

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF APRIL 2, 2009

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, April 2, 2009.

COMMISSIONERS PRESENT: Sean Harrigan, President
Mike Carter, Vice President
George V. Aliano
Maria Contreras-Sweet
Sam Diannitto
Steve Juarez (participated telephonically)
Patricia Means
Robert von Voigt

COMMISSIONERS ABSENT: Elliott Broidy

DEPARTMENT OF FIRE AND POLICE PENSIONS: 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: Mike Wilkinson, Deputy City Attorney
Mary Joe Curwen, Deputy City Attorney

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

President Harrigan called the regular meeting to order at 9:03 a.m. All of the above-listed Commissioners were present at the start of the meeting with the exception of Commissioner Aliano who arrived at 9:10 a.m.

1. **NEW BUSINESS**

President Harrigan 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

3. **COMMITTEE REPORTS**

A. **Benefits Committee**

Chair Aliano reported no update.

B. **Governance Committee**

Chair Diannitto reported that Item 10, which pertains to travel, will be discussed today.

C. **Audit Committee**

Chair Means reported the next meeting is scheduled for May 7, 2009 regarding the audit plan assignments and to determine the prioritization.

D. **Ad Hoc Committee on Emerging Managers**

Chair Means reported the Committee met earlier to discuss the refinement of the emerging manager policy language. A future meeting will be scheduled in approximately one month to continue discussions.

E. **Ad Hoc Space Planning Committee**

Chair Carter reported that Townsend will report to the Board at the next meeting.

4. **SECURITIES LENDING UPDATE FROM NORTHERN TRUST**

Mr. Mike Vardas, Senior Vice President and Ms. Julie Gonsch, Vice President were present. Mr. Vardas gave a presentation to the Board. Mr. Allan Emkin, Managing Director, Pension Consulting Alliance (PCA) and Mr. Tom Lopez, Officer, Investments Division came before the Board to answer the questions. President Harrigan asked that the Board be apprised of the issue in about a month with information on the risks, rewards and liability.

5. **EVENTS AT THE NEW YORK STATE COMMON RETIREMENT FUND**

Mr. Tom Lopez, Chief Investment Officer, Investments Division and Mr. Allan Emkin, Managing Director, Pension Consulting Alliance (PCA), came before the Board to discuss the complaint against two individuals

and their connection with Aldus Equity and Stepstone. The Board discussed the transparency of Aldus Equity and Stepstone and how it impacts LAFPP. Staff proposed interviewing both managers and reporting back to the Board with any additional information concerning the manager's involvement in the New York scandal. Mr. Emkin volunteered to assist as well. Messrs. Thomas Henley, Principal from Aldus Equity and Monte Brem, Chief Executive Officer and Jose Fernandez, Managing Director from Stepstone came before the Board. Both firms emphasized that no complaints were filed against their firms and reported their disclosure procedures. President Harrigan asked that staff, PCA and the City Attorney return on this issue within a month.

6. REVIEW OF REIT MANAGERS' CONTRACTS AND POSSIBLE BOARD ACTION

Messrs. Tom Lopez, Chief Investment Officer and Paul Palmer, Investment Officer II, Investments Division came before the Board and discussed the reasons to let the Adelante Capital Management contract expire. Mr. Michael Torres, CEO and Portfolio Manager from Adelante Capital Management came before the Board to explain the firm's recent performance problems. Mr. Torres answered the Board's questions.

RESOLUTION 09113

Commissioner Diannitto moved that the Board:

1. Allow the Adelante Capital Management (Adelante) U.S. REIT contract to expire;
2. Approve the renewal of the U.S. Real Estate Investment Trust (REIT) contracts with Morgan Stanley Investment Management, and Principal Global Investors (Principal) for three-year terms;
3. Approve the transfer of the Adelante account's assets to the Principal account;
4. Authorize the General Manager to review and negotiate the contract terms and conditions; and,
5. Authorize the President of the Board to execute the contracts for U.S. REIT investment management services, subject to the approval of the City Attorney as to form and legality, which motion was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Carter, Diannitto, Means, von Voigt and President Harrigan - 6; nays, Commissioners Contreras-Sweet and Juarez - 2.

7. MINORITY AND WOMAN OWNED BROKER USAGE REPORT

Mr. Tom Lopez, Chief Investment Officer and Ms. Erika Tiedge, Investment Officer II, Investments Division came before the Board. Ms. Tiedge reported on the program status. There was no Board action taken and the board report was received and filed.

8. PENSION CONSULTING ALLIANCE REPORTS: A PLAN FOR PRIVATE EQUITY INVESTORS; AND COMMERCIAL REAL ESTATE MARKETS: A PLAN FOR MITIGATION

Mr. Allan Emkin, Managing Director, Pension Consulting Alliance (PCA) came before the Board and gave an overview of both reports. President Harrigan stated that the Board should take specific action on the issues. He asked that PCA work with staff and the effective consultants and report on specific recommendations the Board should take to ensure that the issues are properly monitored. President Harrigan also asked Mr. Emkin to report on how the Board can capitalize on investment opportunities.

9. APPROVAL OF LETTER OF AGREEMENT WITH ACTUARY FOR PREPARATION OF OPERATIONAL COST TABLES FOR SURVIVOR BENEFIT PURCHASE PROGRAM

Ms. Robyn Barnes, Senior Management Analyst II, Communications and Special Projects came before the Board to report on the actuary cost tables. The Board report was approved as submitted.

RESOLUTION 09114

Commissioner Diannitto moved that the Board:

1. Approve the attached 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 \$10,000; 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 von Voigt and approved by the following vote: ayes, Commissioners Aliano, Contreras-Sweet, Diannitto, Juarez, Means, von Voigt and President Harrigan – 7; nays, none. *Commissioner Carter left the room during the discussion and did not participate in the vote.*
10. AMENDMENTS TO THE TRAVEL AND EDUCATION POLICY APPENDIX 1 – GUIDELINES FOR TRAVEL AND PERSONAL EXPENSES AND POSSIBLE BOARD ACTION

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations reported the travel changes. She indicated that the City Controller amended the City's travel guidelines in July of 2008. The main focus of the Controller's changes was to move from a receipt based to a per diem approach. The Governance Committee reviewed the travel policy changes and approved a per diem approach for meals tied to the Federal Per Diem rate, currently \$64.00. Ms. Guglielmo answered the Board's questions. The Board report was approved as submitted.

RESOLUTION 09115

Commissioner Diannitto moved that the Board:

1. Direct staff to add a provision under Section B - Air Travel, to cover current airline fee policies for checked baggage;
2. Direct staff to amend Section D – Ground Transportation, to define ground transportation costs. The transportation costs for acquiring meals do not fall under this definition, but will be considered reimbursed as part of the meals and incidental expense allowance (refer to recommendation no. 3 below);
3. Direct staff to amend Items 1 and 2 of Section E – Meals, to reimburse meals and incidental expenses at a daily allowance rate not to exceed the highest Federal per diem rate for U.S. cities, pro-rated if necessary; to eliminate the requirement of meal and incidental expense receipts which will facilitate the preparation and processing of travel expense statements; and to include a provision related to the basis of the meals and incidental expense allowance for international travel;
4. Direct staff to delete Section I – Gratuities, because gratuities are incidental expenses already included in the daily meal and incidental expense allowance rate (refer to recommendation no. 3 above);
5. Direct staff to amend Item 2 of Section N – Personal Expense Statement, to clarify Internal Revenue Service (IRS) regulations applicable to City and non-City employees regarding travel advances that are unaccounted for and delinquent over 120 days;
6. Direct staff to add paragraphs to Item 1 of Section O – Travel Advance Request, to provide for the required justification letter and certification that the traveler has no outstanding cash advance; and to stipulate that international travel cash advances will be provided according to the current Federal per diem rate;
7. Direct staff to insert Item 4 to Section A – General Guidelines, to provide that international travel costs will be reimbursed according to Federal per diem rate guidelines; and
8. Direct staff to amend Item 5 of Section A – General Guidelines, to clarify that original receipts for any single item of expenditure more than \$25.00 are required except for receipts for meals and incidental expenses. (Note that receipts for airfare, checked baggage fees, hotel and ground transportation are required to receive reimbursement.), which motion was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Carter, Contreras-Sweet, Diannitto, Juarez, Means, von Voigt and President Harrigan – 8; nays, none.

11. APPROVAL OF TRAVEL AUTHORITY – RG & ASSOCIATES – PLAN SPONSOR & MINORITY MANAGER 6TH ANNUAL CONSORTIUM – JUNE 17-18, 2009 – BEVERLY HILLS, CA

The Board report was approved as submitted.

RESOLUTION 09116

Commissioner Diannitto moved that the Board authorize Commissioner Patricia Means to attend the Plan Sponsor & Minority Manager 6th Annual Consortium from June 17-18, 2009 in Beverly Hills, CA, which motion was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Carter, Contreras-Sweet, Diannitto, Juarez, Means, von Voigt and President Harrigan – 8; nays, none.

12. APPROVAL OF TRAVEL AUTHORITY – LOS ANGELES POLICE PROTECTIVE LEAGUE DELEGATES CONFERENCE 2009

The Board report was approved as submitted.

RESOLUTION 09117

Commissioner Diannitto moved that the Board authorize Robyn L. Barnes and Carol Tavares to attend the Los Angeles Police Protective League (LAPPL) Delegates Conference 2009 from June 18-21, 2009 in Coronado, CA, which motion was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Carter, Contreras-Sweet, Diannitto, Juarez, Means, von Voigt and President Harrigan – 8; nays, none.

13. GENERAL MANAGER’S REPORT

A. Benefits actions approved by General Manager on March 19, 2009

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 March 19, 2009.

DISCONTINUED PENSIONS – TIER 1 – 1

Grace T. Maltzman Police Widow Retired: 11-06-83 Died: 01-19-09

DISCONTINUED PENSIONS – TIER 2 – 11

William R. Blair	Fire Service	Retired:	09-06-80	Died:	01-31-09
Robert E. Henderson	Fire Service	Retired:	02-01-76	Died:	02-16-09
Kenneth E. Padgham	Fire Service	Retired:	01-06-71	Died:	02-16-09
Wilburt W. Young	Fire Service	Retired:	06-30-75	Died:	02-05-09
Jerome J. Faust	Police Service	Retired:	08-01-68	Died:	01-16-09
Richard A. Johnson	Police Service	Retired:	07-02-81	Died:	02-13-09
Paul H. Montgomery	Police Service	Retired:	07-05-98	Died:	01-30-09
Robert W. Nowak	Police Service	Retired:	01-01-78	Died:	02-10-09
Eric Schubert	Police Disability	Retired:	07-19-86	Died:	02-12-09
Betricia J. Hayes	Police Widow	Retired:	07-24-85	Died:	12-23-08
Jeanne P. Moir	Police Widow	Retired:	04-03-01	Died:	02-13-09

DISCONTINUED FORMER SPOUSE PENSIONS – TIER 2 – 1

Janice D. Starr	Police Service	Retired:	04-28-96	Former Spouse Died	03-01-09
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SERVICE PENSIONS – TIER 4 – 1

Jon C. McDuffie	Fire Captain II	Eff:	03-01-09	20 Years	8 Days
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SERVICE PENSIONS – TIER 5 – 3

Patricia G. Fuller	Police Officer III +1	Eff:	03-09-09	25 Years	0 Days
Andrew P. Smith	Sergeant I	Eff:	03-15-09	25 Years	38 Days
Lewis M. Warfield III	Police Officer III	Eff:	03-05-09	21 Years	197 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>
Frances D. Young	Wilburt W. Young	Fire Service	02-06-09
B. Jeanne Blair	William R. Blair	Fire Service	02-01-09
Ethel J. Montgomery	Paul H. Montgomery	Police Service	01-31-09
Donna J. Nowak, Sr.	Robert W. Nowak	Police Service	02-11-09
Melodie J. Schubert	Eric Schubert	Police Disability	02-13-09

PARTIAL PAYMENT OF PENSION – TIER 5 – 4

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Louis H. Gray, Jr., Police Service Pensioner, is to be paid to his former spouse Vivian H. Gray, effective March 1, 2009. Ms. Gray 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 Phillip L. Jackson, Police Service Pensioner, is to be paid to his former spouse Randee J. Jackson, effective March 1, 2009. Ms. Jackson 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 Frank H. King, Jr., Police Service Pensioner, is to be withheld for his former spouse Linda Christina King, effective March 21, 2009. Ms. King 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 George L. Leiker, Police Service Pensioner, is to be withheld for his former spouse Ruth L. Leiker, effective March 1, 2009. Ms. Leiker will receive cost of living increases.

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 Stanley Thomas, Fire Service Pensioner, that was being withheld for his former spouse Dorothy Ferguson-Thomas, since September 21, 2008 is now being released, effective March 1, 2009. Ms. Ferguson-Thomas will receive cost of living increases.

MINORS PENSION – CONSERVATORSHIP – TIER 2 – 2

A certified copy of the Letters of Conservatorship, issued in the Circuit Court of the Second Circuit, State of Hawaii, Case Number 08-1-0039(2), appointing Sunny D. Sprenger, Conservator of the Estate of Jazmine G. Sprenger, minor child of deceased Fire Pensioner Oliver Sprenger, effective February 2, 2009, has been filed with this office. Pension payments in the amount of \$1,353.08 will be paid to Sunny D. Sprenger for the benefit of Jazmine G. Sprenger.

A certified copy of the Letters of Conservatorship, issued in the Circuit Court of the Second Circuit, State of Hawaii, Case Number 08-1-0040(2), appointing Sunny D. Sprenger, Conservator of the Estate of Marley R. Sprenger, minor child of deceased Fire Pensioner Oliver Sprenger, effective February 2, 2009, has been filed with this office. Pension payments in the amount of \$1,353.08 will be paid to Sunny D. Sprenger for the benefit of Marley R. Sprenger.

SERVICE PENSION/DROP – TIER 2 – 1

Police

Roger W. Gilbert	Police Detective III	Eff:	01-07-09	29 Years	216 Days
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SERVICE PENSION/DROP – TIER 4 – 1

Police

Jesus M. Bazan	Police Detective III	Eff:	02-03-09	25 Years	51 Days
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SERVICE PENSION/DROP – TIER 5 – 8

Fire

Steven C. Boyle	Firefighter III	Eff:	01-29-09	28 Years	161 Days
Robert L. Franz	Fire Captain II	Eff:	01-08-09	25 Years	14 Days
William C. Madden	Apparatus Operator	Eff:	01-27-09	28 Years	86 Days

Police

Armando Bernal	Police Detective II	Eff:	01-30-09	27 Years	340 Days
James A. Edwards	Police Detective III	Eff:	01-06-09	25 Years	30 Days
Jose J. Salazar	Police Officer II	Eff:	02-02-09	26 Years	33 Days
Thomas E. Thompson	Police Lieutenant II	Eff:	02-03-09	26 Years	24 Days
Merita F. Woodle	Police Sergeant II	Eff:	02-10-09	25 Years	0 Days

DISCONTINUE DROP– TIER 2 – 1

Police

Todd A. Rheingold	Retired:	07/11/04	Exit Close of:	03/31/09
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DISCONTINUE DROP- TIER 5 - 19

Fire

Frank K. Comfort	Retired:	03/07/04	Exit Close of:	03/06/09
Terry S. Cooper	Retired:	03/07/04	Exit Close of:	03/06/09
Randall L. Foreman	Retired:	04/04/04	Exit Close of:	03/31/09
James J. Hynes	Retired:	03/07/04	Exit Close of:	03/06/09
William H. Koenig	Retired:	03/21/04	Exit Close of:	03/20/09
Greg L. Meliota	Retired:	04/04/04	Exit Close of:	03/28/09
David N. Moore	Retired:	04/04/04	Exit Close of:	03/31/09
Delano Roberts	Retired:	04/04/04	Exit Close of:	03/31/09
Gale D. Sanderson	Retired:	04/04/04	Exit Close of:	03/28/09

Police

Ramon R. Carreon	Retired:	03/07/04	Exit Close of:	03/06/09
Louis F. Dalessando	Retired:	04/04/04	Exit Close of:	03/31/09
Ferdinand S. Faustino, Jr.	Retired:	03/07/04	Exit Close of:	03/06/09
Kohei Ishida	Retired:	02/05/06	Exit Close of:	03/31/09
Frank H. King, Jr.	Retired:	03/21/04	Exit Close of:	03/20/09
Louis D. Koven	Retired:	04/04/04	Exit Close of:	03/31/09
Anthony R. O'Brien	Retired:	04/04/04	Exit Close of:	03/28/09
Leon E. Ortega	Retired:	08/01/08	Exit Close of:	03/31/09
Michael A. Pytel	Retired:	04/04/04	Exit Close of:	03/31/09
Gregory L. White	Retired:	04/04/04	Exit Close of:	03/31/09

PENSION ADJUSTED - TIER 2 - 1, March 5, 2009

Robert E. Harvey, Jr. Effective 03-05-09

	<u>Type</u>	<u>Rate %</u>
From:	SC	60.0000
To:	SC	70.0000

PENSION GRANTED - DISABILITY - TIER 2 - 1

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate %</u>	<u>Effective Date</u>
Bruce O. Christensen	30	326	70.0000	07-02-08

PENSION GRANTED – DISABILITY – TIER 3 – 1

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate %</u>	<u>Effective Date</u>
Peter H. Lee	16	327	70.0000	03-05-09

PENSION GRANTED – DISABILITY – TIER 5 – 1

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate %</u>	<u>Effective Date</u>
Ken M. Furuta	16	171	60.0000	08-18-07

B. Other business relating to Department operations

Assistant General Manager Edward Griffiths reported that General Manager Perez was unavailable due to illness.

President Harrigan reported that Western Asset Management, who recently had an item before the Board, had laid off 100 employees. He asked if that had any impact on the LAFPP portfolio. Mr. Tom Lopez, Chief Investment Officer, Investments Division reported that he was in discussion with Western Asset Management representatives about the layoffs and fee structure. The Western Asset Management portfolio management team will remain intact. Mr. Lopez doesn't expect the layoffs to affect the portfolio.

14. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no future items reported.

15. PUBLIC COMMENTS

Commissioner Means stated that it was recently reported she took a trip that cost the Board \$1600 in hotel fees. She reported that she did not take the trip.

Commissioner Contreras-Sweet stated that she will be attending the Milken Institute as a guest of President Harrigan who is speaking at the event.

Ms. Elsa Moy stated that her comments in the February 5, 2009 minutes were incorrect. She clarified that her comments about the educational retreat was that it was expensive. She mentioned that the result strategy was to have a return rate of 8 ½%. She suggested investing in the Jennison Blend to benefit DROP participants so they may have a choice to invest in this fund.

16. **CONSENT ITEMS**

A. Approval of Minutes

1. Minutes of the Special Board Meeting of February 5, 2009
2. Minutes of the Regular Board Meeting of February 5, 2009

B. Finding of Facts – Tier 2 – 1

1. Robert E. Harvey, Jr.

C. Finding of Facts – Tier 3 – 2

1. Peter H. Lee
2. David P. Martinez

D. Finding of Facts – Tier 5 – 3

1. Ken M. Furuta
2. Cherie L. Townsend–Jackson
3. James E. Veenstra

Commissioner Carter moved that the Board approve the consent items, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Carter, Diannitto, Juarez, Means, von Voigt and President Harrigan – 7; nays, none.

Commissioner Contreras-Sweet left the Board Room for the day.

Commissioner Juarez ended his telephonic participation.

Deputy City Attorney Mary Joe Curwen took the City Attorney chair at this time.

17. **DISABILITY CASES**

DISABILITY CLAIM – NEW – TIER 5 – 1

Irsie L. Henry, III (P) Police Officer III (Terminated)

As recommended by staff and concurred in by the applicant, service connected disability pension is granted at 55% with no foreseeable purpose for review. Motion made by Commissioner von Voigt, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioners Carter, Diannitto, Means, von Voigt, and President Harrigan – 5; nays, none. Mr. Henry was not present but was represented by his attorney, Thomas J. Wicke.

DISABILITY CLAIM – SURVIVING SPOUSE – TIER 5 – 2

Dayna T. Williams (P) Police Officer III (Deceased)
Surviving Spouse of Samuel Williams, Jr.


Hearing continued. President Harrigan directed that this claim be continued at the request of the applicant's attorney. Mrs. Williams was not present, nor was she represented.

Commissioner Aliano left the boardroom to recuse himself from the case.

Barbara E. Selleh (P) Detective III (Deceased)
Surviving Spouse of George M. Selleh

Hearing continued. President Harrigan directed that this claim be continued at the request of the applicant's attorney. Mrs. Selleh was present and represented by her attorney, Thomas J. Wicke.

The meeting was adjourned at 12:01 p.m.


President


Secretary