

**MINUTES**  
**OF THE**  
**BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**  
**MEETING OF JULY 23, 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 23, 2009.

- COMMISSIONERS PRESENT:     Mike Carter, Vice President  
                                  George V. Aliano  
                                  Sam Diannitto  
                                  Steve Juarez (*participated telephonically*)  
                                  Patricia Means  
                                  Robert von Voigt
- COMMISSIONERS ABSENT:     Adlai Wertman
- DEPARTMENT OF FIRE AND     Michael Perez, General Manager  
POLICE PENSIONS:            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  
                                  Mary Jo Curwen, Deputy City Attorney
- COURT REPORTER:            Diane L. Panicca, U.S. Legal Support

Vice President Carter called the regular meeting to order at 8:40 a.m. All of the above-listed Commissioners were present at the start of the meeting.

1.    **COMMUNICATIONS TO THE BOARD**
  - A.   Miscellaneous correspondence from money managers, consultants, etc. - Received and Filed
  - B.   Monthly Report – Received and Filed
  - C.   Communication dated July 10, 2009 from Councilmember Greig Smith

General Manager Perez notified Councilmember Smith that the information was referred to the Chief Investment Officer and Pension Consulting Alliance.

- D. Communication dated June 30, 2009 from M. Contreras-Sweet

Vice President Carter stated that Ms. Contreras-Sweet resigned from the Board effective July 1, 2009.

2. **COMMITTEE REPORTS**

- A. Benefits Committee

Chair Aliano reported no meeting is scheduled.

- B. Governance Committee

Chair Diannitto reported Item 14 on the agenda is from the Committee. A meeting will be scheduled in September. General Manager Perez reported that in September, he will have a complete listing of the IFS recommendations and their status. It will be a refresher course for the Board and an introduction for new Board members.

- C. Audit Committee

Chair Means reported that on July 9, the Board adopted the status and priority dispositions of the Audit Plan Assignments.

- D. Ad Hoc Committee on Emerging Managers

Chair Means reported no meeting is scheduled.

- E. Ad Hoc Space Planning Committee

Chair Carter asked that Kennedy Wilson be available to attend a Committee meeting to report the status of the project.

3. DISABILITY CASES

DISABILITY CLAIM – NEW – TIER 3 – 1

Darren C. Costi (P) Sergeant I

As recommended by staff and concurred in by the applicant, non-service connected disability pension is granted at 50% with no foreseeable purpose for review. Motion made by Commissioner Aliano, seconded by Vice President Carter and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, Means, von Voigt, and Vice President Carter – 6; nays, none. Sergeant Costi was not present, nor was his attorney, Thomas J. Wicke.

4. ELECTION OF BOARD OFFICERS

RESOLUTION 10011

A nomination for Commissioner George Aliano for Board President was made by Commissioner Diannitto, which was seconded by Commissioner Carter and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

RESOLUTION 10012

Commissioner Means moved that Commissioner Carter remain as Vice President until the Board vacancies are filled with appointed members, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

*President Aliano asked Vice President Carter to chair the remainder of the Board meeting.*

5. REVIEW AND DISCUSSION OF THE PROPOSED DISCLOSURE POLICY FOR CURRENT AND POTENTIAL CONTRACTORS AND POSSIBLE BOARD ACTION

Ms. Caroline Dinu, Senior Management Analyst II, Internal Audit Section presented the policy. General Manager Perez reported that Mr. Dean Hansell, who has been appointed to the Board, provided communication to the Board. Mr. Hansell reviewed the proposed policy and included additional language to clarify potential ambiguities regarding charitable contributions and gifts to staff and advisors.

RESOLUTION 10013

Commissioner Diannitto moved that the Board approve the proposed Contract Disclosure Policy and incorporate newly appointed commissioner Mr. Dean Hansell's amendments regarding charitable contributions, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

6. AUTHORITY TO COORDINATE THE SPECIAL ELECTION FOR FIRE DEPARTMENT ACTIVE EMPLOYEE BOARD MEMBER

Ms. Diana Pointer, Senior Management Analyst I, Administrative Operations Division was before the Board on this matter. Vice President Carter reported that he will be retiring from the Board earlier than expected due to health reasons.

RESOLUTION 10014

Commissioner Means moved that the Board:

1. Authorize the General Manager to notify the City Clerk and the General Manager of the Personnel Department about the Special Election for Fire Department Active Employee Board Member of the Board of Fire and Police Pension Commissioners to take place on October 6, 2009; and
2. Authorize the General Manager and Staff to perform the necessary administrative work specified in the Los Angeles Administrative Code (LAAC) and to coordinate the election process as required with the City Clerk, Fire Department, Personnel Department and Employee Organizations,

which was seconded by President Aliano and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

7. 4TH QUARTER 2008 PERFORMANCE MEASUREMENT REPORT BY THE TOWNSEND GROUP

Ms. Micolyn Yalonis, Principal and Jennifer Young, Consultant from the Townsend Group presented the report. Ms. Yalonis indicated that this was a full review of the real estate portfolio. There was no board action regarding this item.

8. REAL ESTATE PORTFOLIO & RISK ANALYSIS BY THE TOWNSEND GROUP

Ms. Micolyn Yalonis, Principal and Jennifer Young, Consultant from the Townsend Group presented the report. Ms. Young reported that this is a new item included in the performance measurement report. The intention is to assess the exposure of the portfolio to what Townsend considers investments at risk. There was no board action regarding this item.

9. IMPLEMENTATION OF OPPORTUNISTIC DEBT STRATEGY AND POSSIBLE BOARD ACTION

Messrs. Allan Emkin, Managing Director, Pension Consulting Alliance (PCA) and Paul Palmer, Investment Officer II, Investments Division presented the strategy. They answered the Board's questions regarding the recommendation of fixed income managers implementing the policy.

RESOLUTION 10015

Commissioner Diannitto moved that the Board:

1. Designate the funding of the opportunistic debt strategy to come from the fixed income asset class since it is now over-allocated;
2. Allocate up to \$140 million to Opportunistic Debt Strategies between three existing fixed income managers;
3. Direct Staff and Pension Consulting Alliance (PCA) to monitor the prospects for opportunistic debt investments and report back to the Board on a semi-annual basis; and
4. Direct Staff and PCA to discuss the specific portfolio structure with the managers and report back to the Board, which was seconded by President Aliano and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none.  
*Commissioner Juarez participated via teleconference.*

10. PROPOSED RENEWAL OF LM CAPITAL MANAGEMENT, INC. FIXED INCOME ADVISOR CONTRACT AND POSSIBLE BOARD ACTION

Messrs. Daren Perlstein, Investment Officer I and Paul Palmer, Investment Officer II, Investments Division presented the report. Mr. Perlstein clarified the term "under performance." The Board discussed when a firm is no longer considered an emerging manager. Mr. Tom Lopez, Chief Investment Officer, Investments Division stated that staff will negotiate a fee structure as stated in item 4 of the report. It will also allow other City pension funds to utilize the same fee structure.

RESOLUTION 10016

Commissioner Diannitto moved that the Board:

1. Approve a new three-year contract with LM Capital Management, Inc.;
  2. Authorize the General Manager to negotiate and approve the terms and conditions of a contract with LM Capital Management, Inc. for services for the period September 1, 2009 through August 31, 2012; and
  3. Authorize the President of the Board, on behalf of the Board, to execute the contract with LM Capital Management, Inc. for fixed income management services, subject to the approval of the City Attorney as to form and legality.
  4. Authorize Staff to negotiate a multi-user fee agreement that would include other City of Los Angeles Pension funds, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*
11. REVISIONS TO THE DEPARTMENT’S CONFLICT OF INTEREST CODE AND POSSIBLE BOARD ACTION

Ms. Diana Pointer, Senior Management Analyst I, Administrative Operations Division reported the proposed amendments relative to the Mayor’s Executive Directive 7. Commissioner Juarez wanted to ensure that staff discussed the new provisions with investment managers and consultants. Ms. Pointer indicated that all parties involved were given a public disclosure. Sarah Bernstein, Ph.D., Principal, PCA and Ms. Micolyn Yalonis, Principal, Townsend Group, were both comfortable with the revisions.

RESOLUTION 10017

Commissioner Diannitto moved that the Board approve the proposed revisions to the Department’s Conflict of Interest Code and direct staff to transmit it to the City Council for approval, which was seconded by President Aliano and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

12. REQUEST TO BEGIN SEARCH FOR COMMUNICATIONS CONSULTING SERVICES

Ms. Robyn Wilder, Senior Management Analyst II, Communications and Special Projects, Pensions Division reported that they will be issuing a Request for Qualifications and may get vendors for each service needed. General Manager Perez reported on possible ways of reducing the costs when sending out information to members.

RESOLUTION 10018

Commissioner von Voigt moved that the Board authorize the General Manager to issue a Request for Qualifications for communications consulting services, and report back with a recommendation including cost information, which was seconded by President Aliano and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

13. RECOMMENDED BOARD ACTION ON DISCRETIONARY COST OF LIVING ADJUSTMENT

Mr. William Raggio, Chief Management Analyst, Pensions Division stated the reasons why the Board should not take action relative to the Discretionary Cost of Living Adjustments. The board report was approved as submitted.

RESOLUTION 10019

President Aliano moved that the Board take no action regarding a Discretionary Cost of Living Adjustment (DCOLA) for eligible pensioners for Calendar Year 2010, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

14. GOVERNANCE COMMITTEE RECOMMENDATION OF AUDIT PLAN ASSIGNMENTS RELATED TO THE USE OF LEGAL COUNSEL AND POSSIBLE BOARD ACTION

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations Division was before the Board to summarize the Governance Committee recommendations. The board report was approved as submitted.

RESOLUTION 10020

Commissioner Diannitto moved that the Board:

1. Determine that no action shall be taken on Independent Fiduciary Services (IFS) Recommendations No. 2g(1), 2g(2) and 2g(3), because our outside Fiduciary Counsel has advised that the City Attorney is not precluded from serving as the System's legal counsel merely due to a potential conflict of interest; and
2. Determine that IFS Recommendations No. 2g(7), 2g(9) and 2g(11) be certified as completed, which was seconded by President Aliano and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

15. UPDATE ON MULTI-YEAR TRANSACTION WORKLOAD PROJECTION PROJECT

There was no board action regarding this item. The board report was received and filed.

16. QUARTERLY COMMISSIONERS AND STAFF TRAVEL REPORT

There was no board action regarding this item. The board report was received and filed.

17. GENERAL MANAGER'S REPORT

A. Benefits actions approved by General Manager on July 2, 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 July 2, 2009.

DISCONTINUED PENSIONS – TIER 1 – 3

Dorman G. Art	Police Service	Retired:	08-01-62	Died:	04-24-09
Robert S. Lodge, Jr.	Police Disability	Retired:	12-01-61	Died:	05-26-09
Wanda Hansford	Police Widow	Retired:	10-24-90	Died:	05-16-09

DISCONTINUED PENSIONS – TIER 2 – 13

Warren B. Braun	Fire Service	Retired:	09-13-86	Died:	05-16-09
Lester B. King	Fire Service	Retired:	07-01-69	Died:	06-03-09
Edwin E. Stuart	Fire Service	Retired:	12-12-82	Died:	06-01-09
Joseph J. Guzy	Police Service	Retired:	06-29-78	Died:	05-11-09
Jack D. Howlett	Police Service	Retired:	09-15-67	Died:	05-25-09
Donald J. Johnson	Police Service	Retired:	06-30-78	Died:	05-28-09
Robert D. Powers	Police Service	Retired:	07-02-69	Died:	05-26-09
Leroy E. Smith	Police Service	Retired:	08-18-74	Died:	06-01-09
Gustine T. Hughes	Fire Widow	Retired:	12-25-05	Died:	02-11-09
Rebecca Janesin	Fire Widow	Retired:	05-15-01	Died:	05-26-09
Marietta Machacek	Fire Widow	Retired:	12-09-93	Died:	04-19-09
Edna E. Avery	Police Widow	Retired:	05-01-80	Died:	05-15-09
Mildred L. Donnell	Police Widow	Retired:	04-09-98	Died:	01-21-09



SERVICE PENSIONS – TIER 5 – 1

Michael C. Helin      Firefighter III      Eff:    07-01-09      20 Years      202      Days

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 1 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Mildred E. Art	Dorman G. Art	Police Service	04-25-09

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 3

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Betty M. Howlett	Jack D. Howlett	Police Service	05-26-09
Judith C. Johnson	Donald J. Johnson	Police Service	05-29-09
Mary C. Smith	Leroy E. Smith	Police Service	06-02-09

SURVIVING CHILD PENSION – TIER 5 – 1

Surviving Child benefits are now payable to Reina A. Zuliani, Surviving Child of deceased Fire Boat Pilot Paul D. Zuliani, effective July 8, 2009 due to the attainment of age 18 and the continuation of her full-time student status. There are no remaining minors.

DECREASE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

Decrease the pension payable to Barbara Zuliani, Surviving Spouse of deceased Fire Boat Pilot Paul D. Zuliani due to the attainment of age 18 and full-time student status by Reina A. Zuliani, effective July 8, 2009. There are no remaining minors.

B. Other business relating to Department operations

General Manager Perez gave the following updates:

1. As of July 21<sup>st</sup> the Fund is assessed at \$11.9 billion.
2. The City is conducting contract negotiations with the unions due to the market downturn and the affect it has on the City budget. An Early Retirement Incentive Program may be offered to civilian employees. In preparation, LACERS is asking for assistance to handle a large number of retirements. LAFPP staff may volunteer to assist LACERS on an overtime basis. General Manager Perez will ensure it does not impact our services. He believes it's in the best interest of the System to assist LACERS with this incentive to retire and help the City save money.

3. The City Council introduced a motion with respect to the disclosure policy. He will write a letter, with the permission of the Board, to the City Council advising them of the policy that was passed today.

18. CONSIDERATION OF FUTURE AGENDA ITEMS

Vice President Carter requested to attend a World Pension Forum conference in August.

President Aliano thanked the Board members for their vote.

Vice President Carter stated that it was Commissioner Means last day on the Board. He thanked her for her diligent work and presented her with a plaque. General Manager Perez also thanked her for her work. Commissioner Means thanked the Board members, staff, managers and consultants. She stated it had been an honor to serve the men and women of the Fire and Police departments.

19. PUBLIC COMMENTS

Ms. Elsa Moy commented on the monthly report.

20. CONSENT ITEMS

A. Finding of Facts – Tier 4 – 1

1. Elbert R. Smith

B. Finding of Facts – Tier 5 – 1

1. Richard S. Kosier

Commissioner Diannitto moved that the Board approve the consent items, which was seconded by Vice President Carter and approved by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt and Vice President Carter – 6; nays, none. *Commissioner Juarez participated via teleconference.*

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

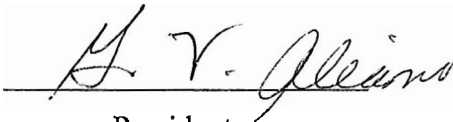
21. **DISABILITY CASES**


DISABILITY CLAIM – NEW – TIER 3 – 1

Daniel A. Schmidt (P) Detective I

Service connected disability pension is granted at 40% with no foreseeable purpose for review. Motion made by Commissioner von Voigt, seconded by Commissioner Diannitto and adopted by the following vote: ayes, President Aliano, Commissioners Diannitto, Juarez, Means, von Voigt, and Vice President Carter - 6; nays, none. Sergeant I Mary Culpepper, Medical Liaison, Los Angeles Police Department testified regarding Detective Schmidt. Detective Schmidt was present and was represented by his attorney, Thomas Hoegh.

The Board adjourned at 11:21 a.m.

  
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President

  
\_\_\_\_\_  
Secretary