
AGENDA

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

June 6, 2019
8:30 a.m.

Sam Diannitto Boardroom
Los Angeles Fire and Police Pensions Building
701 East 3rd Street, Suite 400
Los Angeles, CA 90013

An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address, and present the completed card(s) to the commission executive assistant. Speaker cards are available at the commission executive assistant's desk.

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed at the office of the Los Angeles Fire and Police Pension System (LAFPP), located at 701 East 3rd Street, 2nd Floor, Los Angeles, California 90013, or by clicking on LAFPP's website at www.lafpp.com, or at the scheduled meeting. Non-exempt writings that are distributed to the Board or Committee at a scheduled meeting may be viewed at that meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the commission executive assistant, at (213) 279-3038 or by e-mail at rhonda.ketay@lafpp.com.

Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the Department of Fire and Police Pensions, (213) 279-3000 voice or (213) 628-7713 TDD.

A. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE CASE ENTITLED LOS ANGELES POLICE PROTECTIVE LEAGUE vs THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS FOR LOS ANGELES FIRE AND POLICE PENSIONS, CITY OF LOS ANGELES (Case no. B280319) AND POSSIBLE BOARD ACTION

B. ITEMS FOR BOARD ACTION

1. [PENSION ADMINISTRATION BENCHMARKING RESULTS FOR THE FISCAL YEAR ENDING JUNE 30, 2018 AND POSSIBLE BOARD ACTION](#)
2. DISCUSSION OF THE EMERGING MANAGER PROGRAM AND POSSIBLE BOARD ACTION
3. REVIEW OF BRANDES INVESTMENT PARTNERS INTERNATIONAL EQUITY MANAGER CONTRACT AND POSSIBLE BOARD ACTION
4. REVIEW OF INTERNATIONAL LARGE CAP EQUITY MANAGER CONTRACT OF FISHER ASSET MANAGEMENT AND POSSIBLE BOARD ACTION

C. REPORTS TO THE BOARD

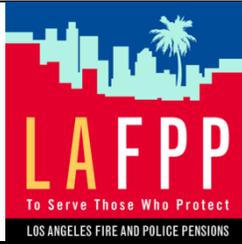
1. [FISCAL YEAR 2018-19 BUSINESS PLAN PROJECT NO. 8 – WORKFORCE SUCCESSION PLANNING UPDATE](#)
2. [CONTRACTOR DISCLOSURE REPORT: FIRST QUARTER 2019](#)
3. Has any Board Member made any expenditure to influence State legislative or administrative action?
4. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
5. General Manager's Report
 - a. Benefits Actions approved by General Manager on May 18, 2019
 - b. Other business relating to Department operations

D. CONSIDERATION OF FUTURE AGENDA ITEMS

E. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION

F. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PROPOSED SALE OF ONE (1) PARTICULAR, SPECIFIC INVESTMENT AND POSSIBLE BOARD ACTION
2. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF TWO (2) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION



DEPARTMENT OF FIRE AND POLICE PENSIONS

701 E. 3rd Street, Suite 200
Los Angeles, CA 90013
(213) 279-3000

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JUNE 6, 2019

ITEM: B.1

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: PENSION ADMINISTRATION BENCHMARKING RESULTS FOR THE FISCAL YEAR ENDING JUNE 30, 2018 AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board:

- 1) Consider the results of the Cost Effectiveness Measurement Benchmarking, Inc. (CEM) Pension Administration Benchmarking survey;
- 2) Instruct Staff to include a new multi-year project in the 2019-20 Final Business Plan to implement operational best practices based on the CEM results;
- 3) Instruct Staff to perform a follow-up CEM Benchmarking survey in three years to measure changes in departmental operations; and,
- 4) Provide additional direction to staff as appropriate.

BACKGROUND

The Fiscal Year 2018-19 Business Plan includes Project No. 7 – Pension Administration Benchmarking. The purpose of the project is to objectively measure LAFPP services and practices against our peers to gain a better understanding of the total administrative cost per member and to help the Board and staff to determine if there are opportunities to become more efficient in the organization. On July 19, 2018, the Board approved staff to execute a contract with Cost Effectiveness Measurement Benchmarking, Inc. (CEM) to perform such an analysis. This analysis encompassed data from Fiscal Year 2017-18. Today CEM presents the benchmarking results (Attachment) via telephone.

SURVEY AND STAFF INPUT

CEM's report is based on staff responses to its pension administration benchmarking survey which consists of 39 questions, the majority of which have subsets of questions that focus on:

- A) Plan Description – Questions to establish the plan design of the System.
- B) Service – Questions to quantify the types and level of service provided to members.
- C) Administrative Costs – Financial information to determine the overall cost per member.
- D) Transaction Volume – Designed to capture the overall volume of services provided to members.

E) Satisfaction Surveying – Inquiries designed to quantify the frequency and immediacy of surveying members after receiving a service.

It should be noted that the Administrative Costs questions eliminate healthcare and investment management related costs, including salaries, benefits and contractual expenses (e.g. health valuation; health consultant, and proxy services) associated with those services. In doing so, CEM scrubs the data to provide an “apples to apples” comparison of pension administration costs when measured across the ten other Systems in our peer group.

Responses to most of the survey questions were available through the 2018 Annual Report or were calculated based on accounting records; through ongoing efforts to increase member service and outreach; and via existing performance metrics. However, some responses required staff to estimate annual transaction volumes by manually counting records; to query recently discontinued legacy systems (OnPoint and BPP – Benefit Payment Passport) to measure processing time; or filter electronic invoices and correspondence logs that had not been previously tracked.

BENCHMARKING RESULTS

Key Takeaways from the survey, as summarized in the Executive Summary on Pages 1-4 and 1-7 respectively, are:

- Total Service Score – LAFPP’s score was 70 out of 100, with a peer average of 65.
- Pension Administration Cost – LAFPP’s cost was \$724 per active member and annuitant compared to the peer average of \$352.

Below is a staff summary of the Key Takeaways and other benchmarking results.

Plan Description

CEM selects LAFPP’s peer group from its universe of government clients worldwide and whose data is updated annually through similar surveys. In selecting the peer group, CEM’s primary consideration is the total active and annuitant membership size. LAFPP is in a peer group of 11 plans, with six located in California. For the benchmarking period, LAFPP had 26,332 members, which is just 3,500 more than the peer average of 22,848 and near the median.

A comparison of the plan characteristics shows that our peers in Fairfax County Retirement System (VA) and San Diego City Employee Retirement System (CA) are like us in that they administer a deferred retirement option program (DROP). According to the 2018 San Diego CERS Comprehensive Annual Financial Report, the DROP program is closed to San Diego City employees hired after July 2005. DROP administration is significant because the nature of the program (entry and exit) doubles the volume of member transactions and communications in comparison to processing a traditional service pension.

Service

CEM measures 12 metrics and LAFPP scored above or at the peer average in the following 10 metrics: Paying Pensions; Pension Inceptions; Benefit Estimates; 1-on-1 Counseling; Presentations; Website; News and Targeted Communication; Member Statements; Red Tape; and Satisfaction Surveying.

The remaining two metrics, where LAFPP scored lower than the peer average, are Member Contacts and Disability Processing.

Member Contacts - In this metric, CEM measures Availability and Capability.

A) Availability - Although LAFPP staff is available to our members five more hours per week than the peer average, LAFPP accrued very few points in this metric for two reasons. First, CEM describes that having an interactive voice response (IVR) phone system integrated with call center software (e.g., the member's first point of contact would be with an automated phone tree to direct calls) is a best practice as it provides members more immediate access to a knowledgeable representative who can best answer their questions. While staff has always believed that having a human receptionist serve as the first point of contact for a member provides a personal touch, CEM's research indicates receptionists add a layer of time and effort to the member who would have to explain their needs twice and whose call may be redirected incorrectly. Second, LAFPP lacks the ability to report key metrics (e.g. the average total wait time and the percentage of calls abandoned while in queue or on hold) which could provide staff with important information to better manage resources.

B) Capability - CEM suggests that the score is dependent on whether plan policies allow 1) staff to provide benefit and purchase estimates and 2) members to change account instructions, via telephone.

Disability Processing - In this metric, CEM measures the speed at which disability pension applications are processed from the time of application to the time the Board reaches a decision. Using CEM's guidelines for measurement, LAFPP had an average processing time of 30 months, while the peer average was 11 months. There are many possible reasons that LAFPP's disability pension processing may be delayed including the scheduling of physician appointments; receiving all medical records, many times from multiple sources; members electing surgery during the application process; members electing surgery that is ultimately denied by Workers' Compensation; members hiring legal representation late in the process; members claiming a large number of injuries and amending the application to include additional injuries; and difficulties scheduling Board hearings with applicants and/or representatives.

LAFPP has taken steps to improve disability pension processing times. Board Operating Policies Section 3.4 – Disability Application Process was amended on January 18, 2018, to allow staff to schedule compulsory hearings if an applicant and/or representative fails to respond to a request for a hearing date. The amended policy also grants staff the ability to administratively withdraw a disability application if the applicant and/or representative fails to respond to a staff request within 30 days. Additional staff was also hired in recent months and assigned to the Disability Pensions Section to process disability pension applications.

Administrative Costs

LAFPP total pension administration cost was \$19.1 million or \$724 per member. This cost is significantly higher compared to the \$352 per member peer average, and \$395 per member for the California systems. While CEM acknowledges that the LAFPP cost environment is 23% higher than the peer average based on our geographic location, this does not completely explain this finding. CEM also offered an alternative perspective on our administration cost, that is LAFPP pension administration cost as a percentage of total plan asset is 8.2 bps, which is below the peer average of 12.9 bps and the third lowest in the peer group.

Highlighted below are additional factors that affect our costs:

Uses more Full Time Equivalent (FTE) to serve members – Table 1 below reflects LAFPP’s workload in administering a complex six-tier benefit plan and active DROP program, which require more staff to process increased member transactions and to manage the variety of member communications. This is consistent with CEM analysis that reveals LAFPP weighted transaction volume is 33% above our peer average (Attachment, Page 1-10).

Higher cost per FTE – Staff salaries and benefits are non-discretionary in that they are negotiated by the City of Los Angeles (City) as the employer. While LAFPP costs are 16% higher than the peer average, these costs are exacerbated by the LAFPP retirement contribution paid to LACERS. This payment started in Fiscal Year 2014-15 based on a City Controller’s Audit that found the City was not paying a retirement contribution to LACERS for LAFPP or LACERS staff. For the benchmarking period, LAFPP paid a retirement contribution of \$2.65 million to LACERS, which increased our overall cost by \$27,503 per FTE (Attachment, Page 1-9). Staff plans to follow-up with the peer group to understand if retirement contributions for their staff is included in their system costs.

Higher cost per member – CEM found that LAFPP pays more per member for professional services and charges to sister organizations. Included in the professional services were the PARIS project expenditures of \$1.21 million during the benchmarking year, which was part of a major, five-year IT modernization that would normally occur once every 10-15 years. In addition, the charges paid to “sister organizations” primarily included \$592,000 in costs for the City Attorney’s Office, consistent with the Board’s Governance Policies, Section 18.0 – Compensation of City Attorney Legal Fees, Benefits, and Expenses. This amount includes City Attorney staff direct salaries, overhead costs which is 58% of the direct cost, and the proportionate share of the costs shared with LACERS and DWPERP.

Transaction Volumes

CEM analysis reveals LAFPP performed more transactions and/or have a more costly mix of transactions per active member and annuitant. The table below displays the volume of transactions performed for FY 2018, with the most labor intensive transactions bolded for context.

TABLE 1

ACTIVITY	DESCRIPTION	VOLUME	% OF ACTIVITY (figures are rounded)
Member Transaction	Pension Payments	12,890	84.0
	Service/Survivor Pension Inceptions	905	5.9
	Withdrawals	95	0.6
	Service Purchases	1,435	9.4
	Disability Applications	18	0.1
		15,343	100.0
Member Communication	Member Calls and Emails	65,900	67.3
	Incoming Letters	15,909	16.2
	Written Estimates	159	0.2
	1-on-1 Counseling Sessions	2,473	2.5
	Group Presentations	87	0.1
	Mass Communications to Actives	13,442	13.7

		97,970	100.0
Collections and Data Maintenance	Active Members	13,442	51.0
	Annuitants and Inactive Members	12,940	49.0
		26,382	100.0

NEXT STEPS

Today’s presentation by CEM completes the Business Plan project Milestones. More importantly, through this project, staff has gained a deeper understanding of how to measure existing service levels and transaction volumes, and how our administrative costs are aligned with our pension activities.

The results provide a current assessment in comparison to our peer group, identifies high performing areas and areas for improvement, and give insights into best practices and trends to manage costs, improve service levels, and develop objective performance metrics. In addition, staff attended the CEM Global Pension Administration Conference in mid-May and had the opportunity to explore new strategies including straight-through-processing (which is to fully automate pension processing) and LEAN Management (a systematic approach to reduce or eliminate activities that do not add value to the process).

Given these new tools staff proposes to submit for the Board’s consideration a multi-year project, in the 2019-20 Final Business Plan, to study and identify operational best practices based on the CEM results. Funding will be requested based on the individual improvement related project and for the appropriate budget year.

During the CEM Global Pension Administration Conference, staff also learned that the larger sized system participants perform benchmarking on an annual basis. Staff discussed with CEM how often the small size participants like LAFPP performs benchmarking. CEM suggested that benchmarking every three years is reasonable for small size participants since improvements generally take longer with less staff and funding resources. CEM does have clients, both large and small, that participate annually because they are attempting to measure against themselves. Staff proposes to perform this CEM benchmarking once every three years to allow staff the time to assess service gaps and develop a work plan to bridge these gaps before the next benchmarking study. Also, staff anticipates these efforts will be positively reflected in the upcoming City management audit - and in subsequent management audits - since they are objective reviews of the LAFPP operations.

BUDGET

A total of \$20,000 has been appropriated in the FY 2018-19 Budget for pension administration benchmarking.

POLICY

There are no policy changes associated with this report.

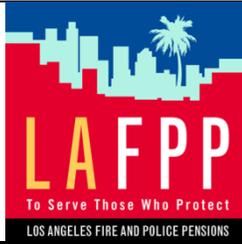
This report was prepared by:

Myo Thedar, Chief Benefits Analyst

Administrative Operations Division

RPC:WSR:MTS:JB

Attachment: CEM BenchmarkAdmin - 2018 Benchmarking Analysis for LAFPP



DEPARTMENT OF FIRE AND POLICE PENSIONS

701 E. 3rd Street, Suite 200
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(213) 279-3000

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JUNE 6, 2019

ITEM: C.1

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

**SUBJECT: FISCAL YEAR 2018-19 BUSINESS PLAN PROJECT NO. 8 – WORKFORCE
SUCCESSION PLANNING UPDATE**

THIS REPORT IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES.

DISCUSSION

On February 1, 2018, the Board approved the LAFPP 2019-21 Three-Year Strategic Plan, incorporating a new strategic goal to Build and Support a Talented Workforce. Subsequently, on June 21, 2018, the Board approved the 2018-19 Business Plan which includes Project 8: Workforce Succession Planning, to study approaches to address the potential loss of personnel in critical positions and update the current LAFPP succession plan. Typically, Board reports are not generated to report back on individual Business Plan projects. However, staff finds this project update to the Board would be valuable given the level of discussion of this topic during strategic planning, the importance of developing and maintaining a viable workforce succession plan, and the progress made thus far.

The first milestone, to study workforce succession planning approaches, was met by December 31, 2018, via a study of succession plans for the following five different public agencies: the City of Burbank, the City and County of San Francisco, the State of California, the County of Los Angeles, and the City of Los Angeles (Attachment I). The results of the study reveal that most of the agencies use in some form either a cross-training program or a mentoring program or both. The results helped to formulate the direction for the LAFPP succession plan.

The second milestone included multiple tasks and has been completed prior to its June 30, 2019 delivery date. The tasks and related summary of efforts are described below:

Develop a workforce succession planning team

A workforce succession planning (WSP) team was developed in late January 2019. Nine staff across several sections and levels of employment were selected to participate in the WSP. A preliminary communication was sent to the team members to inform them about the existing LAFPP succession plan and to ask if team members had any questions about WSP prior to our first meeting. Team meetings were held on February 26, 2019, March 28, 2019, and April 30, 2019.

Perform a comprehensive workforce needs assessment

The WSP team discussed the workforce needs assessment. The team worked to identify the key leadership positions in the department, devise a plan to incorporate these key positions into the LAFPP WSP, and update the existing succession plans for the two Assistant General Managers, the Chief Investment Officer and the General Manager positions. The team efforts for each of the components are summarized below.

Identify key leadership positions based on the workforce needs assessment

The positions previously identified as essential to succession planning were the four positions that are addressed within our updated succession plan: the two Assistant General Manager positions, the Chief Investment Officer, and the General Manager. During the recent assessment, the team felt that most middle management positions required attention as these positions are critical to the day to day services provided to members and given the expertise gained administering the nuances of the pension plans. These middle management positions included Management Analyst, Senior Management Analyst, Chief Benefits Analyst, and the newly formed positions of Benefits Analyst and Senior Benefits Analyst.

Devise a plan to incorporate these key positions into the LAFPP plan

On March 13, 2019, a department wide survey was sent to all LAFPP employees via Survey Monkey. Just over 80% of employees completed the survey. From the results of this survey (Attachment II), and based on discussions with the WSP team, three possible succession plan programs - the mentorship program, the cross-training program, and the job rotation program - were identified and discussed as viable options for our department. It was ultimately determined that the best option would be a cross-training program.

The cross-training program would initially be a smaller pilot program to focus on one or two sections within the Pensions Division. As an example, a Benefits Specialist position would be identified from the Active Member Services section. The employee in this position would spend time with another Benefits Specialist in the DROP/Service Pensions section. The time spent would be focused on one specific process which could be learned in a short period of time (such as counseling a member who is either retiring or entering/exiting DROP). The goal of this cross-training is to prepare the Benefits Specialist from Active Member Services for promotional opportunities within our department for the higher-level classifications. The cross-training would also benefit the department by having additional employees trained in areas within their job classification but not within their immediate sections' scope of work.

Update the current succession plan for the Assistant General Manager positions, the Chief Investment Officer and the General Manager

The succession plan for these executive level positions are being updated with input from the incumbents.

SUMMARY

While this particular project has been completed, staff finds workforce succession planning to be an ongoing and evolving process. As such, staff is developing a new business plan project to build upon what has been learned through this year's workforce succession planning efforts. Staff plans

to submit for the Board's consideration in the 2019-20 Final Business Plan a project to structure and implement the pilot program in Fiscal Year 2019-20.

BUDGET

There is no budget impact associated with this report.

POLICY

There are no policy changes associated with this report.

This report was prepared by:

James Schiffhauer, Department Personnel Officer
Administrative Services Section - Human Resources

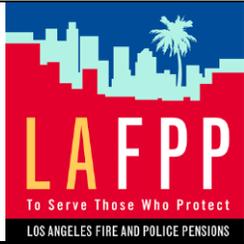
RPC:WSR:MTS:JS

Attachment: Study of Succession Plans

Succession Plan Comparison Chart

Organization	What Part of Organization is covered by Plan	Points of Plan
City of Burbank	Two step plan; Identify essential positions and develop overall plan to address all employee development.	<ul style="list-style-type: none"> • Employees to gain experience through training classes, employee review, and cross training through rotating positions.
City and County of San Francisco	Succession planning targets management in both the City and the County.	<ul style="list-style-type: none"> • Targeted management sent to Knowledge Management Conferences on Leadership • Leadership competencies to be developed targeting positions that are eligible for retirement • Mentoring – targeted management sent to mentoring workshop • Cross-training Program – City / County to develop a Management Committee comprised of managers from all city departments. The committee coordinates leadership development and succession planning programs to prepare “next generation” employees • Survey / Buy-in – Survey conducted of employees and management asking for input on what mentoring or coaching opportunities should be offered and what cross-training they are interested in. • Retention – focus on developing how to recruit and retain talent.
State of California	Two-step plan; develop and implement a leadership succession plan and provide professional development opportunities for entire leadership.	<ul style="list-style-type: none"> • Initial focus of the Leadership Succession Plan is on positions at the Division Chief level and above therefore emphasis is placed on strategies to prepare the candidate pool in classifications closet to leadership positions, make mentorship program State-wide, explore and expand leadership development resources, offer lunch seminars hosted by panel of State leaders, and develop cross-training program • Create a learning environment and opportunities to promote leadership development for all State employees, include training specific to each classification group, state-wide mentorship opportunities, leadership resources, and encourage and support individual employees to develop and build on their competencies.
County of Los Angeles	County of Los Angeles, focus on leadership but plan addresses all levels of employees. County uses a Five Phase Model for their succession planning	<ul style="list-style-type: none"> • First Phase – Leadership Evaluation, designed to help executives and senior-level managers assess the development preparedness of their employees to ascend to the next higher-level position. • Second Phase - Identify Needs, have supervisors complete online leadership evaluation and self-evaluation • Third Phase – Communicate Plan, provide supervisors leadership evaluation reports and a leadership development guide • Fourth Phase – Assess Outcomes, provide feedback and conduct internal evaluation • Fifth Phase – Implement Plan, employees and their supervisors build and implement individual leadership development plans.

Organization	What Part of Organization is covered by Plan	Points of Plan
City of Los Angeles	This plan is specific to the Personnel Department. However, many of the proposed strategies are designed to impact the entire City.	<ul style="list-style-type: none"> • Recruitment & Retention -suggestions include creating new classifications, targeting specific classifications in trade publications, making more exams open, create new exciting brand for City of LA being a top employer, create a recruitment “toolkit” for department managers, host / attend more recruitment events, and have a budget • Selection – Changing some exams to continuous testing, expand “Anytime, Anywhere” online testing, and evaluate bulletin requirements for certain exams. • Training & Employee Development– reinstate administrative training & development series, reinstate New Employee Orientation program, train every supervisor in the city in CORE, and re-establish professional growth and development program to provide employees with opportunities to work in different capacities • Knowledge Capture & Transfer – focus on cross-training, use seasoned senior managers to provide mentorship, record videos of employees performing vital tasks.



DEPARTMENT OF FIRE AND POLICE PENSIONS

701 E. 3rd Street, Suite 200
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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JUNE 6, 2019

ITEM: C.2

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: CONTRACTOR DISCLOSURE REPORT: FIRST QUARTER 2019

THIS REPORT IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES.

The Board adopted the Contractor Disclosure Policy to provide transparency in LAFPP's contracting process and to help ensure that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by Contractors to LAFPP.

Section 1.18.G.2.f of the Policy reads as follows:

"LAFPP internal audit staff will compile a quarterly Board report containing the names and amount of compensation agreed to be provided to each Intermediary by each Contractor; the campaign contributions and gifts of each Contractor as reported in the Contractor Disclosures; the List of Contacts; and the List of Exclusions."

In accordance with the above section, staff is providing its quarterly report to the Board. Internal Audit Section (IAS) received 104 disclosure reports required for the period ending March 31, 2019. The following table is a breakdown of the reports IAS received by quarterly and new disclosure reports.

Filing Type	No. Required	No. Received
Quarterly Disclosures	96	96 (100%)
New Disclosure Reports (For RFP responses and new private equity funds)	8	8
Total	104	104 (100%)

In addition to the 104 required disclosures, IAS received 1 disclosure voluntarily submitted by a contractor that is exempt from the reporting requirements.

Attachment 1 lists outstanding disclosure reports, exclusions, disclosed contributions, contacts, gifts, and intermediary information. Attachment 2 summarizes investor meeting information disclosed by private equity consultant, Portfolio Advisors.

BUDGET

There is no budget impact associated with this report.

POLICY

There is no policy impact associated with this report.

This report was prepared by:

Cynthia Varela
Departmental Audit Manager
Internal Audit Section

RPC:CV

Attachments:

1. Contractor Disclosure Summary
2. Private Equity Consultant Disclosure Information

CONTRACTOR DISCLOSURE SUMMARY
DEPARTMENT OF FIRE AND POLICE PENSIONS
As of March 31, 2019

OUTSTANDING DISCLOSURES						
Contract Number	Vendor / Contract Name	Contract Term		Responsible Section		Reason for non-disclosure
		Start Date	Exp. Date			
	None					
NEW EXCLUSIONS						
	Vendor / Contract Name	Exclusion Date		Exclusion Information		
	None					
CAMPAIGN CONTRIBUTIONS						
Contract Number	Vendor / Contract Name	Contract Term		Campaign Contribution Information		
		Start Date	Exp. Date			
	None					
OTHER CONTRIBUTIONS						
Contract Number	Vendor / Contract Name	Contract Term		Contribution Information		
		Start Date	Exp. Date			
	None					
DISCLOSED CONTACTS						
Contract Number	Vendor / Contract Name	Contact Date	Contact Information			
C-121678	Reed Smith, LLP	Unknown	Reed Smith reported that its firm provides services to Salimpour Brothers. Dr. Salimpour is a principal of Salimpour Brothers and may have had contact with the firm during this reporting period. Attorneys providing services to Salimpour Brothers do not provide services to LAFPP.			
DISCLOSED GIFTS						
Contract Number	Vendor / Contract Name	Gift Date	Gift Information			
650PEN/ 662PEN	Portfolio Advisors	Various Dates	See attached summary.			
INTERMEDIARY INFORMATION						
Contract Number	Vendor / Contract Name	Intermediary	Compensation	Disclosure Date	Notes	
PE Fund	Blue Sea Capital Fund II	Lazard Frères & Co., LLC	Intermediary compensated by General Partner based on a percentage of the aggregate principal amount of securities sold to investors.	3/4/2019	PE fund approved at 3/7/19 Board meeting.	

PRIVATE EQUITY CONSULTANT DISCLOSURE INFORMATION

Portfolio Advisors

In response to the Contractor Disclosure Policy as modified in October 2017, one of LAFPP's two private equity consultants, Portfolio Advisors, submitted its contractor disclosure for the quarter ending March 31, 2019.

Portfolio Advisors employees attend annual and advisory board meetings of the underlying portfolio funds as part of its due diligence and in order to fulfill its responsibilities to its clients. IAS summarized disclosure information in consideration of due diligence protections in certain limited partnership agreements.

The table below is a summary of gifts of lodging and transportation, as defined in LAFPP's Contractor Disclosure Policy and as reported by Portfolio Advisors for the first quarter of 2019.

Number of Annual and/or Advisory Board Meetings	Number of PA Staff Attending as Advisory Board Members	Total Number of PA Staff in Attendance, Including Advisory Board Members	Number of Attendees w/ Travel and Lodging Provided by GP	Number of Attendees w/ Lodging Only Provided by GP
10	7	15	1	1

In addition, Portfolio Advisors has in place a Gifts and Entertainment Policy. IAS has reviewed the Portfolio Advisors' Gifts and Entertainment Policy and notes that it is robust, comprehensive, and demonstrates commitment to ensuring employees' actions are free from conflicts of interest, the appearance of conflicts of interest, and potential violations of law. Key provisions of the policy include restrictions on gifts and entertainment, quarterly reporting (in addition to those required by LAFPP), references to Portfolio Advisors' Code of Ethics, and consideration of applicable laws and ERISA.