

**MINUTES**  
**OF THE**  
**BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**  
**BOARD MEETING OF NOVEMBER 6, 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 Thursday, November 6, 2014.

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

COMMISSIONER ABSENT: George Aliano

DEPARTMENT OF FIRE AND  
POLICE PENSIONS: 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 Vega called the meeting to order at 9:00 a.m. All of the above-listed Commissioners were present at the start of the meeting.

**A. ITEMS FOR BOARD ACTION**

**1. CONSENT TO ASSIGNMENT OF DEL REY GLOBAL INVESTORS' CONTRACT AND POSSIBLE BOARD ACTION**

Mr. Paul Palmer, Investment Officer II provided information regarding the del Rey Global firm, which is 25% owned by Northern Lights Capital Group (Northern Lights). Northern Lights is combining its business with the Treasury Group Limited. The new firm will be called the Aurora Trust. Mr. Palmer stated that there is no change in ownership structure other than the merging of the two firms.

RESOLUTION 15048

Commissioner Navarro moved that the Board consent to the assignment of del Rey Global Investors' international equity contract, and authorize the General Manager to sign the consent on behalf of the Board, which was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Cade, Castro, Diannitto, Navarro, Salimpour, Tapia, von Voigt and President Vega - 8; nays, none.

2. PROPOSED LEGISLATION FOR THE CITY'S 2015-2016 STATE AND FEDERAL LEGISLATIVE PROGRAM AND POSSIBLE BOARD ACTION

Mr. Gregory Mack, Senior Management Analyst II, Active Member Services and Communications and Ms. Erika Robinson, Management Analyst II, Communications & Special Projects, stated that last month the City Council President requested all City departments to submit legislative proposals for the City's 2015-2016 Legislative Program. The staff recommendation is to endorse Federal legislation that addresses two issues impacting the membership of the Fund and other public employees. Staff has previously submitted the same proposals for the City's previous biennial program and they were accepted.

MOTION

*The Board approved the staff recommendation to endorse proposed legislation for the City's 2015-2016 State and Federal Legislative Program, but in the latter portion of the meeting retracted their approval of this issue.*

B. REPORTS TO THE BOARD

1. PRESENTATION BY FISHER INTERNATIONAL MARKETS EQUITY

Fisher Asset Management (Fisher) was placed on the Board's Watch List for their performance ending 2013. The Policy provides an opportunity for the firm to present the specifics of their performance.

Messrs. Travis Primm, Vice President - Institutional Relationship Manager and Aaron Anderson, Senior Vice President, Research, from Fisher were before the Board to present the firm's performance review and answered the Board's questions.

Mr. Lopez clarified why the firm was placed on the Watch List for December 2013. The Watch List does not function off of the index; it functions off of the manager universe. For the year 2013, the firm was ranked slightly below the middle of the index. There are a few managers that do not have a universe and in those cases, staff will use the index.

The report was received and filed.

2. PRESENTATION BY BAILLIE GIFFORD OVERSEAS LTD.

Baillie Gifford Overseas Ltd. was placed on the Board's Watch List in December 2013 for calendar year 2014. The Policy provides an opportunity for the firm to present the specifics of their performance.

Mr. Alan Clark and Ms. Julie Skedd, Directors from Baillie Gifford presented the performance of the firm and answered the Board's questions.

The report was received and filed.

3. ANNUAL CONFIRMATION OF ORGANIZATIONAL INDEPENDENCE OF THE INTERNAL AUDIT ACTIVITY

Ms. Erin Kenney, Departmental Audit Manager, Internal Audit Section, presented the report to formally reconfirm the organizational independence of the Section's audit activity.

The position of the Departmental Audit Manager must have direct and unrestricted access to senior management and the Board. This may be accomplished through a dual reporting relationship whereby she reports functionally to the Board and administratively to the General Manager. She provided details of reporting to both the Board and the General Manager.

The board report was received and filed.

4. RISK ASSESSMENT SURVEY TO DEVELOP THE 2015 ANNUAL AUDIT PLAN AND FORECAST

Ms. Erin Kenney indicated that the Risk Assessment Survey will be used to develop the Annual Audit Plan and Forecast that will be presented to the Audit Committee in January 2015. It is required by Government Auditing Standards. She provided an overview of "risk." Ms. Kenney requested that the Board complete the survey by December 1, 2014 which will be sent electronically to the Board via Survey Monkey.

The board report was received and filed.

5. President Vega asked if any Board Member made any expenditure to influence State legislative or administrative action to which their reply was negative.
6. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
7. General Manager's Report

a. Benefits Actions approved by General Manager on October 16, 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 – 2

Judith A. Plamondon	Police Widow	Retired:	07-01-79	Died:	05-18-14
Doris B. Smyre	Police Widow	Retired:	08-22-06	Died:	09-02-14

DISCONTINUED PENSIONS – TIER 2 – 7

Roy W. Kline	Fire Service	Retired:	06-01-75	Died:	09-13-14
Frank J. Bielman	Police Service	Retired:	07-28-81	Died:	09-03-14
Robert C. Gibson	Police Service	Retired:	04-01-72	Died:	09-01-14
Thomas O. Simpson	Police Service	Retired:	06-01-75	Died:	09-16-14
Richard W. Matthes	Fire Disability	Retired:	10-11-07	Died:	09-02-14
Joseph L. Sanders	Police Disability	Retired:	09-13-00	Died:	08-25-14
Thomas O. Simpson	Police Widower	Retired:	01-02-09	Died:	09-16-14

DISCONTINUED PENSIONS – TIER 5 – 1

Michael T. Kriha	Police Service	Retired:	10-03-04	Died:	09-16-14
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DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 1

Josephine M. Matthes	Fire Disability	Retired:	10-01-11	Member Died:	09-02-14
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ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 3

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Gayleene K. Bielman	Frank J. Bielman	Police Service	09-04-14
Josephine M. Matthes	Richard W. Matthes	Fire Disability	09-03-14
Gina A. Sanders	Joseph L. Sanders	Police Disability	08-26-14

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Mary Jane Kriha	Michael T. Kriha	Police Service	09-17-14

MINOR'S PENSION – GUARDIANSHIP - TIER 5 – 1

Pension benefits are payable for the benefit of Kevin J. Vargas, minor child of deceased Police Officer III, Lester K. Vargas, effective February 7, 2011.

The Letters of Guardianship, issued June 13, 2014, in the Los Angeles Superior Court, Case Number BP148736, appointing Mary S. Vargas, Guardian of the Estate of Kevin J. Vargas, minor child of Lester K. Vargas, has been filed with this office.

Pension payments will be paid to Mary S. Vargas for the benefit of Kevin J. Vargas, effective February 7, 2011.

INCREASE SURVIVING SPOUSE'S PENSION – TIER 3 – 1

Increase the pension payable to Julie A. Bailey, surviving spouse of deceased Fire Captain I, Joseph C. Dupee, effective August 1, 2014, due to the discontinuance of full-time student status by Lucas J. Bailey. There is one remaining minor child.

INCREASE MINOR'S PENSION – TIER 3 – 1

Increase the pension payable to Shawn R. Hill, minor child of deceased Firefighter III, Jimmie Hill, effective July 1, 2014, due to the discontinuance of full-time student status by Sheldon C. Hill.

DISCONTINUE SURVIVING CHILD'S PENSION – TIER 3 – 3

Discontinue the pension payable to Lucas J. Bailey, surviving child of deceased Fire Captain I, Joseph C. Dupee, effective August 1, 2014, due to the discontinuance of full-time student status.

Discontinue the pension payable to Sheldon C. Hill, surviving child of deceased Firefighter III, Jimmie Hill, effective July 1, 2014, due to the discontinuance of full-time student status.

Discontinue the pension payable to Brejone N. Gaines, surviving child of deceased Police Officer II, Kevin L. Gaines, effective August 1, 2014, due to the discontinuance of full-time student status.

DISCONTINUE SURVIVING CHILD'S PENSION – TIER 5 – 1

Discontinue the pension payable to Jonathan A. Cortijo, surviving child of deceased Police Officer II, Christopher A. Cortijo, effective October 28, 2014, due to the attainment of age 22 on October 29, 2014. There are no remaining minor children.

PARTIAL PAYMENT OF PENSION – TIER 5 – 2

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to David O. Armijo, Police Service Pensioner, is to be paid to his former spouse, Barbara L. Douglass-Scherer, effective May 1, 2014. Ms. Douglass-Scherer will receive cost of living adjustments.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Craig A. Liedahl, Police Service Pensioner, is to be paid to his former spouse, Eunice A. Kohatsu, effective October 1, 2014. Ms. Kohatsu will receive cost of living adjustments.

MODIFIED PARTIAL PAYMENT OF PENSION – TIER 5 – 2

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Richard M. Womack, Police Service Pensioner, being withheld for his former spouse, Dolores M. Womack, since August 1, 2014, should be released effective October 1, 2014.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Thomas R. Whetzel, Police Service Pensioner, being withheld for his former spouse, Susana Dalmao-Whetzel, since February 1, 2013, should be released effective October 1, 2014.

DISCONTINUE 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 Richard L. Tieben, Police Service Pensioner, which was being paid to his former spouse, Carol J. Tieben, has been discontinued due to Ms. Tieben's death on June 21, 2014. Ms. Tieben's portion reverts to Mr. Tieben, effective June 22, 2014.

CONSERVATORSHIP – TIER 2 – 1

A certified copy of the Letters of Conservatorship, issued in the District Court of the Third Judicial District of the State of Idaho, County of Canyon Magistrate Division, Case Number CV-2014-5227-C, appointing Grace Celentano, Conservator of the Estate of Michael P. Celentano, Fire Disability Pensioner, effective July 16, 2014, has been filed with this office.

Pension payments will be paid to Grace Celentano for the benefit of Michael P. Celentano, effective October 1, 2014.

DEFERRED SERVICE PENSION – TIER 3 – 1

Police

Travis A. Lynch	Police Officer II	Eff:	10-25-14	1	Years	170	Days
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SERVICE PENSION – TIER 5 – 2

Police

Ernest R. Jimenez	Sergeant II	Eff:	09-07-14	2	Years	16	Days
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Johnathon P. Weiler	Detective II	Eff:	10-05-14	2	Years	330	Days
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DISCONTINUE DROP – TIER 3 – 1 **CORRECTION**

Police

Jacqueline B. Boyer	Retired:	04-12-12	Exit Close of:	<b>Member elected not to exit on 09-30-14</b>
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DISCONTINUE DROP – TIER 5 – 12

Fire

Kenneth C. Dawson	Retired:	01-28-10	Exit Close of:	10-31-14
Douglas P. Donckels	Retired:	11-05-09	Exit Close of:	10-15-14
Armando A. Jaimes	Retired:	11-01-09	Exit Close of:	10-31-14
Raymond R. Mayo	Retired:	10-31-09	Exit Close of:	10-30-14

Police

Michael A. Falvo	Retired:	11-01-09	Exit Close of:	10-31-14
Richard J. Ludwig	Retired:	11-01-09	Exit Close of:	10-31-14
Lynn D. Meier	Retired:	11-19-12	Exit Close of:	10-31-14
Richard Melendez	Retired:	11-02-09	Exit Close of:	10-31-14
John A. Pedroza	Retired:	11-01-09	Exit Close of:	10-31-14
Ernest A. Rodriguez	Retired:	11-02-09	Exit Close of:	10-31-14
Leo Turner, Jr.	Retired:	03-10-10	Exit Close of:	10-31-14
Alan S. Weiner	Retired:	04-01-14	Exit Close of:	10-08-14

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 Leo Turner, Jr., Police Service Pensioner, is to be paid to his former spouse, Denise Turner, effective October 31, 2014.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the DROP funds payable to Ernest A. Rodriguez, Police Service Pensioner, is to be paid to his former spouse, Rosana Rodriguez, effective October 31, 2014.

ELIGIBLE SURVIVING SPOUSE APPLICATION – TIER 5 – 1

<u>Name</u>	<u>Member's Rank</u>	<u>Type: % Rate</u>	<u>Effective Date</u>
Michelle E. Majors (Craig W. Majors)	Police Officer III	NSC w/o Prejudice: 30% + 1 Minor Child	09-24-14

b. Other business relating to Department operations

Mr. William Raggio, Executive Officer gave the following updates:

- 1) The Board directed staff to prepare a letter for President Vega's signature to Saybrook Capital based on the public comments given at the last few meetings. The letter was distributed with the board materials.
- 2) The Board is invited to the LAFPP Holiday Luncheon on December 4, 2014. It will be held at the XLANES caddy corner to the new headquarters building. A follow up meeting to the Strategic Planning session will be held on the same day.

President Vega encouraged the Board to review the letter to Saybrook Capital to ensure that they are satisfied with the contents of the letter.

8. City Attorney's Report

Mr. Alan Manning, Assistant City Attorney stated he will discuss several items today in closed session.

C. COMMITTEE CALENDAR

1. Audit Committee – Last met: 06/05/14; next meeting: 01/15/15
2. Benefits Committee – Last met: 10/02/14; next meeting: Tentative on 11/20/14
3. Governance Committee – Last met: 09/18/14; next meeting: Tentative on 12/18/14
4. Ad Hoc Emerging Investment Managers – Last met: 09/18/14; next meeting: 11/06/14

President Vega announced the upcoming Committee meetings.

#### D. CONSENT ITEMS

##### 1. Approval of Minutes

- a. Minutes of the Regular Board meeting of July 10, 2008, July 17, 2014
- b. Minutes of the Special Board Meeting of July 9, 2008, July 10, 2008 (Benefits), July 2, 2014, July 9, 2014

Ms. Elsa Moy gave a public comment.

#### MOTION

Commissioner Cade moved to approve the consent items, seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Cade, Castro, Diannitto, Navarro, Salimpour, Tapia, von Voigt and President Vega - 8; nays, none.

#### E. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Navarro requested the status of the travel policy to be presented to the Board. Mr. Raggio stated it will be presented within the next couple of meetings.

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

Mr. Michael Pencchi from United HERE gave a public comment regarding an ongoing labor dispute at Hollywood Park located in Inglewood, California. The project is related to the Stockbridge Real Estate Fund II in which LAFPP is a limited partner. He provided an overview a project, the labor issues, and the project's financing with an international investor.

Ms. Pamela Smith and her daughter Ms. Adrian Smith gave public comments regarding labor issues at Hollywood Park.

*President Vega recessed the meeting for a break at 10:06 a.m., and reconvened at 10:15 a.m.*

*Commissioner Cade left the board room for the remainder of the meeting at approximately 10:06 a.m.*



G. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR; Properties: 315 S. Hewitt Street and 713 E. 3rd Street; Negotiators: David Weiner, Martin Cawley, Tom Lopez, Erika Tiedge; Negotiating parties: Sentinel Real Estate Corporation and LAFPP; Under negotiation: Instruction to negotiator will concern price

The Board met in closed session.

2. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) TO CONFER WITH, OR RECEIVE ADVICE FROM, LEGAL COUNSEL WITH REGARD TO A CASE FILED UNDER SEAL PURSUANT TO THE CALIFORNIA FALSE CLAIMS ACT

The Board met in closed session.

3. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(c) TO CONFER WITH, OR RECEIVE ADVICE FROM, LEGAL COUNSEL WITH REGARD TO POTENTIAL LEAD PLAINTIFF STATUS IN A CLASS ACTION AND POSSIBLE BOARD ACTION

The Board met in closed session.

Upon reconvening in open session, President Vega announced that the Board adopted in closed session to apply for lead plaintiff status in the Bankrate, Inc. securities class action case.

A2. PROPOSED LEGISLATION FOR THE CITY'S 2015-2016 STATE AND FEDERAL LEGISLATIVE PROGRAM AND POSSIBLE BOARD ACTION

Commissioner Navarro requested to reconsider Item A2 to specifically discuss the legislative proposal H.R. 1795, regarding the Social Security Fairness Act of 2013. He stated that there is a lack of Social Security funds and it is not in the City's best interest to endorse the bills. Firefighters and police officers currently do not participate in Social Security. If this legislation passed, it could result in our members being required to participate in Social Security, which would increase their contributions but also increase the City's contribution.

RESOLUTION 15052

Commissioner Navarro moved that the Board reconsider its prior action taken regarding the proposed legislation for the City's 2015-2016 State and Federal Legislative Program, which was seconded by President Vega and approved by the following vote: ayes, Commissioners Castro, Navarro, Salimpour, Tapia, and President Vega - 5; nays, Commissioners Diannitto and von Voigt - 2.

Commissioner Navarro reiterated his opinion not to support the legislative proposal. He believed it was a disadvantage to the City and the members of the Fund.

Mr. Joseph Salazar, Assistant General Manager, Pensions Division, stated that this legislation was recommended by the Board last year based on the plain language of H.R. 1795. Staff is not considering the cascade effect as expressed by Commissioner Navarro. Staff does not have a position as far as not pursuing the legislative proposal.

Ms. Robyn Wilder, Chief Benefits Analyst, stated that NCPERS has continually endorsed this legislation. The likelihood of the legislation passing is nil. Staff receives a lot of questions on this issue from members when they find out that their Social Security benefit is reduced.

The Board and staff further discussed the issue of receiving a Social Security benefit. Mr. William Raggio stated that the deadline to report the information to the City Council President is December 1, 2014, and that staff may perform additional research and return to the Board.

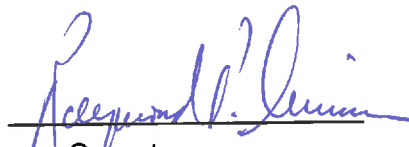
RESOLUTION 15053

Commissioner Navarro moved that the Board table the issue regarding the proposed legislation, specifically H.R. 1795 and S. 896 to allow LAFPP stakeholders and staff to be present to address this issue, and that staff provide additional information on the bills, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Castro, Diannitto, Navarro, Salimpour, Tapia, von Voigt, and President Vega - 7; nays, none.

The meeting adjourned at 10:58 a.m.



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President

  
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Secretary