

**MINUTES**  
**OF THE**  
**BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**  
**GOVERNANCE COMMITTEE MEETING OF SEPTEMBER 16, 2010**

The Governance Committee and members of the Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, September 16, 2010.

COMMITTEE

MEMBERS PRESENT: Sam Diannitto, Chair  
Dean Hansell  
Ruben Navarro  
Adlai Wertman

GOVERNANCE COMMITTEE

SUPPORT STAFF: Laura Guglielmo, Assistant General Manager

DEPARTMENT OF FIRE AND  
POLICE PENSIONS:

William Raggio, Assistant General Manager  
Laura Guglielmo, Assistant General Manager  
Tom Lopez, Chief Investment Officer  
Barbara Nobregas, Commission Executive Assistant

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

Chair Diannitto called the meeting to order at 8:08 a.m. All of the above Commissioners were present at the start of the meeting, with the exception of Commissioner Navarro who arrived at 8:09 a.m.

1. STATUS OF BOARD REQUEST TO DIRECTLY FUND TRAVEL-RELATED EXPENSES  
FROM FUND ASSETS AND POSSIBLE COMMITTEE ACTION

Ms. Laura Guglielmo, Assistant General Manager, Administrative Operations Division presented the report and answered the Committee's questions. She verified that the process of issuing our own travel reimbursements through the custodian bank was cost neutral and that the City Attorney advised there were no legal impediments. Ms. Erin Kenney, Departmental Internal Auditor reported that the current process has checks and balances in place. Ms. Yolanda Huang, Departmental Chief Accountant reported that staff currently reviews travel expenses. Chair Diannitto asked that staff look into other duties that can be transferred from the Controller's Office. Ms. Guglielmo will discuss the issue with the City Controller's staff.

MOTION

Commissioner Navarro moved that the Committee recommend to the Board to direct staff to proceed with the plan outlined in the report to directly fund travel-related expenses from fund assets, which was seconded by Commissioner Wertman, and approved by the following vote: ayes, President Hansell, Commissioners Navarro, Wertman and Chair Diannitto – 4; nays, none.

2. STATUS OF GOVERNANCE COMMITTEE AUDIT PLAN ASSIGNMENTS RELATED TO THE BILLING OF TIME AND EXPENSES FOR THE CITY ATTORNEY LEGAL SERVICES AND POSSIBLE COMMITTEE ACTION

Ms. Myo Thedar, Senior Management Analyst II, Administrative Services Section presented the current and proposed billing process. She included a proposed timeline to implement a Memorandum of Understanding with the other departments.

MOTION

Commissioner Hansell moved that the Committee approve the approach staff has laid out to address Independent Fiduciary Services recommendations 2g/05 and 2g/05, which was seconded by Commissioner Navarro, and approved by the following vote: ayes, President Hansell, Commissioners Navarro, Wertman and Chair Diannitto – 4; nays, none.

3. UPDATE ON STAFF'S EFFORTS TO SEEK EFFICIENCIES AMONG THE CITY'S THREE PENSION FUNDS AND POSSIBLE COMMITTEE ACTION

Ms. Laura Guglielmo gave an update on the Chief Investment Officer (CIO) salary negotiation issue. She informed the Committee of LACERS's Board plan to remove their CIO position from civil service and increase the salary. Ms. Guglielmo indicated that it is important to participate in discussions at the Executive Employees Relations Committee meetings to prevent a disparity of pay in the CIO classification between LACERS and LAFPP, as currently exists with other some positions. President Hansell asked for the pros and cons on the issue and agreed that staff take an active role on the issue. The committee report was received and filed.

4. PERIODIC REVIEW OF GOVERNANCE MANUAL POLICIES AND POSSIBLE COMMITTEE ACTION

Ms. Laura Guglielmo presented the updates to the governance policies. The Committee discussed the declining emphasis on corporate governance. Ms. Guglielmo stated that the Board may obtain corporate governance education through the State Association of County Retirement Systems. It is a local

organization and is less expensive than Council of Institute Investors. President Hansell asked that staff look into obtaining a corporate governance publication for the Board. In addition, the Committee discussed the limited value of having a self-evaluation policy.

MOTION

Commissioner Diannitto moved that the Governance Committee:


1. Recommend that the Board amend Section 3.0 of the Board's Governance Manual, Duties and Responsibilities – Board of Commissioners, to improve clarity;
2. Recommend that the Board amend Section 10.0 of the Board's Governance Manual, Board Education Policy, to reflect current practices;
3. Considered the value of conducting Board Self-Evaluations and recommend the Board to eliminate Section 11.0 of the Board's Governance Manual, Board Self-Evaluations determining that the practice does not add value;
4. Review Sections 5.0, 9.0, 13.0 and 14.0 of the Governance Manual and recommend that the Board authorize the next review period in 2013, consistent with a three year review policy; and
5. Recommend that the Board use an outside consultant for the General Manager's performance evaluation process, which was seconded by Commissioner Hansell, and approved by the following vote: ayes, President Hansell, Commissioners Navarro, Wertman and Chair Diannitto – 4; nays, none.

5. PUBLIC COMMENTS

There were no public comments.

The meeting was adjourned at 8:45 a.m.

  
Chair

  
Secretary