

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF OCTOBER 21, 2010

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, October 21, 2010.

COMMISSIONERS PRESENT: Dean Hansell, President
Robert von Voigt, Vice President
George Aliano
Sam Diannitto
Brenda Maul
Wayne Moore
Ruben Navarro
Raúl Pérez
Adlai Wertman

DEPARTMENT OF FIRE AND POLICE PENSIONS: Michael A. Perez, General Manager
Laura Guglielmo, Assistant General Manager
William Raggio, Assistant General Manager
Paul Palmer, Investment Officer II
Barbara Nobregas, Commission Executive Assistant

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

President Hansell 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.

A. ITEMS FOR BOARD ACTION

1. FINAL REPORT ON 2009-12 STRATEGIC PLAN AND POSSIBLE BOARD ACTION

General Manager Perez stated that there are nine projects with specific goals. Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations Division and Mr. William Raggio, Assistant General Manager, Pensions Division highlighted projects concerning: RAP Conversion, Disaster Recovery Plan, Life Cycle Replacement, Documentum, Space Planning, and Audits with Associations. The report was received and filed.

2. PROPOSED RENEWAL OF ROBECO INVESTMENT MANAGEMENT INC. LARGE CAP VALUE EQUITY CONTRACT AND POSSIBLE BOARD ACTION

Mr. Derek Niu and Ms. Erika Tiedge, Investments Officer II, Investments Division presented the report and indicated that Robeco has agreed to a fee reduction of \$40,000 per year.

RESOLUTION 11035

Commissioner Aliano moved that the Board:

1. Approve the renewal of the investment management contract with Robeco Investment Management Inc. (Robeco) for a three-year term;
2. Authorize the General Manager to review and negotiate the contract terms and conditions including the incorporation of the Board's Contractor Disclosure Policy;
3. Authorize the President of the Board, on behalf of the Board, to execute the contract for large cap value investment 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 Navarro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman and President Hansell – 9; nays, none.

3. RISK ASSESSMENT SURVEY TO DEVELOP THE 2011 ANNUAL AUDIT PLAN

Ms. Erin Kenney, Internal Auditor, Internal Audit Section presented the report on how staff was going to approach the Risk Assessment. She will email a survey to Board Members and asked they return it to her by October 31, 2010.

4. PERIODIC REVIEW OF GOVERNANCE MANUAL AND POSSIBLE BOARD ACTION

The board report was approved as submitted.

RESOLUTION 11036

Commissioner Diannitto moved that the Board:

1. Amend Section 3.0 of the Board's Governance Manual, Duties and Responsibilities – Board of Commissioners, to improve clarity;
 2. Amend Section 10.0 of the Board's Governance Manual, Board Education Policy, to reflect current practices;
 3. Eliminate Section 11.0 of the Board's Governance Manual, Board Self-Evaluations; and
 4. Authorize the next review of Sections 5.0, 9.0, 13.0 and 14.0 of the Governance Manual to 2013, consistent with a three year review policy, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman and President Hansell – 9; nays, none.
5. 2011 BOARD EDUCATIONAL RETREAT AND POSSIBLE BOARD ACTION

Ms. Laura Guglielmo provided a proposed agenda for the educational retreat indicating it is a comprehensive program but will not cover the entire year of education for the Board. President Hansell requested that Board Members receive reading material in advance of the retreat.

RESOLUTION 11037

Commissioner Diannitto moved that the Board:

1. Approve the date of January 6, 2011 for the 2011 Board retreat; and
2. Approve the proposed agenda, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, von Voigt, Wertman and President Hansell – 9; nays, none.

Commission Aliano was presented a plaque in honor of his role as Board President by President Hansell.

B. REPORTS TO THE BOARD

1. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
2. Monthly Report

Commissioner Diannitto stated a retired member contacted him regarding the 13th check. Mr. William

Raggio provided the Board background information on the issue and how receiving an extra check for the year affects members. President Hansell suggested staff send out another letter reminding members of the 13th check they will receive.

3. Quarterly Summary Of Private Equity Commitments

General Manager Perez stated this is a new report to the Board. It lists private equity investments. Commissioner Wertman requested that future reports list the type of investment.

4. Informational Report On Iran Divestment

General Manager Perez indicated there is a Federal legislative law regarding Iran Divestment. In about two years the Fund may have to make changes to comply with the law but as for now, LAFPP is in non-compliance. Commissioner Wertman stated he is also reviewing the issue.

5. Quarterly Commissioners' and Staff Travel Report

6. General Manager's Report

a. Benefits Actions approved by General Manager on October 7, 2010

Mr. Jim Napier, Deputy City Attorney clarified for Commissioner Diannitto the reason for two surviving spouse pensions. There is a qualifying surviving spouse pension and the law indicates that the former spouse may take a portion of that pension.

b. Other business relating to Department operations

General Manager Perez gave the following updates:

1. There is a lot of activity in the City regarding Pension Reform. A handout was distributed to the Board, communication from the CAO to the Mayor's Office, providing a comparison of the current retirement plan to a proposed plan. If there are changes in benefits for our members, the issue must be placed on a ballot initiative. The new system will cost about 5% less than the current Tier 5 system. The Police Protective League may not support Tier 6; United Firefighters of Los Angeles City is supportive of Tier 6. The City Council will review the issue tomorrow and determine whether or not to place the issue on the March 2011 ballot. If approved, they are looking at LAFPP to implement the changes by July 1, 2011.
2. LACERS has a new Interim General Manager, Tom Moutes. Staff has previously worked with Mr. Moutes and will continue to work with him on a variety of issues such as, reviewing private

equity funds jointly, reduction of manager fees, and the headquarters project to the extent we find a facility to house both LACERS and LAFPP.

3. Mr. William Raggio attended a meeting of the Committee Rules & Elections regarding the discussion of Tier 6. Ms. Robyn Wilder, Senior Management Analyst II, Communications and Special Projects, attended a meeting at the CAO who was meeting with the unions regarding medical benefits for members who are injured with less than 10 years of service. The Police Protective League has asked for this issue and the CAO will cover it in Tier 6.
4. Mr. Tom Lopez is attending an academic conference regarding private equity at UCLA.
5. Commissioner Perez asked for clarification if the state laws could affect LAFPP and its members. Mr. Alan Manning indicated that they would look at any limitations on the Board. General Manager Perez stated that City of Los Angeles is a chartered city and our plans are in the Charter that we would not be subject to laws that the state passed at their level.

c. Marketing Cessation Information

C. COMMITTEE REPORTS

1. Benefits Committee

No report was given.

2. Governance Committee

Ms. Laura Guglielmo stated the Committee met this morning to kickoff the General Manager's 2009-2010 evaluation. The Committee reviewed the strategic plan as well as the General Manager self evaluation. The next Committee meeting will be held in November.

3. Audit Committee

No report was given.

4. Ad Hoc Space Planning Committee

No report was given.

D. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Wertman requested that Investment staff work with the consultant to provide a summary regarding social responsible investing and LAFPP's effort.

Commissioner Perez requested a report on the efforts to reduce private equity and real estate manager fees, similar to CalPERS' report. General Manager Perez discussed the difficulty of lowering fees and will provide a report to the Board. Commissioner Navarro requested that the report contain a comparison of what other pension systems are paying for fees.

E. PUBLIC COMMENTS

Ms. Elsa Moy commented on the Monthly Report totals.

F. DISABILITY CASES

DISABILITY CLAIM – NEW – TIER 4 – 2

Lonnie L. Menges (P) Police Officer III (Resigned)

Denied. Motion made by Commissioner Diannitto, seconded by Commissioner Aliano and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Maul, Moore, Navarro, Pérez, von Voigt, Wertman and President Hansell – 9; nays, none. Ms. Menges was not present nor was she represented.

Richard H. Romney, Jr. (P) Police Officer III (Terminated)

Hearing continued. President Hansell directed that this claim be continued to determine service connection. Mr. Romney was not present but was represented by his attorney, Thomas J. Wicke.

DISABILITY CLAIM – NEW CLAIM – TIER 5 – 1

Pedro C. Torres (P) Sergeant I

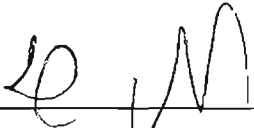
Hearing continued. President Hansell directed that this claim be continued at the request of the applicant's attorney. Sergeant Torres was not present nor was his attorney, Tanya Garza.

REQUEST FOR REHEARING – TIER 3 – 1


Anthony P. Vilardo (P) Police Officer III

Hearing continued. President Hansell directed that this claim be continued to allow the City Attorney to review additional evidence submitted after the request for rehearing was submitted to staff. Officer Vilardo was present and represented by his attorney, Thomas J. Wicke.

The meeting was adjourned at 11:51 a.m.



President



Secretary