



AGENDA

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

February 4, 2021
8:30 a.m.

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

Important Message to the Public: In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the public health concerns over COVID-19, this meeting of the Board of Fire and Police Pension Commissioners will be conducted via telephone and/or videoconferencing.

PLEASE NOTE: The Board Room will be closed during this meeting.

To provide public comment telephonically, please call (669) 900-9128 or (346) 248-7799 and enter Meeting ID 848 4743 8514# (Please note: Toll charges may apply).

If you do not want to make a public comment, you may stream the meeting from the website (www.lafpp.com) or call any of the following numbers to access the Council Phone system and listen to live coverage: (213) 621-CITY (Downtown), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Please refer to www.lafpp.com for more information.

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 use the telephone number provided above.

Notice to Paid Representatives: If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

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 by clicking on LAFPP's website at www.lafpp.com. 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) 279-3037 or by e-mail at evange.masud@lafpp.com.

Sign language interpreters, communication access real-time transcription, assistive listening devices, Telecommunication Relay Services (TRS) 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. GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION

B. REPORTS TO THE BOARD

1. ACTUARIAL CONSULTING SERVICES INTERVIEWS AND POSSIBLE BOARD ACTION

- ❖ Bolton Partners, Inc.
- ❖ Cheiron, Inc.
- ❖ Gabriel, Roeder, Smith & Company
- ❖ Milliman, Inc.
- ❖ The Segal Company (Western States), Inc. (Segal)

2. THE ROLE OF GROWTH AND VALUE EQUITIES IN LAFPP'S PORTFOLIO

3. VERBAL UPDATE ON THE REAL ESTATE SEPARATE ACCOUNT

C. COMMUNICATIONS TO THE BOARD

1. Has any Board Member made any expenditure to influence State legislative or administrative action?
2. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.

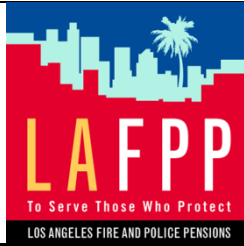
D. GENERAL MANAGER'S REPORT

1. Benefits Actions approved by General Manager on January 21, 2021
2. Other business relating to Department operations

E. CONSIDERATION OF FUTURE AGENDA ITEMS

F. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE 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 ONE (1) PARTICULAR, SPECIFIC INVESTMENT 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: FEBRUARY 4, 2021

ITEM: B.1

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: ACTUARIAL CONSULTING SERVICES INTERVIEWS AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board:

1. Select and approve an actuarial firm to provide actuarial consulting services for a three-year term;
2. Authorize the General Manager to negotiate the terms and conditions of the contract; and
3. Authorize the President of the Board, on behalf of the Board, to execute the contract, subject to the approval of the City Attorney as to form.

DISCUSSION

Segal has served as LAFPP's actuary continuously since July 1, 2006. Staff has been extremely pleased with the firm's performance and provision of actuarial consulting services. Segal's team is highly responsive to our needs, understands the intricate details of LAFPP's plan provisions, and is always available to provide assistance and consultation, even on very short notice. Segal has consistently provided staff with actuarial reports and studies before or on the mutually agreed deadline. Staff believes these qualities are of critical importance when considering consulting firms, as the services provided extend far beyond the annual pension and health actuarial valuations. Additionally, in accordance with the Board's policy, Segal's work has been independently reviewed by two actuarial auditors over the years and both audits found that Segal's results were reasonable and indicate a high level of consistency. Segal's current contract will expire on June 30, 2021.

On October 15, 2020, the Board approved a recommendation to issue a Request for Proposal (RFP) for actuarial consulting services. Staff released the RFP on October 16, 2020. The RFP was advertised through the City of Los Angeles Business Assistance Virtual Network (LABAVN.org), posted on the Department's website, and emailed to actuarial services firms. Responses were due by December 15, 2020.

A total of five actuarial services firms responded to the RFP. Each proposal was evaluated by staff based on the firm's level of expertise, relevant experience, fee schedule, thoroughness of work approach, and responsiveness to the requirements of the RFP. The five firms all met the minimum requirements of the RFP and are listed below:

- *Bolton Partners, Inc.*
Baltimore, MD – Co-lead actuaries for the contract term are Ann Sturner with 30 years of actuarial consulting experience and Thomas Vicente with over 30 years of actuarial consulting experience.
- *Cheiron, Inc.*
San Diego and Lafayette, CA – Co-lead actuaries for the contract term are Graham Schmidt with over 22 years of actuarial consulting experience and Anne Harper with over 26 years of actuarial consulting experience.
- *Gabriel, Roeder, Smith & Company*
Southfield, MI – Lead actuary for the contract term is Brad Armstrong with over 30 years of actuarial consulting experience.
- *Milliman, Inc.*
Portland, OR, Seattle, WA, and Boise, ID – Co-lead actuaries for the contract term are Matt Larrabee with over 25 years of actuarial consulting experience, Mark Olleman with over 30 years of actuarial consulting experience, and Robert Schmidt with over 25 years of actuarial consulting experience.
- *The Segal Company (Western States), Inc. (Segal)*
San Francisco, CA – Co-lead actuaries for the contract term are Paul Angelo with over 40 years of actuarial consulting experience and Todd Tauzer with over 12 years of actuarial consulting experience.

As the final stage of the selection process, the lead actuarial consultant(s) from each firm and their respective team will provide the Board an overall presentation of their services and relevant experience, as well as answer any questions the Board may have.

BUDGET

Fees for the actuarial consulting services vary among each firm, with the lead actuarial consultant fees ranging from \$372 to \$570 per hour. Funds in the amount of \$350,000 are included in the preliminary Fiscal Year 2021-22 budget for actuarial consulting services.

POLICY

No policy changes as recommended.

CONTRACTOR DISCLOSURE INFORMATION

LAFPP received the required disclosure information from each of the five RFP respondents regarding gifts, campaign and charitable contributions, and contacts. IAS has reviewed the information, and there is nothing to report under LAFPP's contractor disclosure policy.

This report was prepared by:

Greg Mack, Chief Benefits Analyst
Pensions Division

RPC:JS:GM

Attachment: RFP Summary Matrix