

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
SPECIAL BOARD MEETING OF JULY 2, 2014

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met at the LACERS Board Room, located at the Los Angeles Times Building, 202 W. First Street, Suite 500, Los Angeles 90012 on Wednesday, July 2, 2014.

COMMISSIONERS PRESENT: Ruben Navarro, President
Belinda Vega, Vice President
Carl Cade
Sam Diannitto (telephonic)
Emanuel Pleitez
Pedram Salimpour
Corinne Tapia
Robert von Voigt

COMMISSIONER ABSENT: George Aliano

DEPARTMENT OF FIRE AND
POLICE PENSIONS: Raymond P. Ciranna, General Manager
William Raggio, Executive Officer
Tom Lopez, Chief Investment Officer
Joseph Salazar, Assistant General Manager
Barbara Nobregas, Commission Executive Assistant

CITY ATTORNEY'S OFFICE: Alan Manning, Assistant City Attorney

President Navarro called the Special Board meeting to order at 8:40 a.m. All of the above-listed Commissioners were present at the start of the meeting with the exception of Commissioners Tapia and Vega, who arrived at 8:42 a.m. and 9:51 a.m., respectively. President Navarro stated that Commissioner Diannitto was on the telephone and therefore, all votes will be by roll call.

Item G was taken out of order.

G. DISABILITY CASES

Sarah Allen (P) Detective I (Deceased)
Dependent Parent of Ernest L. Allen, Sr.

As recommended by staff and concurred in by the applicant, Dependent Parent status and non-service connected survivor benefits are granted. Motion made by Commissioner Diannitto, seconded by Commissioner von Voigt and adopted by the following vote: ayes, Commissioners Cade, Diannitto, Pleitez, Salimpour, von Voigt, and President Navarro – 6; nays, none. Ms. Allen was not present nor was she represented.

A. ITEMS FOR BOARD ACTION

1. CITY ADMINISTRATIVE OFFICER'S REQUEST FOR OPS SERVICE PURCHASE STUDY AND POSSIBLE BOARD ACTION

The board report was approved without discussion.

RESOLUTION 15001

Commissioner von Voigt moved that the Board:

- 1) Retroactively approve The Segal Company (Segal) to conduct a cost-neutrality study of the Office of Public Safety (OPS) service purchase program ordinance, as requested by the City Administrative Officer (CAO); and,
- 2) Direct staff to seek reimbursement from the City for the cost of the OPS cost-neutrality study, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Cade, Diannitto, Pleitez, Salimpour, von Voigt, and President Navarro – 6; nays, none.

2. PRESENTATIONS OF THE COMMODITIES ACTIVE EQUITY INTERVIEWS AND POSSIBLE BOARD ACTION

Ms. Erin Kenney, Departmental Audit Manager stated that pursuant to the Contractor Disclosure Policy, she reported disclosure information prior to the Board selecting a manager. She received information that Mr. Jeff Harding, Managing Partner from Van Eck had contact with Commissioner Navarro at the NCPERS Conference.

The following managers presented their firms to the Board.

Investec

Representatives: Messrs. Jack Coan, Regional Director and George Cheveley, Portfolio Manager

Commissioner Tapia arrived to the meeting at 8:42 a.m.

Item A.2 was postponed and Item H was taken out of order.

Assistant City Attorney Alan Manning left the board room.

H. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A) TO CONFER OR DISCUSS WITH, OR RECEIVE ADVICE FROM, ITS LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE CASE ENTITLED LOS ANGELES POLICE PROTECTIVE LEAGUE, UNITED FIREFIGHTERS OF LOS ANGELES CITY V. BOARD OF FIRE AND POLICE PENSION COMMISSIONERS FOR THE CITY OF LOS ANGELES, ET AL., LOS ANGELES SUPERIOR COURT CASE NO. BC 489113

The Board met in closed session.

Commissioner Vega arrived to the meeting at 9:51 a.m.

Upon reconvening in open session, President Navarro announced that there was no public report.

Commissioner Diannitto ended his telephonic participation.

Assistant City Attorney Alan Manning returned to the city attorney chair.

A2. PRESENTATIONS OF THE COMMODITIES ACTIVE EQUITY INTERVIEWS AND POSSIBLE BOARD ACTION

The following managers presented their firms to the Board.

Kleinwort Benson Investors

Representatives: Messrs. Sean Hawkshaw, Chief Executive Officer, Director; Colm O'Connor, Portfolio Manager Environmental Strategies; Jeff Blake, Director of KBI International; Ms. Margo Ragland, Senior Vice President Business Development North America

Mellon Capital

Representatives: Messrs. Frederick H. McCrea, Director, Business Development; William Cazalet, Managing Director, Global Investment Strategist; and Warren Chiang, Managing Director, Active Equity Strategies

Van Eck

Representatives: Messrs. William A. Best III, Managing Director and Shawn Reynolds, Co-Portfolio Manager

Commissioner Cade left the board room at 11:26 a.m.

DISCUSSION/SELECTION

President Navarro opened the discussion to select managers.

Commissioner Salimpour requested to hear from staff.

Messrs. Tom Lopez, Chief Investment Officer (CIO); Ryan Sullivan, Associate Consultant; and Steve Hahn, Consultant from RV Kuhns were before the Board. Mr. Lopez gave a summary of the firms and their respective strategies.

Mr. Sullivan suggested that the Board divide the mandate and select two managers because of their differences. He stated that Van Eck and Investec are the most similar, with Mellon Capital and KBI offering something completely unique, where the other two are more traditional equity managers in the space. He recommended that the Board select one manager from the unique group and one manager from more traditional group. He stated all four managers are solid firms and pair well with each other when reviewing the returns.

President Navarro was opposed to the consultant and staff making a specific recommendation on who to hire. He thought it was best for staff to recommend the top managers and then let the Board decide on which firms to select.

Mr. Lopez discussed how inflation may affect the Fund's portfolio, the reason for the addition of the commodities asset class.

The Board agreed to select Kleinwort Benson Investors. The Board continued discussions of selecting a second manager. Board members gave their respective opinions.

RESOLUTION 15003

Commissioner Salimpour moved that the Board hire Mellon Capital and Kleinwort Benson Investors, and divide the mandate between them, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Pleitez, Salimpour, Tapia, Vega, von Voigt, and President Navarro – 6; nays, none.

Mr. Lopez suggested that the Board amend or add to the motion given the small size of the Mellon Capital portfolio. The Board and staff discussed amending the motion to waive the Board policy in regards to not investing more than 20% of an investment product.

Mr. Alan Manning advised the Board that it was allowed to waive its Policy.

RESOLUTION 15004

Commissioner von Voigt moved that the Board make an exception to the Board's Investment Policy, Section 8.2.3 that states, "*The firm must have an asset base sufficient to accommodate the Board's portfolio. In general, managers should have at least \$100 million of discretionary institutional assets under management, and the Board's portfolio should make up no more than 20% of the firm's total*

asset base at the time of hiring. Exceptions shall be made on a case-by-case basis,” which was seconded by Commissioner Vega and approved by the following vote: ayes, Commissioners Pleitez, Salimpour, Tapia, Vega, von Voigt, and President Navarro – 6; nays, none.

B. REPORTS TO THE BOARD

1. President Navarro asked if any Board Member made any expenditure to influence State legislative or administrative action to which their reply was negative.
2. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
3. General Manager’s Report

a. Benefits Actions approved by General Manager on June 19, 2014

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.

DISCONTINUED PENSIONS – TIER 1 – 1

Sherry B. Morlan	Police Widow	Retired:	02-08-04	Died:	05-04-14
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DISCONTINUED PENSIONS – TIER 2 – 14

Ray M. Carpenter	Fire Service	Retired:	09-29-95	Died:	05-14-14
James R. Andresen	Police Service	Retired:	06-29-80	Died:	05-10-14
Robert G. Gilmore	Police Service	Retired:	02-12-89	Died:	05-04-14
Donald Mc Clelland	Police Service	Retired:	01-06-74	Died:	03-22-14
Joe L. Mc Closky	Police Service	Retired:	09-25-68	Died:	05-11-14
Ronald F. Oliver	Police Service	Retired:	02-13-91	Died:	03-04-14
Llewellis E. Ritter	Police Service	Retired:	09-01-85	Died:	05-20-14
Leonard M. Webb	Police Service	Retired:	12-01-74	Died:	11-19-13
Mario J. Lara	Fire Disability	Retired:	02-24-77	Died:	05-21-14
Joseph E. Lockwood, Jr.	Fire Disability	Retired:	08-14-87	Died:	05-17-14
Phillip R. Kelley	Police Disability	Retired:	08-03-78	Died:	05-10-14
Loretta M. Eaton	Fire Widow	Retired:	08-22-89	Died:	05-04-14
Helene M. Jochheim	Fire Widow	Retired:	11-17-07	Died:	05-06-14
Mary Root	Police Widow	Retired:	10-09-00	Died:	05-10-14

DISCONTINUED PENSIONS – TIER 5 – 1

Hugo A. Trujillo	Police Service	Retired:	07-01-08	Died:	12-18-13
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DISCONTINUED PENSIONS FORMER SPOUSES – TIER 2 – 1

Edythe L. Andresen Police Service Retired: 02-01-96 Member Died: 05-10-14

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 6

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Edythe L. Andresen	James R. Andresen	Police Service	05-11-14
Helen M. Mc Closky	Joe L. Mc Closky	Police Service	05-12-14
Elizabeth V. Oliver	Ronald F. Oliver	Police Service	03-05-14
Grace L. Ritter	Llewellys E. Ritter	Police Service	05-21-14
Lois J. Lockwood	Joseph E. Lockwood, Jr.	Fire Disability	05-18-14
Dorothy J. Kelley	Phillip R. Kelley	Police Disability	05-11-14

PARTIAL PAYMENT OF PENSION – TIER 2 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Tedford E. Severns, Police Disability Pensioner, is to be withheld for his former spouse, Rosalia M. Severns, effective June 1, 2014. Ms. Severns will receive cost of living adjustments.

PARTIAL PAYMENT OF PENSION – TIER 4 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Brenda K. Pauly, Police Service Pensioner, is to be paid to her former spouse, Steve Fodor, effective June 1, 2014. Mr. Fodor will receive cost of living adjustments.

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 Ralph Tracy, Port Police Service Pensioner, is to be withheld for his former spouse, Debbie E. Tracy, effective June 1, 2014. Ms. Tracy will receive cost of living adjustments.

MODIFIED 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 Jose J. Salcedo, Police Service Pensioner, being withheld for his former spouse, Laura Salcedo, since June 3, 2012, should be released effective June 1, 2014.

SERVICE PENSION/DROP – TIER 3 – 6

<u>Fire</u>							
Curt J. Williamson	Firefighter III	Eff:	05-15-14	27	Years	85	Days
<u>Police</u>							
Ray M. Banker	Police Officer III	Eff:	03-01-14	25	Years	240	Days
Anthony Cabunoc	Police Officer III+1	Eff:	03-01-14	27	Years	90	Days
Dominic A. Counts	Sergeant I	Eff:	03-05-14	25	Years	0	Days
Larry L. Johnson	Police Officer III	Eff:	11-01-13	25	Years	0	Days

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Janice P. Louie	Detective II	Eff:	05-01-14	25	Years	0	Days
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SERVICE PENSION/DROP – TIER 4 – 9

Fire

David C. Corral	Engineer	Eff:	02-01-14	27	Years	0	Days
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Police

Maria Y. Acosta	Lieutenant II	Eff:	03-03-14	25	Years	0	Days
Dana G. Adams	Sergeant I	Eff:	02-08-14	25	Years	65	Days
James I. Arroyo	Detective I	Eff:	02-03-14	27	Years	63	Days
Antonio M. Egenias	Police Officer II	Eff:	03-04-14	32	Years	206	Days
John A. Goines, Jr.	Police Officer II +2	Eff:	03-11-14	25	Years	333	Days
Marco A. Jimenez	Police Officer III +1	Eff:	02-03-14	28	Years	129	Days
Albert Llamas	Police Officer II	Eff:	02-03-14	27	Years	203	Days
Gregory W. McKnight	Detective III	Eff:	02-01-14	27	Years	184	Days

SERVICE PENSION/DROP – TIER 5 – 35

Fire

Charles S. Butler	Battalion Chief	Eff:	02-05-14	33	Years	169	Days
Ricardo Carmona	Firefighter III	Eff:	02-05-14	27	Years	18	Days
Gary A. Cline	Captain I	Eff:	02-01-14	27	Years	0	Days
Gilbert Garcia	Firefighter III	Eff:	02-05-14	33	Years	38	Days
William J. Hertz	Firefighter III	Eff:	03-02-14	33	Years	197	Days
Ronny Holguin	Engineer	Eff:	02-01-14	30	Years	39	Days
Lee L. Jabbora	Firefighter III	Eff:	08-03-13	33	Years	23	Days
Thomas H. Kennington	Captain I	Eff:	04-03-14	25	Years	94	Days
Gail M. Manning	Captain I	Eff:	03-29-14	25	Years	19	Days
Bruce L. Mcleod	Firefighter III	Eff:	01-28-14	27	Years	25	Days
Charles F. Molloy	Firefighter III	Eff:	04-01-14	25	Years	0	Days
Francis B. Rodriguez	Firefighter III	Eff:	04-01-14	27	Years	87	Days

Police

Benito Alonso	Sergeant II	Eff:	03-03-14	25	Years	124	Days
Steven Angulo	Police Officer II	Eff:	02-01-14	25	Years	15	Days
Jose A. Barragan	Detective II	Eff:	02-03-14	26	Years	0	Days
Beverly Y. Beasley	Police Officer II	Eff:	02-19-14	25	Years	0	Days
Timothy E. Blake	Detective III	Eff:	02-05-14	26	Years	71	Days
Crystal R. Burke-Potts	Detective III	Eff:	04-07-14	26	Years	7	Days
Sandra J. Carlisle	Police Officer III	Eff:	02-01-14	25	Years	46	Days
William F. Casey	Police Officer III	Eff:	02-01-14	26	Years	97	Days
Ronald G. Dickerson	Lieutenant II	Eff:	04-01-14	26	Years	92	Days
Mark T. Dimitt	Police Officer III	Eff:	03-09-14	27	Years	3	Days
Heriberto Gamboa	Police Officer II	Eff:	04-01-14	25	Years	119	Days

Craig W. Herron	Lieutenant II	Eff:	04-26-14	25	Years	0	Days
Razmig E. Kertenian	Detective II	Eff:	03-01-14	25	Years	241	Days
Samuel H. Krishna	Detective II	Eff:	02-03-14	28	Years	290	Days
Pedro L. Llanes	Sergeant II	Eff:	12-02-13	25	Years	7	Days
John W. Long	Police Officer III +3	Eff:	05-01-14	25	Years	291	Days
Cathy A. Luke	Detective II	Eff:	05-01-14	25	Years	0	Days
John S. McKnight	Detective III	Eff:	02-01-14	28	Years	124	Days
Louis S. Medrano	Police Officer II +2	Eff:	02-01-14	25	Years	45	Days
Ramon L. Mejia	Police Officer II	Eff:	02-03-14	26	Years	22	Days
Gilbert Pinel	Sergeant II	Eff:	03-01-14	26	Years	40	Days
Sonya D. Tiefenbacher	Detective I	Eff:	05-27-14	25	Years	320	Days
Jon L. Walker	Sergeant I +2	Eff:	05-30-14	26	Years	182	Days

DISCONTINUE DROP – TIER 5 – 20

Fire

Kenny H. Brady	Retired:	07-02-09	Exit Close of:	06-30-14
Richard J. Erquiaga	Retired:	07-01-09	Exit Close of:	06-30-14
Joseph T. Johnson, Jr.	Retired:	07-01-09	Exit Close of:	06-30-14
Don A. Matthews	Retired:	07-06-09	Exit Close of:	06-30-14
Robert L. Motheral	Retired:	07-04-09	Exit Close of:	06-30-14
John L. Oberto	Retired:	07-02-09	Exit Close of:	06-30-14
David A. Rowley	Retired:	07-01-09	Exit Close of:	06-30-14
Michael M. Rueda	Retired:	07-01-09	Exit Close of:	06-30-14
Deresa D. Teller	Retired:	07-01-09	Exit Close of:	06-30-14

Police

Richard S. Bennett	Retired:	07-01-09	Exit Close of:	06-30-14
Crystal R. Burke-Potts	Retired:	04-07-14	Exit Close of:	06-30-14
John M. Del Vecchio II	Retired:	07-01-09	Exit Close of:	06-30-14
John R. Elder	Retired:	04-03-13	Exit Close of:	06-30-14
Alan C. Henry	Retired:	06-17-13	Exit Close of:	06-30-14
Joel M. Justice	Retired:	02-01-14	Exit Close of:	06-08-14
Michael K. Kearney	Retired:	07-01-09	Exit Close of:	06-30-14
Stephen A. Moore	Retired:	06-26-09	Exit Close of:	06-25-14
Richard F. Morrett, Jr.	Retired:	07-01-09	Exit Close of:	06-30-14
Gary T. Shanahan	Retired:	07-01-09	Exit Close of:	06-30-14
Agustin L. Villanueva	Retired:	07-01-09	Exit Close of:	06-30-14

DISCONTINUE DROP – DECEASED – TIER 5 – 2

Police

Ernest L. Allen, Sr.	Eff:	04-04-12	Died:	05-09-14
Tom Gandara III	Eff:	09-01-09	Died:	12-20-11

PARTIAL PAYMENT OF DROP FUNDS – TIER 4 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the DROP funds payable to Brenda K. Pauly, Police Service Pensioner, is to be paid to her former spouse, Steve Fodor, effective May 31, 2014.

DESIGNATED PARTIAL PAYMENT OF DROP FUNDS – TIER 5 – 1

In accordance with the Los Angeles Administrative Code and at the request of Dora M. Gandara, designated beneficiary of Tom Gandara III, deceased Police Service Pensioner, the DROP funds of Tom Gandara III are to be paid to Dora M. Gandara, effective June 1, 2014.

ELIGIBLE DOMESTIC PARTNER APPLICATION – TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Type % Rate</u>	<u>Effective Date</u>
Rosina Flores (George S. Nagata)	Police Officer II	Service Pension Continuance: 60%	05-04-14

SERVICE CONNECTED DISABILITY PENSION – TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Matthew J. Bakotich	Police Officer III	40.0000%	06-05-14	06-05-14

b. Other business relating to Department operations

General Manager Ciranna gave the following update:

1. The Strategic Planning session is scheduled on Wednesday, July 9, 2014.

Commissioner Cade returned to the board room at 12:15 p.m.

4. City Attorney's Report

Alan Manning had no report.

C. COMMITTEE CALENDAR

1. Audit Committee – Last met: 06/05/14; next meeting: 07/17/14
2. Benefits Committee – Last met: 12/05/13; next meeting: Tentative on 08/07/14
3. Governance Committee – Last met: 03/20/14; next meeting: 09/18/14
4. Ad Hoc Emerging Investment Managers – Last met: 05/15/14; next meeting: TBD

President Navarro stated that the Audit Committee is scheduled on July 17, 2014.

D. CONSENT ITEMS

Miscellaneous Board Actions

1. **AWARD OF CONTRACT FOR FINANCIAL PLANNING EDUCATION SEMINAR CATERING SERVICES AND POSSIBLE BOARD ACTION**

RESOLUTION 15005

Commissioner von Voigt moved that the Board:

- 1) Approve a one-year contract with Something Special, to provide financial planning education seminar program catering services for a total amount not to exceed \$24,500; and
- 2) 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, which was seconded by Commissioner Vega and approved by the following vote: ayes, Commissioners Pleitez, Salimpour, Tapia, Vega, von Voigt, and President Navarro – 6; nays, none.

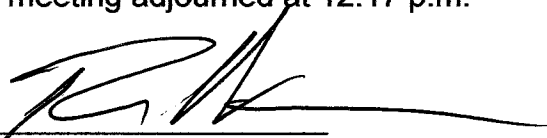
E. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no items referred for consideration.

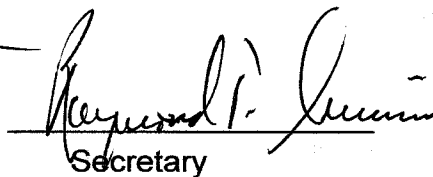
F. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION

There were no additional public comments.

The meeting adjourned at 12:17 p.m.



President



Secretary