

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF JUNE 4, 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, June 4, 2009.

COMMISSIONERS PRESENT: Mike Carter, Vice President
 Maria Contreras-Sweet
 Sam Diannitto
 Patricia Means
 Robert von Voigt

COMMISSIONERS ABSENT: George V. Aliano
 Steve Juarez

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

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

Vice President Carter called the regular meeting to order at 9:36 a.m. All of the above-listed Commissioners were present at the start of the meeting.

1. **NEW BUSINESS**

Vice President 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 dated May 27, 2009 from the City Council - motion and amendments regarding pension reform/disclosure, Council File 09-1123 – Received and Filed

- C. Communication dated May 20, 2009 from the Los Angeles Police Protective League regarding placement agent issues.

Commissioner Diannitto stated that the Board has similar activity regarding placement issues. General Manager Perez reported that staff is reviewing policies and codes of ethics that other pension systems have adopted and will report their findings and recommendations to the Board on July 9. He indicated that the CAO and CLA will prepare a study on the variety of issues brought up by the City Council and will report that to the Board when the CAO and CLA are done with that report. Commissioner Diannitto asked about the City Council's inquiry of the makeup of the Board and the Controller's review of the hedge fund program. General Manager Perez reported that the information the City Council obtains from the CAO and CLA study can only be used to make recommendations to the Board. The City Council does not have control of the hedge fund program.

3. COMMITTEE REPORTS

- A. Benefits Committee

Chair Aliano had no report.

- B. Governance Committee

Chair Diannitto reported that the meeting has been rescheduled to July 9. He stated that he does not want any further delays in meeting, due the consultant contract expiring soon.

- C. Audit Committee

Chair Means reported that the Committee has an item on the agenda today

- D. Ad Hoc Committee on Emerging Managers

Chair Means reported that the meeting scheduled for this morning has been postponed to a date to be determined.

- E. Ad Hoc Space Planning Committee

Chair Carter reported that the Committee has not met but is waiting for the proposal to be signed by the new consultant, Kennedy Wilson.

4. APPROVAL OF RECOMMENDATIONS BY STEPSTONE GROUP – FUNDING FOR INSIGHT EQUITY II, L.P. & INSIGHT EQUITY MEZZANINE I, L.P. AND DCM VI, L.P.

Messrs. Jose Fernandez, Managing Director, John Coelho, Vice President and Tony Cusano, Associate, from the Stepstone Group came before the Board to present the funds. Mr. Fernandez described the relationship between the Insight Equity fund and the Insight Mezzanine fund.

Mr. Tom Lopez, Chief Investment Officer, Investments Division was asked if he agreed with the increase in funding for the Insight investments, which he was. Mr. Fernandez answered the Board's questions regarding the management fees.

RESOLUTION 09138

Commissioner Means moved that the Board approve Stepstone's recommendation to invest \$12 million in Insight Equity II, L.P. and \$4 million in Insight Equity Mezzanine I, L.P., which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto, Means, von Voigt and Vice President Carter – 5; nays, none.

Mr. Fernandez and Mr. Coelho presented the DCM fund.

RESOLUTION 09139

Commissioner Means moved that the Board approve Stepstone's recommendation to invest \$5 million in DCM VI, L.P., which was seconded by Commissioner Contreras-Sweet and approved by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto, Means, von Voigt and Vice President Carter – 5; nays, none.

Per General Manager's request, Mr. Fernandez apprised the Board on the usage of legitimate placement agents. He discussed the duties of a placement agent indicating that it's an outsourcing of the marketing function. He briefly discussed the usage of subagents indicating that it is not a common practice. He was not very familiar with the usage of subagents.

5. REIMBURSEMENT OF MEDICARE PRESCRIPTION DRUG PREMIUMS PAID BY HIPR MEMBERS AND POSSIBLE BOARD ACTION

Mr. Gregory Mack, Senior Management Analyst II, Medical and Dental Benefits Section, Pensions Division apprised the Board of the Health Insurance Premium Reimbursement (HIPR) policy change. The Board approved the report as submitted.

RESOLUTION 09140

Commissioner Diannitto moved that the Board adopt the proposed Board Rules modifying Board Policy Section 8.1.E, effective July 1, 2009 as indicated below,

8.1.E. Health insurance reimbursements are paid for health insurance and Medicare prescription drug coverage only and may not be applied to coverage in other plans, including but not limited to dental, long-term care and vision coverage, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto, Means, von Voigt and Vice President Carter – 5; nays, none.

6. LETTER OF AGREEMENT WITH HEALTH SERVICES CONSULTANT FOR ASSISTANCE WITH REVISING AUDIT LANGUAGE FOR FUTURE MEMORANDUM OF UNDERSTANDING WITH ASSOCIATIONS AND POSSIBLE BOARD ACTION

Mr. Gregory Mack, Senior Management Analyst II, Medical and Dental Benefits Section, Pensions Division was before the Board on this issue. General Manager Perez answered the Board's question to negotiate the reduction of contract fees. The board report was approved as submitted.

RESOLUTION 09141

Commissioner Diannitto moved that the Board:

1. Approve the attached Letter of Agreement (LOA), not to exceed \$7,500, with The Segal Company (Segal) to assist staff in drafting audit language for the upcoming Memorandum of Understanding (MOUs) between Los Angeles Fire and Police Pensions (LAFPP) and the Associations administering medical and dental plans for retired members; and
2. Authorize the President of the Board, on behalf of the Board, to execute the LOA, subject to City Attorney approval as to form and legality, and include the signature of the General Manager, which was seconded by Commissioner Means and approved by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto, Means, von Voigt and Vice President Carter – 5; nays, none.

7. AUDIT COMMITTEE RECOMMENDATION ON EXTERNAL FINANCIAL AUDITOR AND POSSIBLE BOARD ACTION

Ms. Tedi Florendo, Chief Accountant, Accounting Section, stated that the Audit Committee interviewed three candidates for the external financial auditor position. She answered the Board's question regarding the disparity in hours among the three firms. Ms. Florendo reported that the firm which was selected is the current external financial auditor and has offered to discount the price.

RESOLUTION 09142

Commissioner Diannitto moved that the Board:

1. Adopt the Audit Committee's recommendation to select Simpson & Simpson Certified Public Accountants as the external financial auditor for a three-year term covering fiscal years June 30, 2009, 2010, and 2011;
 2. Authorize the General Manager to negotiate the terms and conditions of the contract with Simpson & Simpson Certified Public Accountants; and
 3. Authorize the President of the Board, on behalf of the Board, to execute the contract, subject to City Attorney approval as to form and legality, which was seconded by Commissioner Means and approved by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto, Means, von Voigt and Vice President Carter – 5; nays, none.
8. APPROVAL OF TRAVEL AUTHORITY - GOVERNMENT FINANCE OFFICERS ASSOCIATION - 103RD GFOA ANNUAL CONFERENCE - JUNE 27-JULY 1, 2009 - SEATTLE, WA

The board reported was approved as submitted

RESOLUTION 09143

Commissioner Diannitto moved that the Board authorize Commissioner Steve Juarez to attend the 103rd GFOA Conference from June 27- July 1, 2009, in Seattle, WA (June 27, 2009 is a travel day), which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto, Means, von Voigt and Vice President Carter – 5; nays, none.

9. GENERAL MANAGER'S REPORT

A. Benefits actions approved by General Manager on May 21, 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 May 21, 2009.

DISCONTINUED PENSIONS – TIER 1 – 2

Grace Curatalo	Police Widow	Retired:	03-28-01	Died:	03-29-09
Katherine M. Graham	Police Widow	Retired:	01-02-88	Died:	04-16-09

DISCONTINUED PENSIONS – TIER 2 – 14

William R. Goss	Fire Service	Retired:	02-03-70	Died:	04-26-09
G. B. Richardson	Fire Service	Retired:	10-01-77	Died:	02-01-09
Charles P Brown	Police Service	Retired:	06-16-91	Died:	04-18-09
Harold N. Crowder	Police Service	Retired:	11-04-67	Died:	03-16-09
Guido Donatoni	Police Service	Retired:	01-16-77	Died:	04-14-09
Louis M. Gillet	Police Service	Retired:	12-04-67	Died:	04-10-09
John C. Payton	Police Service	Retired:	12-20-98	Died:	10-29-08
Edward W. Ryan	Police Service	Retired:	11-20-85	Died:	04-24-09
Jack T. Smith	Police Service	Retired:	10-01-67	Died:	01-09-09
Richard L. Sullivan	Police Service	Retired:	06-15-80	Died:	04-14-09
Vincent V. Cortazzo	Fire Disability	Retired:	04-11-83	Died:	04-16-09
Clarence C. Merriman	Fire Disability	Retired:	04-11-96	Died:	04-10-09
Andrew J. Waters	Fire Disability	Retired:	03-08-90	Died:	03-22-09
Dorothy Washburn	Fire Widow	Retired:	12-09-01	Died:	04-15-09

DISCONTINUED PENSIONS – TIER 5 – 1

Edward J. McKeon	Police Service	Retired:	05-05-02	Died:	04-08-09
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DISCONTINUED FORMER SPOUSE/DESIGNATED BENEFICIARY PENSIONS – TIER 2 – 3

Lena B. Ryan	Police Service	Retired: 11-20-85	Member Died:	04-24-09
Cheryl A. Schulke	Police Service	Retired: 05-09-04	Member Died:	04-14-09
Michael P. Sullivan	Police Service	Retired: 05-09-04	Member Died:	04-14-09

DISCONTINUED FORMER SPOUSE PENSIONS **CORRECTION** – TIER 2 – 1

Patricia Saliani	Police Service	Retired: 02-28-09	Former Spouse Died:	03-12-09
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SERVICE PENSIONS – TIER 5 – 1

Michael D. Williamson	Sergeant I	Eff:	05-10-09	20 Years	242 Days
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ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 4

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Roselle T. Gillet	Louis M. Gillet	Police Service	04-11-09
Patricia M. Donatoni	Guido Donatoni	Police Service	04-15-09
Patricia A. Cortazzo	Vincent V. Cortazzo	Fire Disability	04-17-09
Adele J. Merriman	Clarence C. Merriman	Fire Disability	04-11-09

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Nancy L. McKeon	Edward J. McKeon	Police Service	04-09-09

MINORS PENSION – GUARDIANSHIP – TIER 2 – 1

Pension payments are payable for the benefit of Paul H. Montgomery Jr., minor child of deceased Police Detective II Paul H. Montgomery effective January 31, 2009.

The Permanent Letters of Guardianship, issued on April 21, 2009 in the Los Angeles Superior Court, Case Number BP 115-368, appointing Delia L. Garnes, Guardian of the Estate of Paul H. Montgomery Jr., minor child of deceased Police Detective II, Paul H. Montgomery has been filed with this office.

DISCONTINUE 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 of Police Service Pensioner, Robert W. Lupin that was being paid to Jeremy P. Lupin as the designated beneficiary of Shawnee Lupin, deceased, is discontinued effective May 1, 2009. The discontinuance is pursuant to an Assignment, Authorization, Discharge and Release by Jeremy P. Lupin.

REACTIVATED DEPENDENT CHILD PENSION BENEFIT – TIER 2 – 1

Reactivate the pension benefits payable to Kellie L. Romero, dependent child of deceased Fire Captain II Jerome A. Jacobson, effective May 1, 2009 due to the Charter Amendment 1238 of the City of Los Angeles to modify Dependent Children Survivor Benefits on March 3, 2009.

SERVICE PENSION/DROP – TIER 5 – 9

Fire

James H. Johnston	Engineer	Eff:	01-17-09	31 Years	59 Days
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Police

Steven R. Alva	Police Officer III	Eff:	03-16-09	25 Years	2 Days
Carol A. Bowie	Police Detective II	Eff:	03-06-09	25 Years	0 Days
Ronald A. Katona	Police Lieutenant II	Eff:	03-31-09	27 Years	243 Days
Michael P. McPherson	Police Detective II	Eff:	04-01-09	25 Years	128 Days
Henry E. Mendoza	Police Officer III	Eff:	04-02-09	26 Years	7 Days
Denise D. Montgomery	Police Detective III	Eff:	04-01-09	25 Years	107 Days
Walter A. Purdy	Police Detective III	Eff:	04-01-09	25 Years	0 Days
William L. Windham	Police Detective III	Eff:	04-01-09	27 Years	154 Days

DISCONTINUE DROP – TIER 4 – 2

Fire

Kenneth R. Farnsworth	Retired:	08-01-08	Exit Close of:	05-31-09
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Police

Roberto R. Lopez	Retired:	12-12-07	Exit Close of:	05-31-09
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DISCONTINUE DROP – TIER 5 – 10

Fire

Ernest Cabral	Retired:	05-16-04	Exit Close of:	05-15-09
John L. Christman	Retired:	05-30-04	Exit Close of:	05-29-09
Barry K. Steigelman	Retired:	07-11-04	Exit Close of:	05-31-09

Police

Arnold C. Adauto	Retired:	03-24-07	Exit Close of:	05-31-09
Michael B. Calhoun	Retired:	12-02-04	Exit Close of:	05-31-09
Brian M. Carr	Retired:	05-16-04	Exit Close of:	05-15-09
Herman L. Kaskowitz	Retired:	06-01-04	Exit Close of:	05-31-09

Richard J. Laguna	Retired:	05-16-04	Exit Close of:	05-15-09
John A. Mardesich	Retired:	09-02-07	Exit Close of:	05-31-09
Ronald E. Robbins	Retired:	06-01-04	Exit Close of:	05-31-09

PENSION ADJUSTED – TIER 4 – 1, May 7, 2009

Lisa A. Armas Effective 05-07-09

	<u>Type</u>	<u>% Rate</u>
From:	SC	40.0000
To:	SC	60.0000

PENSION GRANTED – DISABILITY – TIER 5 – 1

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate %</u>	<u>Effective Date</u>
Blanca E. Marrufo	18	3	60.0000	05-07-09

B. Other business relating to Department operations

General Manager Perez gave the following updates:

1. The department budget will be presented at the next board meeting.
2. The Actuary will present at the July 9 meeting the funding methodology which deals with the market corridor and the five-year smoothing period. That will have a tremendous impact on the City's contribution rate.
3. There will be preliminary information on the rate of return at the July 9 meeting. The Board's decision that day will greatly impact the City's contribution for 2010-2011.
4. The Board received a list of law firms that will be interviewed for the fiduciary and investment counsel services to the Board. The interviews will be held in approximately two weeks. Staff participates in the search process and the final recommendations come before the Board for approval.

10. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no future agenda items reported.

11. PUBLIC COMMENTS

Ms. Elsa Moy offered to work with staff on Item 6 regarding additional services. General Manager Perez stated that he would speak with Ms. Moy and report back to the Board if needed.

12. DISABILITY CASES

DISABILITY CLAIM – NEW – TIER 4 – 1

Elbert R. Smith (P) Detective I

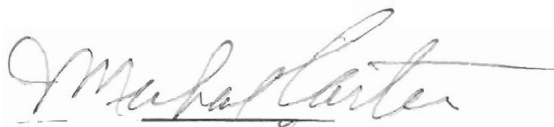
As recommended by staff and concurred in by the applicant, service connected disability pension is granted at 55% with no foreseeable purpose for review. Motion made by Commissioner von Voigt, seconded by Vice President Carter and adopted by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto,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

DISABILITY CLAIM – NEW – TIER 5 – 1

Richard S. Kosier (P) Police Officer III + 1

As recommended by staff and concurred in by the applicant, service connected disability pension is granted at 75% with no foreseeable purpose for review. Motion made by Commissioner Diannitto, seconded by Commissioner Means and adopted by the following vote: ayes, Commissioners Contreras-Sweet, Diannitto, Means, von Voigt, and Vice President Carter – 5; nays, none. Officer Kosier was not present but was represented by his attorney, Thomas J. Wicke.

The Board adjourned at 11:10 a.m.



President



Secretary