-01	Died: 10-29-09
Patricia Reischl	Fire Widow	Retired: 06-12-76	Died: 12-08-09
Mabel M. Boone	Police Widow	Retired: 11-19-01	Died: 12-14-09

DISCONTINUED PENSIONS – TIER 5 – 2

Frank D. Lockett	Fire Service	Retired: 08-20-06	Died: 12-01-09
Phillip T. Thomas	Police Service	Retired: 03-01-03	Died: 12-12-09

DISCONTINUED FORMER SPOUSE – TIER 5 – 2

Beverly A. Thomas	Police Service	Retired: 10-01-03	Member Died: 12-12-09
Beverly A. Thomas	Police Service	Retired: 10-01-03	Member Died: 12-12-09

SERVICE PENSIONS – POLICE – TIER 3 – 1

Maria H. Hundertmark	Detective II	Eff: 01-03-10	20 Years	86 Days
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SERVICE PENSIONS – POLICE – TIER 4 – 1

Justin T. Murphy	Detective II	Eff: 01-17-10	22 Years	279 Days
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**DEFERRED SERVICE PENSIONS – POLICE – TIER 3 – 1 CORRECTION**

Anthony A. Razo	Police Officer II	Eff: 12-26-09	13 Years	70 Days
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ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 4

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Rita F. Hargett	Billy H. Hargett	Fire Service	11-21-09
Lucille Kolb	Leon C. Kolb	Fire Service	12-02-09
Marie C. Peterson	George W. Peterson	Police Service	10-02-09
Evelyn G. Reed	Harold A. Reed	Fire Disability	08-07-09

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 5 – 2

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Sarah M. Lockett	Frank D. Lockett	Fire Service	12-02-09
Alice M. Cabrera-Thomas	Phillip T. Thomas	Police Service	12-13-09

MINOR'S PENSION – CONSERVATORSHIP – TIER 5 – 2

A certified copy of the letters of Conservatorship, issued in the Douglas County District Court, State of Colorado, Case Number 09PR249, appointing David L. Owens, Conservator of the Estate of Derek R. Norman, minor child of Ryan S. Norman deceased Police Pensioner, effective December 14, 2009 has been filed with this office. Pension payments in the amount of \$1,044.75 will be paid to David L. Owens for the benefit of Derek R. Norman.

A certified copy of the letters of Conservatorship, issued in the Douglas County District Court, State of Colorado, Case Number 09PR250, appointing David L. Owens, Conservator of the Estate of Emily F. Norman, minor child of Ryan S. Norman deceased Police Pensioner, effective December 14, 2009 has been filed with this office. Pension payments in the amount of \$1,044.74 will be paid to David L. Owens for the benefit of Emily F. Norman.

PARTIAL PAYMENT OF PENSION – TIER 5 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Robert E. Percy, Police Service Pensioner, is to be paid to his former spouse Cynthia M. Percy effective January 1, 2010. Ms. Percy will receive cost of living increases.

PARTIAL PAYMENT OF SURVIVING SPOUSE'S PENSION – TIER 5 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Alicia M. Cabrera-Thomas, Surviving Spouse of Police Service Pensioner Phillip T. Thomas, to be paid to Mr. Thomas' former spouse Beverly A. Thomas effective December 13, 2009. Ms. Thomas will receive cost of living increases.

GUARDIANSHIP AND CONSERVATORSHIP – TIER 1 – 1

A certified copy of the Order Appointing Guardian and Conservator, issued in the Eleventh Judicial District, County of San Juan, State of New Mexico, Case Number PQ2009-23-6, appointing Debra L. Stevens, Guardian and Conservator of the Person and Estate of Bonnie D. Peterson, Surviving Spouse of deceased Fire Pensioner Howard D. Peterson, effective October 16, 2009, has been filed with this office.

CONSERVATORSHIP – TIER 2 – 1

A certified copy of the Letters of Limited Conservatorship, issued in the Superior Court of California, County of Los Angeles, Case Number BP112756, appointing Teresa A. English, Limited Conservator of the Person and the Estate of Mark J. Reischl, dependent child of deceased Fire Pensioner Frank J. Reischl, effective December 16, 2008, has been filed with this office. Pension payments will be paid to Teresa A. Reischl for the benefit of Mark J. Reischl.

SERVICE PENSION/DROP – TIER 5 – 5

Fire

Robert P. Lambert                      Firefighter III                      Eff:      10-02-09      29 Years      48 Days

Police

Michael A. Falvo	Police Detective II	Eff:	11-01-09	26 Years	246 Days
Randall A. Hunsaker	Police Officer II	Eff:	11-02-09	27 Years	322 Days
James P. McDonnell	Police Deputy Ch II	Eff:	12-02-09	28 Years	130 Days
Percy J. Morris	Police Detective III	Eff:	12-01-09	27 Years	292 Days

DISCONTINUE DROP – TIER 2 – 4

Police

Annette D. Ankele	Retired:	12-24-05	Exit Close of:	01-31-10
Gerald W. Hallanger	Retired:	01-09-05	Exit Close of:	01-08-10
John P. Sheriff	Retired:	04-03-05	Exit Close of:	01-31-10
Michael L. Winze	Retired:	02-06-05	Exit Close of:	01-31-10

DISCONTINUE DROP – TIER 4 – 1

Police

David J. Bashara	Retired:	04-03-06	Exit Close of:	01-31-10
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DISCONTINUE DROP – TIER 5 – 19

Fire

Marc Angelillo	Retired:	02-20-05	Exit Close of:	01-31-10
Jorge E. Aquin	Retired:	08-06-06	Exit Close of:	01-29-10
George L. Balleweg	Retired:	02-20-05	Exit Close of:	01-31-10
William C. Dakin	Retired:	02-06-05	Exit Close of:	01-31-10
Douglas A. Graft	Retired:	01-09-05	Exit Close of:	01-08-10
John L. Hanson	Retired:	02-06-05	Exit Close of:	01-09-10
Eddie L. Johnson	Retired:	01-09-05	Exit Close of:	01-08-10
Ernest J. Mistrik	Retired:	01-09-05	Exit Close of:	01-08-10
Michael S. Ng	Retired:	02-17-08	Exit Close of:	01-31-10
Carlos A. Trejo	Retired:	02-06-05	Exit Close of:	01-31-10
Larry L. Wilson	Retired:	01-09-05	Exit Close of:	01-08-10

Police

Michael O. Arminio	Retired:	02-06-05	Exit Close of:	01-31-10
Richard C. Dedmon	Retired:	03-06-05	Exit Close of:	01-31-10
Sean P. Hart	Retired:	01-04-09	Exit Close of:	01-31-10
Emmanuel L. Hernandez	Retired:	02-06-05	Exit Close of:	01-31-10

Michael D. Sledd	Retired:	05-01-06	Exit Close of:	01-11-10
Johnny Villa	Retired:	02-04-07	Exit Close of:	01-31-10
Harlan L. Ward	Retired:	01-09-05	Exit Close of:	01-08-10
Darvin K. White	Retired:	05-01-06	Exit Close of:	01-31-10

#### PARTIAL PAYMENT OF DROP FUNDS – TIER 5 – 2

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the DROP funds payable to Jorge E. Aquin, Fire Service Pensioner, is to be withheld for former spouse Rita Aquin, effective January 30, 2010.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the DROP funds payable to Eddie L. Johnson, Fire Service Pensioner, is to be withheld for former spouse Dada Y. Johnson, effective January 9, 2010.

#### B. Other business relating to Department operations

General Manager Perez gave the following updates:

1. The City is continuing to have problems addressing the budget deficit. The City Administrative Officer and Chief Legislative Analyst are recommending layoffs of about 1,000 employees with expectations of layoffs in the next fiscal year.
2. During the Board's earlier discussion of deferring contributions by widening the market corridor and smoothing assets over a 7-year period. The expectation was that the City would take short and long term actions to address their budgetary problems, mainly salaries, benefits and pension benefits to employees. The City has been slow in addressing these issues. We are tracking this issue and the ramifications it will have on our Fund. We will closely track City contributions expected in July or the next fiscal year. Mr. Tom Lopez, Chief Investment Officer, Investments Division is working with staff to ensure we have the proper cash available to meet pension rolls and capital calls.
3. The City has asked proprietary departments to fill vacant positions with employees paid from the general fund departments. We will be losing staff to the Early Retirement Incentive Program (ERIP) and have a couple of vacancies. We may fill two to three positions over the next few weeks with general fund employees.
4. There is an emergency General Manager's meeting today. The meetings have gotten increasingly intense. There is a growing anxiety that problems are not being addressed quickly and there will be some fiscal problems in the months to come.

President Aliano stated that a few months ago, Councilmember Rosenthal asked for a report on the merging of the three Pension Funds. A report was prepared by the CAO in December. A new motion by Councilmember Parks and Koretz was recently made on the same issue. President Aliano questioned why Council is initiating

the same motion. General Manager Perez stated this motion is different. They are suggesting that the three pension systems' operations be merged into one department. They are asking the three pension systems, City Attorney, CAO and CLA to study this issue and report back to two Council Committees. Staff will track the issue and report to the Board.

C. Marketing Cessation Information

10. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Navarro requested that staff explain the Watch List process.

11. PUBLIC COMMENTS

Ms. Elsa Moy commented on Item 6.

12. CONSENT ITEMS

A. Approval of Travel

1. APPROVAL OF TRAVEL AUTHORITY – CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS (CALAPRS) – PRINCIPLES OF PENSION MANAGEMENT – MARCH 23–26, 2010, STANFORD LAW SCHOOL, CA
2. APPROVAL OF TRAVEL AUTHORITY – CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS (CALAPRS) – TRUSTEES' ROUND TABLE – FEBRUARY 5, 2010, ONTARIO, CA

B. Approval of Minutes

1. Minutes of the Benefits Committee of November 5, 2009

Commissioner Diannitto moved that the Board approve the consent items, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, Pérez, von Voigt, Wertman and President Aliano – 8; nays, none.

*Deputy City Attorney John Blair took the City Attorney chair at this time.*

13. **DISABILITY CASES**

DISABILITY CLAIM – REVIEW – REQUESTED BY PENSIONER – TIER 2 – 1

Thomas C. Heise (P) Police Officer III (Retired)

No change, service connected disability pension remains at 50% with no scheduled review. Motion made by Commissioner Diannitto, seconded by Commissioner Hansell and adopted by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, Pérez, von Voigt, Wertman and President Aliano – 8; nays, none. Mr. Heise was present and represented by his attorney, Thomas J. Wicke.

DISABILITY CLAIM – NEW – TIER 5 – 2

Billy M. Grimes (P) Sergeant I

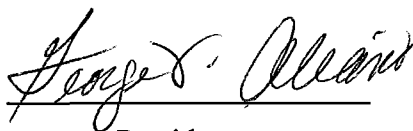
Service connected disability pension is granted at 72% with no foreseeable purpose for review. Motion made by Commissioner Navarro, seconded by Commissioner von Voigt and adopted by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, von Voigt, Wertman and President Aliano – 7; nays, Commissioner Pérez – 1. Sergeant Grimes was present and represented by his attorney, Thomas J. Wicke.

*Commissioner Pérez left the Boardroom for the day.*

Jayme E. Vermaat (P) Detective III

Denied. Motion made by Commissioner Wertman, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, von Voigt, Wertman and President Aliano – 7; nays, none. Lieutenant II Leonard Cross, Medical Liaison, Deputy Chief I James P. McDonnell, Operations Headquarters Division, Deputy Chief I Kirk J. Albanese, Operations South Bureau, Retired Lieutenant II Thomas E. Kirk, Los Angeles Police Department, and Christopher J. Annala, Pension Claims Officer, Los Angeles Fire and Police Pensions, testified regarding Detective Vermaat. Detective Vermaat was present and represented by her attorney, Thomas Hoegh.

The meeting was adjourned at 2:12 p.m.

  
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President

  
\_\_\_\_\_  
Secretary