

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF FEBRUARY 18, 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 18, 2010.

COMMISSIONERS PRESENT: George V. Aliano, President
Dean Hansell, Vice President
Sam Diannitto (participated telephonically)
Brenda Maull
Ruben Navarro
Robert von Voigt
Adlai Wertman

COMMISSIONER'S ABSENT: Raúl Pérez

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 Aliano called the regular meeting to order at 9:08 a.m. All of the above-listed Commissioners were present at the start of the meeting.

1. **COMMUNICATIONS TO THE BOARD**

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

2. **COMMITTEE REPORTS**

- A. Benefits Committee

Chair Aliano noted he attended the Vision Insights & Perspectives Conference recently and that it is top notch.

B. Governance Committee

Commissioner Hansell reported a meeting is set for March 18th. Chair Diannitto stated topics for discussion are City Attorney cost sharing, Ethics Policy and City Attorney evaluation. He noted that there are only three members on the Committee. President Aliano will assign the new Board Member to the Committee. Chair Diannitto was concerned with the balance of the Committee between appointed versus elected. President Aliano will assign Commissioner von Voigt, an elected representative to the Committee.

C. Audit Committee

Chair Hansell reported a meeting is scheduled on March 4th.

D. Ad Hoc Space Planning Committee

Chair Wertman reported no updates.

3. APPROVAL OF RECOMMENDATIONS BY STEPSTONE GROUP AND STAFF – FUNDING FOR STERLING GROUP PARTNERS III, LP AND TRIDENT V, LP

Messrs. Daren Perlstein, Investment Officer I, and Paul Palmer, Investment Officer II from the Investments Division, and Jose Fernandez, Managing Director from Stepstone reported to the Board. Commissioner Hansell preferred not to invest in private equity until the General Consultant was hired so that they may review the two funds. Mr. Tom Lopez, Chief Investment Officer, explained the allocation from the General Partners and the allocation to Stepstone. Commissioner Diannitto was concerned with placement agent fees and requested information be placed in future board reports. Commissioner Wertman asked staff to clarify amounts in relation to Alternative Investments, which Mr. Lopez responded.

Commissioner Hansell moved that the Board approve an investment of \$25 million in Sterling Group Partners III, L.P. (Sterling III), which was seconded by Commissioner Navarro and failed by the following vote: ayes, Commissioners Hansell, Maull, Navarro and President Aliano – 4; nays, Commissioners Diannitto, von Voigt and Wertman - 3.

The Board directed staff to consult with the potential investment advisor on both investments: Sterling III and Trident V.

Commissioner Wertman commended staff and Stepstone for their work. He was concerned with the asset class itself, not the two investments. Mr. Alan Manning, Assistant City Attorney, noted that in order for the Board to reconsider Sterling III, it must be brought back for reconsideration by a Board Member who voted “no” to the recommendation.

4. APPROVAL OF CONTRACTS FOR PRINTING AND SURVEY SERVICES

Commissioner Hansell moved that the Board approve:

That the Board:

- 1) Approve the selection of Standard Register to provide printing services for a three-year term, with a total contract amount not to exceed \$180,000; and
- 2) Approve the selection of The Pulse Group to provide survey services for a three-year term, with a total contract amount not to exceed \$45,000; and
- 3) Authorize the General Manager to negotiate the terms and conditions of each contract; and
- 4) Authorize the President of the Board, on behalf of the Board, to execute the two contracts, subject to the approval of the City Attorney, as to form and legality, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, von Voigt, Wertman and President Aliano – 7; nays, none.

5. APPROVAL OF INTEREST RATE TO BE CREDITED TO ACTIVE MEMBER ACCOUNTS AS OF DECEMBER 31, 2009

Commissioner Diannitto moved that the Board direct the General Manager to credit the interest rate of 1.01% to the active member accounts as of December 31, 2009, which was seconded by Commissioner Hansell and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, von Voigt, Wertman and President Aliano – 7; nays, none.

6. REQUEST TO SUSPEND WORKERS' COMPENSATION RECAPTURE OF GILBERT ESPINOZA, DISABILITY PENSIONER AND POSSIBLE BOARD ACTION

Commissioner von Voigt moved that the Board grant the request of Gilbert Espinoza, a disability pensioner, to suspend the recapture of his Workers' Compensation award for six months effective February 1, 2010 to July 31, 2010 due to financial hardship, 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.

7. GENERAL MANAGER'S REPORT

A. Benefits actions approved by General Manager on February 4, 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 February 4, 2010.

DISCONTINUED PENSIONS – TIER 1 – 5

Harold L. Allen	Police Service	Retired: 05-01-62	Died: 12-23-09
Walter G. Phillips	Police Service	Retired: 12-01-66	Died: 12-12-09
Richard M. Strom	Police Service	Retired: 10-27-66	Died: 01-04-10
Brigitta M. Gaski	Police Widow	Retired: 04-01-58	Died: 12-30-09
Louise Grant	Police Widow	Retired: 11-18-06	Died: 12-05-09

DISCONTINUED PENSIONS – TIER 2 – 14

Victor C. Brewster	Fire Service	Retired: 06-07-82	Died: 11-26-09
Phillip E. McKim	Fire Service	Retired: 06-29-78	Died: 12-21-09
Dudley Schumacher	Fire Service	Retired: 02-20-73	Died: 12-05-09
William H. Wescombe	Fire Service	Retired: 01-20-72	Died: 12-11-09
Daniel E. Bowser	Police Service	Retired: 01-18-79	Died: 01-04-10
Kenneth J. Klein	Police Service	Retired: 12-04-98	Died: 12-14-09
Bryce Mirtle	Police Service	Retired: 03-04-73	Died: 12-08-09
Manuel S. Pena	Police Service	Retired: 05-11-71	Died: 12-21-09
Dale G. Rickards	Police Service	Retired: 07-08-72	Died: 12-29-09
Michael Schneider	Police Service	Retired: 05-28-95	Died: 12-12-09
James H. Turner	Police Service	Retired: 07-04-67	Died: 12-30-09
Leonard A. Walling	Police Service	Retired: 06-01-75	Died: 12-30-09
Marjorie D. Kline	Fire Widow	Retired: 07-25-75	Died: 11-27-09
Barbara A. Thomas	Fire Widow	Retired: 09-07-02	Died: 07-03-09

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 1 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Paulita Strom	Richard M. Strom	Police Service	01-05-10

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 5 – 10

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Betty L. Brewster	Victor C. Brewster	Fire Service	11-27-09
Marjorie G. McKim	Phillip E. McKim	Fire Service	12-22-09
Dee Loris M. Schumacher	Dudley Schumacker	Fire Service	12-06-09
Patricia L. Wescombe	William H. Wescombe	Fire Service	12-12-09
Beverly J. Bowser	Daniel E. Bowser	Police Service	01-05-10
Valerie A. Klein	Kenneth J. Klein	Police Service	12-15-09
Olga R. Pena	Manuel S. Pena	Police Service	12-22-09
Gina S. Penn-Schneider	Michael Schneider	Police Service	12-13-09

Carrie L. Rickards	Dale G. Rickards	Police Service	12-30-09
Ruth L. Turner	James H. Turner	Police Service	12-31-09

SURVIVOR BENEFIT PURCHASE PROGRAM PARTICIPANTS – TIER 1 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
Craig N. Gilian	Police Disability	02-01-10	45%

SURVIVOR BENEFIT PURCHASE PROGRAM PARTICIPANTS – TIER 2 – 4

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
Donlad L. Albrecht	Fire Service	02-01-10	40%
Keith A. Wilson	Fire Service	02-01-10	30%
Robert E. Readhimer	Police Service	02-01-10	50%
Bradley T. McGrath	Police Disability	02-01-10	50%

DEFERRED SERVICE PENSIONS – POLICE – TIER 3 – 1

Police

Arthur M. Alvarez III	Police Officer III	Eff:	01-26-10	11 Years	33 Days
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SERVICE PENSIONS – POLICE – TIER – 4 – 1

Police

Silvio S. Filipovich	Police Officer II	Eff:	01-30-10	21 Years	261 Days
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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 Eddie L. Johnson, Fire Service Pensioner, is to be withheld for former spouse Dada Y. Johnson effective January 9, 2010. Ms. Johnson will receive cost of living increases.

PENSION GRANTED – DISABILITY – TIER 3 – 1, January 21, 2010

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate %</u>	<u>Effective Date</u>
Michael A. Thompson	19	61	38.0000	01-21-10

B. Other business relating to Department operations

General Manager Perez gave the following updates:

1. Staff met with R.V. Kuhns, the General Consulting firm that the Board selected. He anticipates representatives at the second meeting in March. They will be working primarily on asset allocation. They will also review educational opportunities for the Board in preparation of the asset allocation. Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations Division is working on a report to submit to the Board.
2. Senate Bill 10007 came to his attention. It requires people running for elected position on CALSTRS and CALPERS boards to comply with the same campaign disclosure requirements as other elected officials in California. There may be some applications for this Board, i.e. Commissioners Aliano, Diannitto von Voigt and Navarro. Staff is tracking this issue and will report to the Board. There may be a requirement that disclosure be made about contributions to help with campaigns.
3. Board Members, excluding Commissioners Maull and Navarro, have received the Form 700 packet which is required by the City Ethics Commission and is due April 1st.
4. Commissioner Wertman asked for the status regarding the City's request to hire people from the general fund. General Manager Perez reported the hiring of a Chief Accountant and staff is looking at other openings within the department. He noted that there may a potential impact on current employees if they are bumped by general fund employees.
5. General Manager Perez stated staff will prepare a report to the Board in March regarding an increase in health subsidy for retirees. The Board has the authority to provide up to 7% increase in subsidies and noted the current financial crisis. The authority is in the Administrative Code which the Mayor and City Council have authority of. In every instance where the Board has the authority, it has made the increase. The Board will have to take a hard look at this issue.
6. Commissioner Wertman noted the Pew Report that came out today regarding an article about the unfunded pension amount in pension funds across the country. He stated there should be a discussion in the future about our unfunded pension amount and asked that staff be prepared to answer questions. General Manager Perez noted the actions the Board took in July by widening the market corridor and increasing the number of years to smooth assets. There is a deferral of nearly \$200 million in contributions that could have been required by the City. These actions will be significant if the City asks for additional monies. Commissioner Wertman noted the Pew Report leads to believe that smoothing is seen as a trick to avoid this problem.
7. Asked by Commissioner Wertman, General Manager Perez reported that the City has different ways to make the payment to the Fund. He expects the payment on July 15th. The City may borrow the money to make the payment and currently, the City's bond rating is down. If the City is not able to make the payment, then LAFPP expects payment on a biweekly basis. General Manager Perez noted that the City Charter is not specific as to when the City has to make the payments but, just that they make the payment.

C. Marketing Cessation Information

8. CONSIDERATION OF FUTURE AGENDA ITEMS

None.

9. PUBLIC COMMENTS

Ms. Elsa Moy commented on the Monthly Report.

10. CONSENT ITEMS

A. Approval of Travel

1. APPROVAL OF TRAVEL AUTHORITY, INTERNATIONAL FOUNDATION EDUCATION – BENEFITS – COMPENSATION (IFEBC), INVESTMENTS INSTITUTE, APRIL 18-20, 2010, PHOENIX, AZ

B. Approval of Minutes

1. Minutes of the Regular Board Meeting of September 3, 2009 and December 3, 2009
2. Minutes of the Audit Committee of December 3, 2009
3. Minutes of Special Board Meeting of November 19, 2009

C. Findings of Fact – Tier 2 – 1

1. Thomas C. Heise

D. Findings of Fact – Tier 3 – 1

1. Michael A. Thompson

E. Findings of Fact – Tier 5 – 1

1. Jayme E. Vermaat

Commissioner Diannitto moved that the Board approve the consent items, which was seconded by Commissioner Hansell and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Maull, Navarro, von Voigt, Wertman and President Aliano – 7; nays, none.

11. **DISABILITY CASES**

DISABILITY CLAIM – NEW – TIER 3 – 1

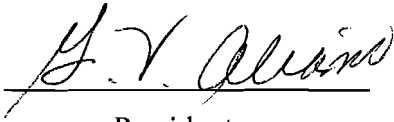
Carlos J. Baca

(P)

Police Officer II

Withdrawn from processing on February 17, 2010 at the request of the applicant's attorney. Officer Baca was not present nor was his attorney, Julie Locks Sherman.

The meeting was adjourned at 10:15 AM.



President



Secretary