

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF JULY 9, 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, July 9, 2009.

COMMISSIONERS PRESENT: Mike Carter, Vice President
George V. Aliano
Sam Diannitto
Steve Juarez
Robert von Voigt

COMMISSIONERS ABSENT: Maria Contreras-Sweet
Patricia Means

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

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

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

Vice President Carter called the regular meeting to order at 9:06 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

3. **COMMITTEE REPORTS**

A. Benefits Committee

Chair Aliano reported the Committee has an item on the agenda today regarding the disposition of the Audit Plan assignments.

B. Governance Committee

Chair Diannitto reported the Committee met prior to today's Board meeting and approved staff's recommendations regarding the General Consultant Evaluation Criteria and the Audit Plan assignments related to legal counsel. They will be reported to the full Board at a future date.

C. Audit Committee

General Manager Perez reported the Committee has an item on the agenda regarding the disposition of the Audit Plan assignments.

D. Ad Hoc Committee on Emerging Managers

General Manager Perez reported the Committee has an item on the agenda today regarding the proposed revisions to the Emerging Manager Policy.

E. Ad Hoc Space Planning Committee

General Manager Perez reported that staff met with Kennedy Wilson and is reviewing the proposed contract language.

Deputy City Attorney John Blair took the City Attorney chair at this time.

4. **DISABILITY CASES**

Alternative 2

DISABILITY CLAIM – NEW – TIER 5 – 2

Jose A. Morga

(F)

Fire Inspector I (Retired)

Hearing continued. Vice President Carter directed that this claim be continued at the request of the applicant.

Susan R. Spencer

(F)

Firefighter III

Service connected disability pension is granted at 40% with no foreseeable purpose for review. Motion made by Commissioner Aliano, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt, and Vice President Carter – 5; nays, none. (Original motion to deny a service connected disability pension made by Vice President Carter, failed due to lack of a second. Second motion to grant a service connected disability pension at 30% made by Commissioner Diannitto, failed due to a lack of a second.) Fire Captain I Chad Spargo, Fire Medical Liaison, and Battalion Chief John Martinez, Operations Control Division testified regarding Firefighter Spencer. Firefighter Spencer was present and represented by her attorney, Thomas J. Wicke.

Assistant City Attorney Alan Manning took the City Attorney chair at this time.

5. APPROVAL OF RECOMMENDATION BY STEPSTONE GROUP – FUNDING FOR CAPITALSPRING FRANCHISE EQUITY CAPITAL PARTNERS III, L.P.

Messrs. Jose Fernandez, Managing Director and Monte Brem, Chief Executive Officer from Stepstone came before the Board. Mr. Fernandez gave a bi-annual review of the specialized program. He reviewed the current Stepstone portfolio and outlined the specialized mandate. Mr. Fernandez then presented Capitalspring.

Commissioner Aliano moved that the Board approve Stepstone's recommendation to invest \$5 million in Capitalspring Franchise Equity Capital Partners III, L.P., which was seconded by Commissioner von Voigt and failed by the following vote: ayes, Commissioners Aliano, Juarez, von Voigt and Vice President Carter – 4 nays, Commissioner Diannitto -1.

6. APPROVAL OF RECOMMENDATIONS BY STEPSTONE GROUP – FUNDING FOR CHARLESBANK EQUITY FUND VII, L.P. AND HELLMAN & FRIEDMAN CAPITAL PARTNERS VII, L.P.

Messrs. Jose Fernandez, Managing Director and Monte Brem, Chief Executive Officer from Stepstone were before the Board to present two funds. Mr. Brem presented the Charlesbank Equity Fund. Asked by the Board, Mr. Tom Lopez, Chief Investment Officer gave his recommendation to invest in Charlesbank and the Hellman & Friedman funds.

RESOLUTION 10001

Commissioner Juarez moved that the Board approve Stepstone's recommendation to invest \$25 million in Charlesbank Equity Fund VII, L.P., which was seconded by Vice President Carter and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

Mr. Brem presented the Hellman & Friedman buyout fund.

RESOLUTION 10002

Commissioner Juarez moved that the Board approve Stepstone's recommendation to invest \$20 million in Hellman & Friedman Capital Partners VII, L.P., which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

7. EMERGING MANAGER POLICY REVISIONS AND POSSIBLE BOARD ACTION

Mr. Tom Lopez, Chief Investment Officer, and Ms. Sarah Bernstein, Pension Consulting Alliance (PCA) presented the final version of the Emerging Manager Policy. Mr. Lopez indicated that the Governance Committee decided to have a more liberal policy due to changes in the marketplace. The board report was approved as submitted.

RESOLUTION 10003

Commissioner Diannitto moved that the Board approve the proposed revisions to the Emerging Manager Policy sections 5.1, 5.3 D, 5.4 and 5.6, located in the Board Investment Policies, which was seconded by Commissioner Juarez and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

8. REVIEW OF AUDIT COMMITTEE AUDIT PLAN ASSIGNMENTS FOR DISPOSITION AND POSSIBLE BOARD ACTION

Mr. D. Edward Griffiths, Assistant General Manager, Pensions Division reported on this issue. The Board discussed outside Fiduciary Counsel's opinion and the IFS audit recommendations related to the audit plan assignments. Mr. Griffiths stated that staff will monitor the issue.

RESOLUTION 10004

Commissioner Diannitto moved that the Board adopt the Audit Committee's status and priority disposition of its Audit Plan assignments, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

9. REVIEW OF BENEFITS COMMITTEE AUDIT PLAN ASSIGNMENTS FOR DISPOSITION AND POSSIBLE BOARD ACTION

Mr. William Raggio, Chief Management Analyst, Pensions Division reported to the Board on this issue.

RESOLUTION 10005

Commissioner Diannitto moved that the Board:

- 1) Adopt the Benefit Committee's status and priority disposition of its Audit Plan assignments; and,
- 2) That staff provide updates to the Benefits Committee every four months regarding the progress of the assignments, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

10. APPROVAL OF CONTRACT WITH THE SEGAL COMPANY FOR ACTUARIAL SERVICES

Ms. Robyn Wilder, Senior Management Analyst II, Communications and Special Projects presented the contract. The Board opted to approve a 3-year contract.

RESOLUTION 10006

Commissioner Diannitto moved that the Board:

- 1) Determine that conducting a new search for actuarial services at this time would not be productive, practicable or advantageous to the Plan; and,
- 2) Authorize the General Manager to negotiate a three-year contract with The Segal Company to provide actuarial services at a total cost not to exceed \$600,000; and,
- 3) Authorize the President of the Board, on behalf of the Board, to execute a contract with The Segal Company for actuarial services, subject to approval of the City Attorney as to form and legality, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

11. DISCUSSION OF ASSEMBLY BILL 1584 AND POSSIBLE BOARD ACTION

Ms. Robyn Wilder, and Ms. Erika Robinson, Communications and Special Projects apprised the Board of the assembly bill.

RESOLUTION 10007

Commissioner Diannitto moved that the Board support Assembly Bill 1584 related to Public Pension Boards and direct the General Manager to communicate the Board's position to the Office of the Chief Legislative Analyst (CLA), which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

12. BOARD PRESIDENT'S ROLE AND RESPONSIBILITIES RELATED TO DISABILITY CASES AND POSSIBLE BOARD ACTION

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations Division and Mr. William Raggio, Chief Management Analyst, Pensions Division came before the Board on this issue. The Board discussed Commissioners who decline to handle disability cases. It was recommended that during orientation for new commissioners to 1) emphasis the responsibility of handling disability cases and 2) advise that training is available. General Manager Perez indicated that he put more emphasis on this topic in the Commissioner handbook.

RESOLUTION 10008

Commissioner Juarez moved that the Board refer to the Governance Committee for its consideration the proposal to amend the Governance Manual to explicitly include the handling of disability cases as part of the President's duties, which was seconded by Vice President Carter and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

13. STREAMLINING CORRESPONDENCE TO COMMISSIONERS AND POSSIBLE BOARD ACTION

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations Division reported various methods to minimize invitations and correspondence to Board members.

RESOLUTION 10009

Commissioner Juarez moved that the Board direct staff to log all correspondence, give Board members a summary of the log, and use their discretion and judgment in determining whether invitations, solicitations or correspondence should be distributed to all Board members or discarded if not directly related to the administration of our pension system, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

14. APPROVAL OF TRAVEL AUTHORITY – THE PENSION BRIDGE – THE PRIVATE EQUITY EXCLUSIVE – JULY 20 – 22, 2009 – CHICAGO, IL

The board report was approved as submitted.

RESOLUTION 10010

Commissioner Diannitto moved that the Board authorize Commissioner Carter to attend The Private Equity Exclusive on July 20 - 22, 2009, in Chicago, IL (July 20th and 22nd are travel days), which was seconded by Commissioner Juarez and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5 nays, none.

Items 15 and 18 were taken out of order.

16. GENERAL MANAGER’S REPORT

A. Benefits actions approved by General Manager on June 18, 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 June 18, 2009.

DISCONTINUED PENSIONS – TIER 1 – 3

Oletha B. Powell	Fire Widow	Retired:	01-01-79	Died:	05-20-09
Violet A. Laguardia	Police Widow	Retired:	02-01-56	Died:	05-15-09
Esther B. Rushton	Police Widow	Retired:	03-16-04	Died:	05-01-09

DISCONTINUED PENSIONS – TIER 2 – 11

Roy H. Schreiner	Fire Service	Retired:	01-21-73	Died:	05-23-09
Lawrence W. Boyd	Police Service	Retired:	01-13-80	Died:	05-20-09
Jack Horrall	Police Service	Retired:	12-05-74	Died:	05-11-09
Robert H. Rowe	Police Service	Retired:	08-10-92	Died:	05-18-09
James R. Turner	Police Service	Retired:	07-02-89	Died:	04-19-09
Arthur Ramirez	Fire Disability	Retired:	01-27-87	Died:	04-15-09
June N. Brewer	Fire Widow	Retired:	11-11-98	Died:	05-18-09
Jeanette M. Skaron	Fire Widow	Retired:	01-17-95	Died:	05-12-09
Margaret M. Barth	Police Widow	Retired:	01-14-06	Died:	10-14-08
Leila M. Davis	Police Widow	Retired:	01-26-93	Died:	04-26-09
Trinidad R. Simms	Police Widow	Retired:	08-12-99	Died:	05-03-09

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

Faye O. Nielsen Fire Widow Retired: **01-10-09** Died: 02-17-09

SERVICE PENSIONS – TIER 5 – 2

Leonard C. Johnson Police Officer II+2 Eff: 06-07-09 20 Years 58 Days
 Judith A. Stark Police Officer III Eff: 05-27-09 22 Years 302 Days

DEFERRED PENSIONS – TIER 3 – 1

Robert M. Quihuis Sergeant I Eff: 06-10-09 15 Years 52 Days

GOINS' WIDOW PENSION – TIER 1 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Linda L. Benoit	Charles W. Benoit	Police Disability	04-25-09

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 4

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Rhea F. Schreiner	Roy H. Schreiner	Fire Service	05-24-09
Christine E. Boyd	Lawrence W. Boyd	Police Service	05-21-09
Betty S. Rowe	Robert H. Rowe	Police Service	05-19-09
Kathleen A. Turner	James R. Turner	Police Service	04-20-09

MINOR'S PENSION – GUARDIANSHIP – TIER 2 – 1

Pension payments are payable for the benefit of Edward W. Ryan II and Arthur D. Ryan, minor children of deceased Sergeant I Edward W. Ryan effective April 25, 2009.

The Letters of Temporary Guardian, issued on May 27, 2009, in the Montana Twenty-First Judicial District, Ravalli County, Case Number DG-09-14 and DG-09-15, appointing Nidia I. Morales-Ryan, Temporary Guardian of Edward W. Ryan II and Arthur D. Ryan, minor children of Deceased Sergeant I Edward W. Ryan has been filed with this office.

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 Allen R. Killion, Service Pensioner, is to be withheld for his former spouse Gail Woo Killion, effective June 1, 2009. Ms. Killion 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 Jerry L. Perry, Police Service Pensioner, is to be withheld for his former spouse Yolanda Rosales-Perry, effective June 1, 2009.

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 Pedro J. Flores, Police Service Pensioner, which was being paid to his deceased former spouse Barbara A. Flores has been designated to her beneficiaries, Jeff B. Flores and Lin Marie M. Flores effective February 12, 2009. Cost of living increases are included.

MODIFIED PARTIAL PAYMENT OF PENSION – TIER 5 – 1

In accordance with the City Attorney's advice, the designated proportion of the community property interest of the pension payable to George L. Leiker, Police Service Pensioner, being withheld for his former spouse Ruth L. Razook since March 1, 2009, should be released effective June 1, 2009.

SERVICE PENSION/DROP – TIER 5 – 11

Fire

Lloyd K. Fukuda	Fire Inspector I	Eff:	04-01-09	33 Years	336 Days
Michael K. Henley	Fire Inspector I	Eff:	04-10-09	26 Years	228 Days
William W. Parker, Jr.	Fire Inspector II	Eff:	05-01-09	28 Years	63 Days
Larry P. Schneider	Fire Captain II	Eff:	05-02-09	32 Years	58 Days
Paul D. Sebourn	Fire Captain II	Eff:	05-01-09	33 Years	21 Days
Gregory E. Sweet	Engineer	Eff:	05-01-09	28 Years	14 Days

Police

Lillie B. Franklin	Police Detective III	Eff:	04-01-09	25 Years	24 Days
Craig A. Liedahl	Police Detective II	Eff:	04-01-09	29 Years	341 Days
Roger E. Mora	Police Lieutenant II	Eff:	04-02-09	28 Years	61 Days
Sanford M. Rosenberg	Police Sergeant II	Eff:	04-13-09	25 Years	0 Days
Daniel E. Witman	Police Lieutenant I	Eff:	03-03-09	28 Years	192 Days

DISCONTINUE DROP – TIER 2 – 3

Fire

Thomas A. Prange	Retired:	07-11-04	Exit Close of:	06-30-09
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Police

Dennis P. Shirey	Retired:	07-03-04	Exit Close of:	06-30-09
Larry R. Taylor	Retired:	07-11-04	Exit Close of:	06-30-09

DISCONTINUE DROP – TIER 5 – 17

Fire

Henry M. Beltran	Retired:	06-27-04	Exit Close of:	06-26-09
Vance A. Boos	Retired:	07-11-04	Exit Close of:	06-30-09
James R. Boyle	Retired:	07-11-04	Exit Close of:	06-30-09
Robert Bribiesca	Retired:	08-01-04	Exit Close of:	06-30-09
Thomas C. Czubek	Retired:	07-11-04	Exit Close of:	06-30-09
George E. Lavallee	Retired:	06-27-04	Exit Close of:	06-26-09
John L. Nowell	Retired:	06-13-04	Exit Close of:	06-12-09
Michael T. Riley	Retired:	06-13-04	Exit Close of:	06-12-09
Ronald A. Spiers, Jr	Retired:	07-11-04	Exit Close of:	06-28-09
James S. Varney	Retired:	07-11-04	Exit Close of:	06-30-09

Police

Elehue Bauchman	Retired:	09-05-04	Exit Close of:	06-30-09
Wallace A. Carr	Retired:	07-11-04	Exit Close of:	06-30-09
Steven V. Hillmann	Retired:	10-03-04	Exit Close of:	06-30-09
Amby G. Owens	Retired:	07-03-04	Exit Close of:	06-30-09
Richard D. Potter	Retired:	07-25-04	Exit Close of:	06-30-09
James J. Redman	Retired:	07-05-04	Exit Close of:	06-30-09
David D. Young	Retired:	06-27-04	Exit Close of:	06-26-09

PENSION GRANTED – DISABILITY – TIER 4 – 1, June 4, 2009

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate</u> <u>%</u>	<u>Effective</u> <u>Date</u>
Elbert R. Smith	16	342	55.00	08-08-06

PENSION GRANTED – DISABILITY – TIER 5 – 1

<u>Name</u>	<u>Years</u>	<u>Days</u>	<u>Rate</u> <u>%</u>	<u>Effective</u> <u>Date</u>
Richard S. Kosier	28	6	75.00	02-13-09

B. Other business relating to Department operations

General Manager Perez gave the following updates:

1. He reported that Adlai Wertman was nominated to the Board and approved by Budget and Finance Committee. Mr. Wertman will attend the August 20 meeting. The other new nominee, Mr. Dean Hansell, may start on August 6.
2. He discussed the disclosure policy regarding pay to play scheme. Staff is waiting for input from the Ethics Commission Staff and will provide a report and draft policy to the Board at the July 23 meeting.
3. Staff discussed the smoothing period and market corridor with the actuary. The actuary will provide options for the Board's consideration at the August 6 Board meeting.
4. He recognized Ms. Terry Yasunaga who has 39 years of service.

17. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no future agenda items reported.

19. CONSENT ITEMS

A. Approval of Minutes

1. Minutes of the Regular Board Meeting of July 31, 2007
2. Minutes of the Regular Board Meeting of March 5, 2009

B. Finding of Facts – Tier 5 – 2

1. Jerry L. Perry
2. Dayna T. Williams

Commissioner Diannitto moved that the Board approve the consent items, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, von Voigt and Vice President Carter – 5; nays, none.

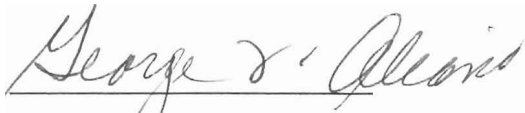
18. PUBLIC COMMENTS

There was no public comment.


15. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) - CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION - GERRISTEN V. CITY OF LOS ANGELES

Vice president Carter reported the Board had met in closed session.

The Board adjourned at 11:23 a.m.



President



Secretary