

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF NOVEMBER 5, 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, November 5, 2009.

COMMISSIONERS PRESENT: George V. Aliano, President
 Sam Diannitto
 Dean Hansell
 Raúl Pérez
 Robert von Voigt
 Adlai Wertman

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

CITY ATTORNEY'S OFFICE: Mary Jo Curwen, Deputy City Attorney
 Brian Cheng, Deputy City Attorney

President Aliano called the regular meeting to order at 9:26 a.m. All of the above-listed Commissioners were present at the start of the meeting. President Aliano presented former Commissioner Mike Carter a plaque in honor of his service to the Board and to the members of the System. General Manager Perez also thanked Mr. Carter for his service to the Board and support to staff.

Item 17D was taken out of order.

17. GENERAL MANAGER'S REPORT

D. Fees for Outside Investment and Fiduciary Counsel

General Manager Perez stated that Mr. Alan Manning, Assistant City Attorney was reporting on this matter. Mr. Manning gave a summary regarding the reduction of fees given by the various fiduciary firms that were recently interviewed and those firms that offered no reductions.

Deputy City Attorney Brian Cheng took the City Attorney chair at this time.

President Aliano stated the election for Vice President will be held at the next Board meeting.

1. **NEW BUSINESS**

President Aliano 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**

Miscellaneous correspondence from money managers, consultants, etc. - Received and Filed

3. **COMMITTEE REPORTS**

A. **Benefits Committee**

Chair Aliano reported that an in-depth discussion was held regarding the re-marriage issue and the IFS Audit recommendations. He was re-elected Chair to the Committee.

B. **Governance Committee**

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations reported the next meeting is scheduled for November 19, 2009. Topics for discussion are the General Manager's performance evaluation and the travel policy changes requested by Chair Diannitto.

C. **Audit Committee**

Chair Hansell had no updates to report.

D. **Ad Hoc Space Planning Committee**

Chair Wertman reported the recommendations going to the full Board on today's agenda.

4. **DISABILITY CASE**

DISABILITY CLAIM – DEPENDENT CHILD – TIER 2 – 1

Delia L. Garnes, mother of Paul H. Montgomery, Jr. (P) Detective II (Deceased)
Dependent Child of Paul H. Montgomery, Sr.

As recommended by staff and concurred in by the applicant, Dependent Child status and benefits granted. Motion made by Commissioner Diannitto, seconded by Commissioner von Voigt and adopted by the following vote: ayes, Commissioners Diannitto, Hansell, Pérez, von Voigt, Wertman and President Aliano – 6; nays, none. Mr. Montgomery was absent but represented by his mother, Delia L. Garnes.

5. **UPDATE ON THE EARLY RETIREMENT INCENTIVE PROGRAM (ERIP) AND IMPACT ON DEPARTMENTAL OPERATIONS**

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations reported the number of employees who applied for the ERIP and the estimated time they may retire. She indicated that the City Attorney's Office, Retirement Benefits Division has two attorneys applying for ERIP and the impact it may have on our department. The Board discussed backfilling positions and possible challenges to refill positions. Mr. Ken Buzzell commented on the Board's ability to hire personnel for critical positions. Ms. Guglielmo stated there are limits to the Board's authority over personnel issues and the City has not yet established a policy on backfilled positions. Commissioner Hansell asked for a formal opinion from the City Attorney. The Board discussed the benefits and cost savings to the City and/or our department to backfill positions. Ms. Guglielmo stated the challenges to fill vacant positions if qualified candidates are not found within the transfer opportunity list. Commissioner Diannitto recommended holding off on a formal opinion from the City Attorney. Deputy City Attorney Brian Cheng will verify if there is specific timeframe when ERIP applicants have to retire.

6. **PENSION CONSULTING ALLIANCE ASSET CLASS RETURNS ATTRIBUTION COMMENT: REAL ESTATE**

Messrs. Allen Emkin, Managing Director, Pension Consulting Alliance (PCA) and Tom Lopez, CIO, Investments Division came before the Board. Mr. Emkin indicated his goal was to inform the Board only and to refer back to PCA's memo in 2008. He stated the Board does not have control of real estate commingled funds. The Board discussed fire sales of assets, liquefying assets and determining actual values. Mr. Lopez reported the three components of the real estate portfolio: REITS, co-mingled funds and separate accounts. He gave an overview of the problems related to co-mingled funds. He indicated the decision for the Board is whether or not to invest additional funds in real estate in the coming year. Townsend, the Board's real estate consultant, will present an overview to the Board at the next meeting.

7. PRESENTATION BY INTERNATIONAL EQUITY MANAGER ARTIO GLOBAL MANAGEMENT, LLC

Mr. Rick Rogers, Investment Officer II, Investments Division introduced Artio representatives Richard Pell, CEO and CIO and Terry Smith of Client Services. Artio representatives presented their strategy and the capability to add value to the Fund.

8. PROPOSED RENEWAL OF REAMS ASSET MANAGEMENT'S FIXED INCOME CONTRACT

Messrs. Paul Palmer, Investment Officer II and Daren Perlstein, Investment Officer I, Investments Division presented the contract renewal. Mr. Perlstein commented on the REAMS performance and stated the Pension Consulting Alliance concurred with the recommendation.

RESOLUTION 10047

Commissioner Hansell moved that the Board:

1. Approve a new three-year contract with Reams Asset Management, Inc.;
 2. Authorize the General Manager to negotiate and approve the terms and conditions of a contract with Reams Asset Management, Inc. for services for the period December 1, 2009 through November 30, 2012;
 3. Authorize the President of the Board, on behalf of the Board, to execute the contract with Reams Asset Management for fixed income management services, subject to the approval of the City Attorney as to form and legality; and
 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 Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Pérez, von Voigt, Wertman and President Aliano, – 6; nays, none.
9. PROPOSED RENEWAL OF NORTHERN TRUST GLOBAL INVESTMENT SERVICES FIXED INCOME ADVISORY CONTRACT AND POSSIBLE BOARD ACTION

Messrs. Paul Palmer, Investment Officer II and Daren Perlstein, Investment Officer I, Investments Division presented the contract renewal and stated the recommendations. Mr. Palmer reported the history of Northern Trust. He stated the reasons for transitioning to a separate account due to the securities lending issues encountered in the past year and gave background information on the securities lending pool. He reported the reasons for the underperformance. Commissioner Wertman commented opposing the recommendation. Mr. Palmer stated that part of the issue is that the current portfolio cannot be immediately liquidated. Ms. Sarah Bernstein, Principal, Pension Consulting Alliance concurred with staff's recommendation.

Mr. Lopez explained the situation dealing with securities lending issues. Commissioner Diannitto requested the motion to be amended to approve the contract and review the matter in one year.

RESOLUTION 10048

Commissioner Hansell moved that the Board:

1. Approve a new three-year contract with Northern Trust Global Investment Services and revisit the issue in one-year;
2. Authorize the General Manager to negotiate and approve the terms and conditions of a contract with Northern Trust Global Investment Services for services;
3. Authorize the President of the Board, on behalf of the Board, to execute the contract with Northern Trust Global Investment Services for fixed income management services, subject to the approval of the City Attorney as to form and legality; and
4. Authorize Staff to begin transitioning the Northern Trust Global Investment Services fixed income portfolio to a separate account from its existing commingled vehicle as soon as the securities lending issues have been resolved, which was seconded by Commissioner Pérez and approved by the following vote: ayes, Commissioners Diannitto, Hansell, Pérez, von Voigt, Wertman and President Aliano – 6; nays, none.

10. PRIVATE EQUITY MANAGER DISCRETION AND POSSIBLE BOARD ACTION

Messrs. Paul Palmer, Investment Officer II and Daren Perlstein, Investment Officer I, Investments Division came before the Board. Mr. Palmer summarized the report. He indicated the policy changes and explained the table titled discretion in a box. Mr. Palmer indicated that the Board will be informed when a private equity manager makes an investment by listing it in the monthly report as requested by President Aliano.

Commissioner Pérez left the Board Room for the day.

RESOLUTION 10049

Commissioner Wertman moved that the Board adopt the changes to Section 2.0 – “Private Equity Investments” for inclusion in the Board Investment Policies manual, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Hansell, von Voigt, Wertman and President Aliano – 5; nays, none.

11. GENERAL CONSULTANT SEARCH AND POSSIBLE BOARD ACTION

Mr. Rick Rogers, Investment Officer II, Investments Division presented the report and recommended the removal of Callan Associates from the interview list. The Board discussed the time allowance for presentations and questions and answers and amended the recommendation. The Board requested a list of potential questions, staff recommendations and that briefing information be sent out in advance of the interviews.

RESOLUTION 10050

Commissioner Hansell moved that the Board:

1. Remove Callan Associates from the list of firms to be interviewed for the General Consultant contract; and
2. Approve the interview schedule proposed, amending that each firm be allowed 15 minutes to present and an additional 15 minutes allowed for questions from the Board, for the December 9, 2009 Board meeting, which was seconded by Commissioner Wertman and approved by the following vote: ayes, Commissioners Diannitto, Hansell, von Voigt, Wertman and President Aliano – 5; nays, none.

12. REPORT ON THE STATUS OF THE NEW HEADQUARTERS FACILITIES PROJECT AND POSSIBLE BOARD ACTION

Mr. Tom Lopez, Chief Investment Office and Ms. Erika Tiedge, Investment Officer II, Investments Division came before the Board to report on the issue. Commissioner Hansell was in agreement with the recommendation and sought to move the motion.

RESOLUTION 10051

Commissioner Hansell moved that the Board direct Staff to interact directly with brokers and office owners to monitor the real estate market in the downtown Los Angeles Civic Center Area, pursue a potential headquarters facility and report back to the Ad Hoc Space Planning Committee or the full Board should it find a suitable property available for purchase, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Hansell, von Voigt, Wertman and President Aliano – 5; nays, none.

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

Mr. D. Edward Griffiths, Assistant General Manager, Pensions Division was before the Board. The board report was approved as submitted.

RESOLUTION 10052

Commissioner Diannitto moved that the Board adopt the Audit Committee's recommendations to determine:

1. That the status of Independent Fiduciary Services recommendation 2c/08 be changed from Status 2 - in progress, to Status 1 - completed; and,
2. That the status of Independent Fiduciary Services recommendations 2c/13 and 2c/27 be changed from Status 3 - implement at a later date, to Status 4 - recommend no action, which was seconded by Commissioner Wertman and approved by the following vote: ayes, Commissioners Diannitto, Hansell, von Voigt, Wertman and President Aliano – 5; nays, none.

14. RECOMMEND BOARD-ORDERED REVIEW – ALVIN LABOSTRIE

Mr. Chris Annala, Senior Management Analyst II and Ms. Lady Smith, Management Aide, Pensions Division came before the Board. Mr. Annala reported new evidence to warrant the Board-ordered review.

RESOLUTION 10053

Commissioner von Voigt moved that the Board order a review of the disability pension status of Alvin Labostrie, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Hansell, von Voigt, Wertman and President Aliano – 5; nays, none.

15. CITY CLERK'S CERTIFICATION OF THE FIRE DEPARTMENT ACTIVE MEMBER SPECIAL ELECTION RESULTS AND BOARD DECLARATION OF ELECTED MEMBER

Ms. Diana Pointer, Senior Management Analyst I, Administrative Operations was before the Board. The board report was approved as submitted.

RESOLUTION 10054

Commissioner Diannitto moved that the Board declare Ruben Navarro the elected Fire Department Active Member to the Board of Fire and Police Pension Commissioners based on the official election results provided by the Office of the City Clerk, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Diannitto, Hansell, von Voigt, Wertman and President Aliano – 5; nays, none.

16. ROTATION OF BOARD PRESIDENT AND VICE PRESIDENT AND POSSIBLE BOARD ACTION

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations was before the Board. The board report was approved as submitted.

RESOLUTION 10055

Commissioner Diannitto moved that the Board amend Sections 7.1 and 8.1 of the Board's Governance Manual to:

1. Limit to two the number of consecutive one-year terms that any one Board member may serve as President or Vice President of the Board;
2. Require that the Offices of President and Vice President be equally represented by appointed and elected members of the Board during the same term; and
3. Authorize the next review of the policy in 2012, consistent with the three-year review period outlined in the policy, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Diannitto, Hansell, von Voigt, Wertman and President Aliano – 5; nays, none.

17. GENERAL MANAGER'S REPORT

A. Benefits actions approved by General Manager on October 15, 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 October 15, 2009.

DISCONTINUED PENSIONS -- TIER 1 – 3

Robert P. Cullen	Fire Disability	Retired: 12-28-66	Died: 09-01-09
Dorothy J. Damm	Police Widow	Retired: 03-27-93	Died: 08-07-09
Helen E. Hickey	Police Widow	Retired: 04-01-80	Died: 08-29-09

DISCONTINUED PENSIONS – TIER 2 – 11

Robert E. Harvey	Fire Service	Retired: 06-01-80	Died: 08-28-09
Nelson B. Howe	Fire Service	Retired: 08-09-70	Died: 08-24-09
Lyle Lentz	Fire Service	Retired: 09-09-82	Died: 09-14-09
George A. Dehlmar	Police Service	Retired: 12-01-67	Died: 09-02-09
David P. Haegele	Police Service	Retired: 07-01-68	Died: 08-13-09
Richard G. Sanchez	Police Service	Retired: 10-04-81	Died: 09-16-09
John H. Heilman	Fire Disability	Retired: 09-01-77	Died: 08-08-09

Minutes of the Board of Fire and Police Pension Commissioners

November 5, 2009

Page 9

John S. Inglis	Police Disability	Retired: 12-01-71	Died: 08-25-09
Beverly Craig	Fire Widow	Retired: 05-01-04	Died: 08-20-09
Kate E. Grace	Police Widow	Retired: 11-11-95	Died: 04-19-09
Mary C. Rohm	Police Widow	Retired: 02-18-01	Died: 09-11-09

DISCONTINUED FORMER SPOUSE – TIER 2 – 2

Barbara G. Johnson	Police Service	Retired: 04-01-83	Member Died: 09-16-09
Mary E. Lemming	Police Service	Retired: 05-04-59	Died: 07-05-09

SERVICE PENSIONS – POLICE – TIER 5 – 1

Leondis G. Good	Police Officer II	Eff: 10-01-09	20 Years	234 Days
-----------------	-------------------	---------------	----------	----------

SERVICE PENSIONS DEFERRED – POLICE – TIER 3 – 1

William B. Rhetts	Police Officer III	Eff: 10-09-09	10 Years	29 Days
-------------------	--------------------	---------------	----------	---------

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 2

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Mary Ann Lentz	Lyle L. Lentz	Fire Service	09-15-09
Ruth M. Dehlmar	George A. Dehlmar	Police Service	09-03-09

SURVIVOR BENEFIT PURCHASE PROGRAM PARTICIPANTS – TIER 2 – 4

<u>Name</u>	<u>Member’s Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
Franklyn N. Leavitt	Fire Service	10-01-09	30%
Eugene F. Mahoney	Fire Service	10-01-09	30%
Norman T. Devereux	Fire Disability	10-01-09	80%
Dale R. Dickson	Fire Disability	10-01-09	45%

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 Robert L. Lambert, Police Service Pensioner which was paid to his former spouse Eda P. Pinedo has been designated to her beneficiaries, Sheena McQuat, Jenna M. Beal and Jeremy C. Beal, effective August 1, 2009. Cost of living increases are included.

MODIFIED 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 Neal M. McCaskill, Fire Service Pensioner, that was being withheld for his former spouse Janice R. Opel, since June 12, 2009, is now to be released effective October 1, 2009. Ms. Opel 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, being withheld for his former spouse Yolanda Rosales-Perry, effective June 1, 2009, should be released effective October 1, 2009.

SERVICE PENSION/DROP – TIER 2 – 1

Police

Richard A. Webb	Police Commander	Eff:	08-04-09	30 Years	35 Days
-----------------	------------------	------	----------	----------	---------

SERVICE PENSION/DROP – TIER 5 – 3

Fire

Samuel J. Magno	Fire Captain II	Eff:	08-29-09	31 Years	252 Days
Eddie A. Tapia	Apparatus Operator	Eff:	08-01-09	32 Years	139 Days

Police

David C. Wright	Police Sergeant II	Eff:	08-05-09	25 Years	94 Days
-----------------	--------------------	------	----------	----------	---------

DISCONTINUE DROP – TIER 5 – 6

Fire

David M. Pisarev	Retired:	10-31-04	Exit Close of:	10-30-09
Richard A. Warford	Retired:	10-31-04	Exit Close of:	10-29-09

Police

Burton K. Armelin	Retired:	11-01-04	Exit Close of:	10-31-09
Larry K. Broadhurst	Retired:	11-01-04	Exit Close of:	10-31-09
Kyle B. Jackson	Retired:	10-17-04	Exit Close of:	10-16-09
Michael T. Neel	Retired:	11-01-04	Exit Close of:	10-31-09

SURVIVING SPOUSE APPLICATION – TIER 5 – 1

<u>Name</u>	<u>Rank</u>	<u>Type:</u> <u>% Rate</u>	<u>Effective</u> <u>Date:</u>
Jeanne D. Urquiza (Ralph D. Urquiza)	Firefighter III	Non-Service Connected: 40% + 2 minor children	09-20-09

PENSION ADJUSTED – TIER 5 – 2 October 1, 2009

Robert C. Benedict

	<u>Type</u>	<u>% Rate</u>
From:	SC	75.0000
To:	SC	90.0000

Jose A. Morga

	<u>Type</u>	<u>% Rate</u>
From:	SC	43.9452
To:	SC	53.0000

PENSION ADJUSTED – TIER 5 – 1

Tracy J. Dunn
 Surviving Spouse of William A. Dunn

	<u>Type</u>	<u>% Rate</u>	<u>Effective</u> <u>Date</u>
From:	NSC	40.0000	
To:	SC	75.0000	11-22-08 2 Minors

- B. Other business relating to Department operations
- C. Marketing Cessation Information

General Manager Perez gave the following updates:

1. Seven Board members will attend the Board retreat in January 2010.
2. He informed the Board of training opportunities offered by the California Association of Public Retirement Systems (CALAPRS). Commissioner von Voigt briefly described the training he received at the Trustees Roundtable. General Manager Perez stated that staff also has the opportunity to attend training. He will apprise Board members of upcoming training events for trustees. Commissioner Diannitto mentioned NCPERS training at Harvard for Trustees.

18. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Hansell requested a report on our efforts to comply with state laws and fees. General Manager Perez stated that the issue may be presented at the next Board meeting. Mr. Lopez, CIO will provide information at the Board Retreat in January.

19. PUBLIC COMMENTS

Ms. Elsa Moy commented on Item 6.

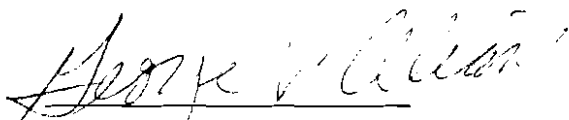
20. CONSENT ITEM

A. Finding of Facts – Tier 5 – 1


1. Martin Franco

The Board did not take action on the Consent Items.

The meeting was adjourned at 12:00 p.m.



President



Secretary