

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF DECEMBER 4, 2008

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, December 4, 2008.

COMMISSIONERS PRESENT: Mike Carter, President Pro Tem
 George V. Aliano
 Elliott Broidy
 Sam Diannitto
 Patricia Means
 Robert von Voigt

COMMISSIONERS ABSENT: Sean Harrigan, President
 Maria Contreras-Sweet
 Steve Juarez

DEPARTMENT OF FIRE AND
POLICE PENSIONS: Michael A. Perez, General Manager
 D. Edward Griffiths, Assistant General Manager
 Laura Guglielmo, Assistant General Manager
 Tom Lopez, Chief Investment Officer
 Barbara H. Nobregas, Commission Executive Assistant

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

COURT REPORTER: Diane L. Panicca, U.S. Legal Support

Mike Carter, President Pro Tem called the regular meeting to order at 9:19 a.m. All of the above-listed Commissioners were present at the start of the meeting.

1. **NEW BUSINESS**

President Pro Tem Carter asked if any Board Member made any expenditure to influence State legislative or administrative action to which their reply was negative.

2. **COMMUNICATIONS TO THE BOARD**

- A. Miscellaneous correspondence from money managers, consultants, etc. - Received and Filed.
- B. Communication received November 21, 2008 from the Mayor re: Fiscal Year 2008-09 Extraordinary Budget Revision - Received and Filed.

3. **COMMITTEE REPORTS**

A. Benefits Committee

Chair Aliano reported meeting with the General Manager.

B. Governance Committee

Chair Diannitto reported a meeting scheduled on December 18th.

C. Ad Hoc Space Planning Committee

Chair Carter reported a meeting scheduled on December 9th

D. Audit Committee

Chair Means reported the Committee met earlier on the risk assessment and audit plan presentation along with the external auditor Simpson & Simpson. The Committee will return to the Board later with recommendations.

E. Ad Hoc Committee on Emerging Managers

Chair Means reported a meeting scheduled on December 18th.

General Manager Perez stated that the Space Planning and Emerging Managers Committees are now Ad Hoc Committees and therefore, are not required to be agendized. Mr. Alan Manning, Assistant City Attorney explained the rules of an Ad Hoc Committee in accordance with the Ralph M. Brown Act. General Manager Perez stated that it would be best to keep Space Planning as an Ad Hoc Committee due to real estate negotiations. The Emerging Manager is a temporary committee and will be agendized.

4. STATUS REPORT BY THE TOWNSEND GROUP CONCERNING THE SEPARATE ACCOUNT REAL ESTATE MANAGER REVIEW

Ms. Micolyn Yalonis, Principal, The Townsend Group, and Mr. Paul Palmer, Investment Office, Investments Division came before the Board to report on the separate real estate manager account reviews. She answered the Board's questions pertaining to various properties. Ms. Yalonis reported that this is an information item and there are no recommendations at this time.

RESOLUTION 09067

Commissioner Aliano moved that the Board receive and file The Townsend Group's Separate Real Estate Account Annual Reviews, which motion was seconded by Commissioner Means and approved by the following vote: ayes, Commissioners Aliano, Broidy, Diannitto, Means, von Voigt and President Pro Tem Carter - 6; nays, none.

5. RECOMMENDATION BY STAFF TO APPROVE A FEE ADJUSTMENT WITH HEDGE FUND OF FUNDS MANAGER - K2 AND POSSIBLE BOARD ACTION

Mr. Paul Palmer, Investment Officer, and Mr. Tom Lopez, Chief Investment Officer, Investments Division gave the Board background information on this topic. A discussion was held on manager issues. Mr. Palmer indicated that Pension Consulting Alliance will have a more in depth report along with year end performance reviews. Ms. Sarah Bernstein, Pension Consulting Alliance confirmed that the report will contain an overall annual review on managers that have not been funded yet and a review of the hedge fund program in February.

RESOLUTION 09068

Commissioner Diannitto moved that the Board:

1. Approve the removal of the performance fee structure to the Letter Agreement (contract) with K2 Advisors and the Board for Hedge Fund of Fund Services; and
2. Authorize the General Manager on behalf of the Board to execute the Amendment to the Letter Agreement with K2 Advisors.

which motion was seconded by Commissioner Broidy and approved by the following vote: ayes, Commissioners Aliano, Broidy, Diannitto, Means, von Voigt and President Pro Tem Carter - 6; nays, none.

6. APPROVAL OF TWO-YEAR PROXY SERVICE AGREEMENT WITH RISKMETRICS GROUP/ISS GOVERNANCE

Ms. Ericka Tiedge, Investment Officer and Mr. Tom Lopez, Chief Investment Officer, Investments Division came before the Board to discuss the duties and responsibilities of a proxy service.

RESOLUTION 09069

Commissioner Diannitto moved that the Board grant the General Manager authority to approve a two-year service agreement with RiskMetrics Group/ISS Governance Services for the term, January 1, 2009 through December 31, 2010, which motion was seconded by Commissioner Broidy and approved by the following vote: ayes, Commissioners Aliano, Broidy, Diannitto, Means, von Voigt and President Pro Tem Carter - 6; nays, none.

7. APPROVAL OF LETTER OF AGREEMENT WITH ACTUARY FOR INTERNAL REVENUE CODE SECTION 401(h) TESTING

Mr. William Raggio, Chief Management Analyst, Pensions Division came before the Board to report that the Internal Revenue Service has determined that they have been under serving the government retirement plans sector. He stated that LAFPP is required to submit an application for a letter of determination to verify LAFPP meets the tax requirements for qualification status. Mr. Raggio also explained the need for actuarial services in order to complete the application.

RESOLUTION 09070

Commissioner Diannitto moved that the Board:

1. Approve the Letter of Agreement for actuarial services not specified in the current contract with the System's actuary, The Segal Company, at a total cost not to exceed \$12,500; and,
2. Authorize the President of the Board, on behalf of the Board, to execute the Letter of Agreement, subject to City Attorney approval as to form and legality, and include the signature of the General Manager.

which motion was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Broidy, Diannitto, Means, von Voigt and President Pro Tem Carter - 6; nays, none.

8. POSSIBLE ADOPTION OF AMENDMENT TO BOARD POLICIES AND PROCEDURES SECTION 3.2 DEFERRED RETIREMENT OPTION PLAN

Mr. Joseph Salazar, Senior Management Analyst, Pensions Division, came before the Board to report on the

new Deferred Retirement Option Plan (DROP) requirements that were adopted by City Council. He reported that members have to be on active duty status on their DROP entry date and eliminated the definitive ending date.

RESOLUTION 09071

Commissioner Diannitto moved that the Board approve the proposed amendments adding Board Policy Section 3.2, Deferred Retirement Option Plan:

- 3.2 Effective November 1, 2008, in addition to the age and/or service requirements to enter DROP, a member must also be on active duty status on the DROP entry date. For purposes of this provision active duty status shall include members working on light-duty status, but exclude members on sick, vacation, injured-on-duty, administrative leave, and all other types of non-working status.
- A. The City Administrative Officer has been authorized to classify payroll codes as “active” or “not active” for the purposes of DROP.
 - B. At least one of the prescribed active duty payroll codes must be recorded on a member’s timesheet on their DROP entry date.
 - C. Verification of active duty status shall be made using the City’s payroll system (PaySR) at the time of entry.
 - D. In the event a member elects a DROP entry date and is not on active duty status on the DROP entry date as defined above, the member’s DROP entry date will automatically be advanced to the next qualifying entry date. The revised entry date will not be subject to further adjustment by the member. The DROP Program Administrator shall notify the member of the approved DROP entry date in writing.

which motion was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Broidy, Diannitto, Means, von Voigt and President Pro Tem Carter - 6; nays, none.

9. GENERAL MANAGER’S REPORT

- A. Benefits actions approved by General Manager on November 20, 2008

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 November 20, 2008.

DISCONTINUED PENSIONS – TIER 1 – 1

Genevra Sawyer Police Widow Retired: 01-31-98 Died: 09-09-08

DISCONTINUED PENSIONS – TIER 2 – 13

Harold K. Bordner	Fire Service	Retired:	05-08-69	Died:	10-30-08
William B. Howell	Fire Service	Retired:	04-01-77	Died:	10-20-08
Leonard Peterson	Fire Service	Retired:	07-01-69	Died:	09-27-08
Barney O. Hroza	Police Service	Retired:	09-19-71	Died:	10-19-08
John T. O'Steen	Police Service	Retired:	01-30-00	Died:	10-13-08
Jack C. Rollins	Police Service	Retired:	03-01-75	Died:	10-02-08
Jesse H. Roth Jr.	Police Service	Retired:	07-06-79	Died:	09-14-08
Robert J. Uribe	Police Service	Retired:	02-01-68	Died:	09-14-08
Richard C. Ross	Fire Disability	Retired:	05-20-98	Died:	10-20-08
Doris M. Halczak	Fire Widow	Retired:	05-04-93	Died:	10-16-08
Dorothy E. Brewster	Police Widow	Retired:	08-01-70	Died:	10-25-08
Martha J. Skinner	Police Widow	Retired:	08-03-91	Died:	10-17-08
Jack G. Bingham, Jr.	Fire Dependent Child	Retired:	03-12-04	Died:	10-10-08

DISCONTINUED PENSIONS – TIER 3 – 1

Randy K. Wilson	Fire Disability	Retired:	07-01-03	Died:	10-21-08
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DISCONTINUED PENSIONS – TIER 5 – 1

Donald G. Farmer	Fire Disability	Retired:	08-26-03	Died:	06-08-08
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SERVICE PENSIONS – POLICE – TIER – 3 – 1

Michael B. Parlor	Sergeant I	Eff:	11-09-08	23	Years	305	Days
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SERVICE PENSIONS – POLICE – TIER – 4 – 1

Kelly A. Artz	Police Officer III	Eff:	11-09-08	20	Years	10	Days
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SERVICE PENSIONS – POLICE – TIER – 5 – 1

Linda M. Goode	Sergeant II	Eff:	11-09-08	26	Years	18	Days
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DEFERRED SERVICE PENSIONS – FIRE – TIER – 3 – 1

Mary Kathryn Itnyre	Fire Fighter III	Eff:	10-22-08	14	Years	137	Days
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DEFERRED SERVICE PENSIONS – POLICE – TIER – 3 – 2

Hilda Kendricks	Police Officer II	Eff:	11-12-08	10	Years	176	Days
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Vicki M. Wanek Police Officer II Eff: 08-25-08 10 Years 160 Days
 SERVICE PENSIONS **CORRECTION – POLICE – TIER – 5 – 1**

Matthew M. Shuck Police Officer III Eff: 10-26-08 20 Years 134 Days
 ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 5

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Laverne O. Howell	William B. Howell	Fire Service	10-21-08
Lorraine M. O’Steen	John T. O’Steen	Police Service	10-14-08
Marilyn R. Rollins	Jack C. Rollins	Police Service	10-03-08
Margaret S. Roth	Jesse H. Roth, Jr.	Police Service	09-15-08
Estela Uribe	Robert J. Uribe	Police Service	09-15-08

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 5 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Christine K. Farmer	Donald G. Farmer	Fire Disability	06-09-08

DISCONTINUE/REINSTATE SURVIVING CHILD PENSION – TIER 3 – 1

Discontinue the pension payable to Steven R. Hill, surviving child of deceased Firefighter III Jimmie Hill, effective June 1, 2008 due to the termination of his full-time student status.

Reinstate the pension payable to Steven R. Hill effective September 1, 2008 due to his current enrollment as a full-time student.

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 Edward T. Zweifel, Police Service Pensioner, is to be withheld for his former spouse Beth M. Zweifel, effective November 1, 2008.

PARTIAL PAYMENT OF PENSION – TIER 5 – 3

In accordance with the City Attorney’s advice, a designated proportion of the community property interest of the pension payable to Gary Nanson, Police Service Pensioner, is to be paid to his former spouse Pamela Nanson, effective November 16, 2008. Ms. Nanson will receive cost of living increases.

In accordance with the City Attorney's advice a designated proportion of the community property interest of the pension payable to Michael B. Parlor, Police Service Pensioner, is to be paid to his former spouse Ana Razo, effective November 9, 2008. Ms. Razo will receive cost of living increases.

In accordance with the City Attorney's advice a designated proportion of the community property interest of the pension payable to Lester K. Vargas, Police Service Pensioner, is to be withheld for his former spouse Joy M. Hatfield effective November 1, 2008. Ms. Hatfield will receive cost of living increases.

DESIGNATED PARTIAL PAYMENT OF PENSION – TIER 2 – 1

In accordance with the City Attorney's advice, the designated proportion of the community property interest of the pension payable to Ronald G. Burlison, Police Service Pensioner, which was paid to his deceased spouse Dalene Burlison (Legal Separation) has been designated to her beneficiary, Debra Burlison, effective August 29, 2008. Cost of living increases are included.

SERVICE PENSION/DROP – TIER 4 – 2

Fire

Kenneth R. Farnsworth	Firefighter III	Eff:	08-01-08	28 Years	301 Days
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Police

William D. Snowden	Police Officer III	Eff:	10-07-08	27 Years	20 Days
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SERVICE PENSION/DROP – TIER 5 –17

Fire

David W. Braun	Engineer	Eff:	08-01-08	27 Years	343 Days
Michael W. Deacon	Firefighter III	Eff:	09-14-08	27 Years	152 Days
Dale T. Farnes	Apparatus Operator	Eff:	08-01-08	27 Years	345 Days
Robert Franco	Assistant Chief	Eff:	08-01-08	31 Years	66 Days
Jay P. Freeman	Engineer	Eff:	08-01-08	27 Years	97 Days
Donald L. Gillenwater	Firefighter III	Eff:	08-01-08	25 Years	0 Days
Kevin D. Isozaki	Fire Captain I	Eff:	10-01-08	31 Years	136 Days
David A. Torrez	Engineer	Eff:	09-01-08	27 Years	138 Days
David M. Yamahata	Assistant Chief	Eff:	10-01-08	31 Years	214 Days

Police

Richard T. Blankenship	Police Officer III	Eff:	10-01-08	25 Years	101 Days
Beatriz Cid	Police Detective II	Eff:	10-01-08	25 Years	9 Days
Jeffrey L. Hamilton	Police Sergeant I	Eff:	09-28-08	25 Years	8 Days
Jorge Pardo	Police Sergeant II	Eff:	10-01-08	27 Years	200 Days
Yvonne H. Parker	Police Detective III	Eff:	09-28-08	25 Years	9 Days
Stephany B. Payne	Police Sergeant II	Eff:	10-01-08	25 Years	2 Days
Gerry L. Smedley	Police Sergeant I	Eff:	10-01-08	25 Years	148 Days
Teresa L. Wilson	Police Sergeant I	Eff:	10-01-08	25 Years	0 Days

DISCONTINUE DROP – TIER 5 – 14

Fire

Craig A. Fletcher	Retired:	11/16/03	Exit Close of:	11/14/08
Robert A. Gocke	Retired:	12/01/03	Exit Close of:	11/23/08
Mark H. Khitikian	Retired:	11/28/03	Exit Close of:	11/27/08

Police

Joseph B. Alba	Retired:	11/16/03	Exit Close of:	11/15/08
Randal S. Bradberry	Retired:	12/01/03	Exit Close of:	11/30/08
Dominick R. Colenzo	Retired:	12/01/03	Exit Close of:	11/30/08
Gregory W. Dewitt	Retired:	12/01/03	Exit Close of:	11/30/08
Ernest Haleck	Retired:	12/01/03	Exit Close of:	11/30/08
Luis J. Hernandez	Retired:	04/04/04	Exit Close of:	11/30/08
Donald V. Keith	Retired:	12/01/03	Exit Close of:	11/30/08
Gary L. Nanson	Retired:	11/16/03	Exit Close of:	11/15/08
Anthony Silva	Retired:	12/01/03	Exit Close of:	11/30/08
Larry W. Swanson	Retired:	01/11/04	Exit Close of:	11/30/08
James P. Ungari	Retired:	12/01/03	Exit Close of	11/30/08

PENSION GRANTED – DISABILITY – TIER 4 – 1, November 6, 2008

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate</u> <u>%</u>	<u>Effective</u> <u>Date</u>
Helen Dunkin	20	224	63.0000	12-23-07

PENSION GRANTED – DISABILITY – TIER 5 – 2

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate</u> <u>%</u>	<u>Effective</u> <u>Date</u>
Cesar Macias	10	94	45	11-06-08
Lester Vargas	22	164	53	03-10-07

B. Other business relating to Department operations

General Manager Perez gave the following updates:

1. He reported the ballot measures going forward in March 2009: the remarriage provision, the dependent child and the special needs trust. General Manager Perez stated that he, the Police Protective League and Commissioner Aliano attended a City Council Committee meeting. Commissioner Aliano petitioned to provide the ballot argument for members and the Police Protective League will provide the argument.

Commissioner Diannitto stated that he, Commissioner Aliano and General Manager Perez gave a presentation at a retirees meeting. It was well received. General Manager Perez stated that he plans to keep members updated regarding the pension system and the current economic environment. President Pro Tem Carter suggested that any information should be disseminated to the LAFPP Website for those members who did not attend.

2. General Manager Perez reported that staff is getting ready for the ballot issues and there is a lot of work to be done.
3. General Manager Perez commended Ms. Laura Guglielmo, Assistant General Manager and her staff Ms. Myo Thedar, Senior Management Analyst, Administrative Operations Division for implementing a good internal budget review process.

10. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no future items reported.

11. PUBLIC COMMENTS

Ms. Elsa Moy commented on the risk and expense of the management fees for the Pension System. She suggested that the financial companies guarantee their return rates.

12. **CONSENT ITEMS**

A. Approval of Travel

- 1) APPROVAL OF TRAVEL AUTHORITY - INSTITUTE FOR INTERNATIONAL RESEARCH, 17TH ANNUAL PUBLIC FUND BOARDS FORUM - DECEMBER 13-15, 2008, SAN FRANCISCO, CA
- 2) APPROVAL OF TRAVEL AUTHORITY - NCPERS, 2009 ANNUAL LEGISLATIVE CONFERENCE - FEBRUARY 1-4, 2009, WASHINGTON, DC

B. APPROVAL OF MINUTES OF THE REGULAR BOARD MEETING OF OCTOBER 16, 2008 MINUTES

C. REAL ESTATE CONSULTANT REFERRAL - NEXT BLOCK MEDICAL II FUND

Commissioner Diannitto moved that the Board approve the Consent Items, which was seconded by Commissioner Broidy and approved by the following vote: ayes, Commissioners Aliano, Broidy, Diannitto, Means, von Voigt and President Pro Tem Carter - 6; nays, none.

13. **DISABILITY CASES**

DISABILITY CLAIM – DEPENDENT CHILD – TIER 2 – 1

Maybell L. Cook, Conservator of

Louanna Cook

(P)

Retired Police Officer (Deceased)

Dependent Child of Frederick E. Cook

As recommended by staff and concurred in by the applicant, Dependent Child status and benefits granted. Motion made by Commissioner Broidy, seconded by Commissioner von Voigt and adopted by the following vote: ayes, Commissioners Aliano, Broidy, Diannitto, Means, von Voigt, and President Pro Tem Carter – 6; nays, none. Miss Cook was not present nor was her conservator, Mrs. Maybell Cook.

DISABILITY CLAIM – SURVIVING SPOUSE – TIER 2 – 1

Elizabeth L. Dowling (F) Fire Captain II (Deceased)
Surviving Spouse of Thomas F. Dowling

As recommended by staff and concurred in by the applicant, prior benefit action of May 1, 2008, granting a service pension continuance is set aside and a service connected surviving spouse pension is granted at 55%. Motion made by Commissioner Diannitto, seconded by Commissioner Aliano and adopted by the following vote: ayes, Commissioner Aliano, Broidy, Diannitto, Means, von Voigt, and President Pro Tem Carter – 6; nays, none. Mrs. Dowling was not present but was represented by Kenneth E. Buzzell.

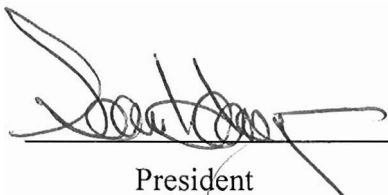
President Pro Tem Carter passed the gavel to Commissioner Means.

DISABILITY CLAIM – SURVIVING SPOUSE – TIER 3 – 1

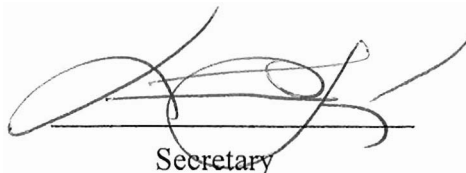
Jo Ann Williams (P) Police Officer II (Deceased)
Surviving Spouse of Carl E. Williams

Prior benefit action of March 1, 2007, granting a non-service connected surviving spouse pension is set aside and a service connected surviving spouse pension is granted at 75%. Motion made by Commissioner Carter, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioner Aliano, Broidy, Carter, Diannitto, von Voigt, and Acting President Means – 6; nays, none. Jo Ann Williams, Surviving Spouse and Police Officer II Kenneth Greene, Personnel Division, Los Angeles Police Department, testified regarding Officer Williams. Mrs. Williams was present and represented by her attorney, Thomas J. Wicke.

The Board meeting concluded at 10:35 a.m.



President



Secretary