

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF AUGUST 18, 2011

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, August 18, 2011.

COMMISSIONERS PRESENT: Robert von Voigt, President
 Brenda Maull, Vice President
 George Aliano
 Sam Diannitto
 Ruben Navarro

COMMISSIONER ABSENT: Dean Hansell
 Wayne Moore
 Raul Pérez

DEPARTMENT OF FIRE AND Joseph Salazar, Interim Assistant General Manager
POLICE PENSIONS: Tom Lopez, Chief Investment Officer
 Robyn Wilder, Interim Chief Benefits Analyst
 Barbara Nobregas, Commission Executive Assistant

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

President von Voigt called the regular meeting to order at 9:04 a.m. All of the above-listed Commissioners were present at the start of the meeting.

A. ITEMS FOR BOARD ACTION

1. ABSOLUTE RETURN STRUCTURE REVIEW BY RV KUHNS AND POSSIBLE BOARD ACTION

Mr. Rick Rogers, Investment Officer II, stated a correction to the board report, second page to read \$870,000 per year. Ms. Rebecca Gratsinger, CEO and Senior Consultant and Mr. Jim Voytko, Chief Operating Officer presented the hedge fund structure review. RV Kuhns and staff will review options to acquire a particular strategy, tactical trading, with a current manager Bridgewater. If Bridgewater is open, staff and RV Kuhns will return to the Board with a recommendation.

RESOLUTION 12018

Commissioner Navarro moved that the Board:

1. Approve the termination of the investment management contract with GAM;
 2. Approve the termination of the investment management contract with K2 Advisors;
 3. Approve increasing the Pension Fund's allocations to Grosvenor Capital Management, L.P. and to Aetos Capital, L.P.;
 4. Maintain the current allocation to Dorchester Capital Advisors, LLC; and
 5. Approve an allocation to the Bridgewater Pure Alpha Major Markets strategy or to a tactical trading fund of funds strategy, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Navarro, and President von Voigt – 5; nays, none.
2. FINALIST RECOMMENDATIONS FOR INTERNATIONAL EQUITY SMALL CAP MANAGERS BY RV KUHN'S AND POSSIBLE BOARD ACTION

Ms. Rebecca Gratsinger and Mr. Michael Ford from RV Kuhns presented the report. Mr. Ford gave an overview of the three finalists and stated their different strategies.

RESOLUTION 12019

Commissioner Navarro moved that the Board interview the following managers as finalist candidates in the search for an International Small Cap Equity investment manager:

1. AQR Capital Management – International Small Cap Equity Strategy
 2. Munder Capital Management – International Small Cap Equity Strategy
 3. Dimensional Fund Advisors - International Small Company Strategy, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Navarro, and President von Voigt – 5; nays, none.
3. OPERATIONS AGREEMENTS WITH ASSOCIATIONS ADMINISTERING MEDICAL AND DENTAL INSURANCE PLANS AND POSSIBLE BOARD ACTION

Mr. Gregory Mack, Senior Management Analyst II, Medical and Dental Benefits section came before the Board. The board report was approved as submitted.

RESOLUTION 12020

Commissioner Diannitto moved that the Board authorize the Board President to execute Operations Agreements with the Los Angeles Firemen's Relief Association, Los Angeles Police Relief Association, United Firefighters of Los Angeles City and Los Angeles Police Protective League, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Navarro, and President von Voigt – 5; nays, none.

4. APPROVAL OF INTEREST RATE TO BE CREDITED TO ACTIVE MEMBER ACCOUNTS AS OF JUNE 30, 2011

The board report was approved as submitted.

RESOLUTION 12021

Commissioner Diannitto moved that the Board, in accordance with Board Rule 5.1, direct the General Manager to credit the interest rate of 1.37% to active member accounts as of June 30, 2011, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Navarro, and President von Voigt – 5; nays, none.

B. REPORTS TO THE BOARD

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

Mr. Salazar answered the Board's questions regarding the two percent opt-in. He stated that all of the organizations have signed Letters of Agreement. Staff has sent letters to the members regarding the opt-in which began August 15, 2011. LAFPP has received about 260 forms. In regards to the benefit being vested, at this point we will have to wait until the freeze is challenged in court to determine what happens to the two percent contribution. Mr. Jim Napier stated the City Attorney has not issued an opinion if the benefit is vested or not but is seeking outside counsel for assistance. Tomorrow the City Council will have the amendment with regard to the two percent opt-in and allow the Plan to receive those contributions. Mr. Salazar stated that members have until October 6, 2011 to revoke their opt-in requests.

3. MINORITY AND WOMAN OWNED BROKER USAGE REPORT

The board report was received and filed.

4. CONTRACTOR DISCLOSURE POLICY - QUARTERLY REPORT

Ms. Caroline Dinu, Senior Management Analyst II, Internal Audit section provided an update of the disclosures received. The board report was received and filed.

5. General Manager's Report

a. Benefits Actions approved by General Manager on August 4, 2011

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.

DISCONTINUED PENSIONS – TIER 1 – 5

William F. Wooster	Fire Service	Retired:	02-01-65	Died:	07-03-11
Evelyn O'Neal	Police Widow	Retired:	03-28-02	Died:	06-01-11
Verna J. Sitts	Police Widow	Retired:	05-01-68	Died:	07-09-11
Wilda V. Williams	Police Widow	Retired:	12-01-76	Died:	05-11-11
Patti Burns	Dependent Child	Retired:	01-13-90	Died:	03-09-11

DISCONTINUED PENSIONS – TIER 2 – 13

Lewis S. Bykerk	Fire Service	Retired:	06-30-80	Died:	07-02-11
Chester T. Hupp	Fire Service	Retired:	09-19-83	Died:	06-24-11
Raymond C. O'Conner	Fire Service	Retired:	10-12-86	Died:	05-02-11
Robert C. Ward	Fire Service	Retired:	09-01-76	Died:	06-17-11
Bruce W. Cook	Police Service	Retired:	07-10-83	Died:	07-03-11
James W. Lane	Police Service	Retired:	07-14-69	Died:	06-17-11
John D. Macwillie	Police Service	Retired:	10-01-77	Died:	12-02-10
John H. Van Stane	Police Service	Retired:	12-08-87	Died:	06-22-11
Stanley W. Wood	Police Service	Retired:	06-01-78	Died:	07-01-11
Kenneth G. Baker	Police Disability	Retired:	07-09-77	Died:	06-25-11
Sandra H. Davis	Police Widow	Retired:	03-07-99	Died:	02-12-11
Twyla M. Dorrell	Police Widow	Retired:	05-07-10	Died:	07-17-11
Evelyn M. Hartman	Police Widow	Retired:	06-07-95	Died:	06-25-11

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 4

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Della F. Crenshaw	John W. Crenshaw	Fire Service	06-23-11
Bettye J. Cook	Bruce W. Cook	Police Service	07-04-11
Gertrude J. Lane	James W. Lane	Police Service	06-17-11
Zulma C. Van Stane	John H. Van Stane	Police Service	06-23-11

SURVIVOR BENEFIT PURCHASE PROGRAM VESTED MEMBERS – TIER 2 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Vested Date</u>	<u>Survivor Benefit %</u>
Roger T. Hirdler	Fire Disability	08-01-10	08-01-11	30%

DISCONTINUE SURVIVING CHILD'S PENSION – TIER 3 – 2

Discontinue the pension payable to Adam M. Arvizo, surviving child of deceased Detective II Michael A. Arvizo, effective August 3, 2011, due to the attainment of age 22 on August 4, 2011. There are no remaining minors.

Discontinue the pension payable to Kimberly A. Hazard, surviving child of deceased Paramedic III Daryl E. Hazard, effective August 27, 2011, due to the attainment of age 22 on August 28, 2011. There are no remaining minors.

SURVIVING CHILD'S PENSION – TIER 5 – 1

Surviving child benefits are now payable to Jacob M. Harris surviving child of deceased Fire Pensioner Bret H. Harris, effective August 16, 2011, due to the attainment of age 18 and the continuation of his full-time student status.

DECREASE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

Decrease the pension payable to Lori A. Harris, surviving spouse of deceased Fire Pensioner Bret H. Harris, due to the attainment of age 18 and full-time student status by Jacob M. Harris, effective August 16, 2011.

PARTIAL PAYMENT OF PENSION – TIER 2 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Donald R. Ravens, Police Service Pensioner, is to be withheld for his former spouse Claire Ravens, effective July 1, 2011. Ms. Ravens will receive cost of living adjustments.

PARTIAL PAYMENT OF PENSION – TIER 5 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the surviving spouse pension payable to Micheline A. Slinkard, surviving spouse of Police Service Pensioner Scott T. Slinkard, is to be paid to his former spouse, Patricia McCullough, effective April 23, 2011. Ms. McCullough will receive cost of living adjustments.

SERVICE PENSION – TIER 5 – 2

<u>Police</u>									
Adrian B. Ferns	Police Officer III	Eff:	07-03-11	24	Years	248	Days		

Eva J. Perry Police Officer III +1 Eff: 07-03-11 20 Years 285 Days
 SERVICE PENSION/DROP – TIER 5 – 24

Fire

Luis J. Carlos	Captain I	Eff:	05-04-11	30	Years	131	Days
Glenn A. Creiman	Captain II	Eff:	05-02-11	30	Years	47	Days
Nicolas R. Cruz	Inspector I	Eff:	05-02-11	25	Years	1	Day
Lewis A. Dooley	Captain I	Eff:	05-02-11	27	Years	124	Days
Brian O. Holtfreter	Inspector I	Eff:	04-01-11	27	Years	310	Days
Jeffrey K. Johnson	Captain II	Eff:	05-29-11	30	Years	13	Days
Gary S. Maga	Apparatus Operator	Eff:	06-01-11	30	Years	36	Days
Daniel L. McCarty	Battalion Chief	Eff:	05-31-11	30	Years	159	Days
Douglas E. Salvatierra	Engineer	Eff:	06-11-11	32	Years	291	Days
Brian E. Schultz	Battalion Chief	Eff:	06-30-11	31	Years	49	Days
Robert D. Shrode	Engineer	Eff:	06-24-11	28	Years	96	Days
Jamey E. Tanner	Firefighter III	Eff:	06-24-11	30	Years	59	Days
William P. Valenzuela	Captain II	Eff:	06-07-11	30	Years	88	Days
Peter Xenios	Engineer	Eff:	06-30-11	27	Years	179	Days

Police

Albert C. Kilgore, Jr.	Sergeant II	Eff:	06-01-11	29	Years	243	Days
Jose Perez, Jr.	Deputy Chief I	Eff:	06-01-11	27	Years	189	Days
Jack H. Schonely	Police Officer II +6	Eff:	06-30-11	26	Years	110	Days
Diljeet Singh	Lieutenant II	Eff:	06-30-11	26	Years	48	Days
Paul A. Snell	Captain III	Eff:	07-01-11	26	Years	284	Days
Thomas K. Tenney	Police Officer III	Eff:	06-30-11	30	Years	0	Days
Robert M. Teramura	Sergeant I	Eff:	06-23-11	30	Years	140	Days
Gregory S. Valenti	Sergeant II	Eff:	07-01-11	30	Years	69	Days
Kevin T. Webb	Police Officer II +5	Eff:	07-01-11	30	Years	29	Days
Gregory L. White	Sergeant II	Eff:	06-24-11	29	Years	41	Days

SERVICE PENSION/DROP – TIER 3 – 1 **CORRECTION**

Police

Holly J. Daniel	Lieutenant II	Eff:	06-01-11	25	Years	237	Days
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SERVICE PENSION/DROP – TIER 5 – 1 **CORRECTION**

Fire

Dennis R. Hain	Engineer	Eff:	05-21-11	33	Years	178	Days
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NON SERVICE CONNECTED DISABILITY PENSION – TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Laura A. Chao	Detective I	35.0000%	12-11-09	07-21-11

SERVICE CONNECTED DISABILITY PENSION – TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Hilton C. Henry	Police Officer II +2	53.0000%	07-07-11	07-07-11

b. Other business relating to Department operations

Mr. Salazar gave the following General Manager update:

1. He reminded the Board of the Emerging Markets Equity Managers Interviews scheduled on August 24, 2011.

c. Marketing Cessation Information

6. City Attorney's Report

Deputy City Attorney Jim Napier stated his office received a petition for writ regarding Mr. Alvin LaBostrie. Mr. LaBostrie is an ex Police Officer who was under review. Mr. LaBostrie originally requested an increase to his service-connected pension but later withdrew his request. Staff recommended the Board hear the case in which the Board took action to reduce Mr. LaBostrie's pension amount. Mr. LaBostrie is appealing the reduction.

C. COMMITTEE REPORTS

1. Benefits Committee – Last met: 08/04/11; next meeting: TBD

Chair Aliano stated the Board approved a report from the Benefits Committee, Item A.3.

2. Governance Committee – Last met: 04/21/11; next meeting: Tentative: 09/15/11

Chair Diannitto stated the Committee is meeting on September 15, 2011.

3. Audit Committee – Last met: 07/07/11; next meeting: TBD

There were no updates to report.

4. Ad Hoc Space Planning Committee – Discussion held during closed session with property negotiator

President von Voigt stated the Board will discuss this item during Item H.

5. Ad Hoc Committee on City Attorney's Office

There were no updates to report.

6. Ad Hoc Committee on Social Investing – Last met: 07/07/11; next meeting: TBD

There were no updates to report.

D. CONSENT ITEMS

1. Approval of Travel

- a. APPROVAL OF TRAVEL AUTHORITY (ALIANO AND DIANNITTO) – NCPERS, 2011 PUBLIC SAFETY EMPLOYEES PENSION & BENEFITS CONFERENCE, OCTOBER 9-12, 2011, RANCHO MIRAGE, CA

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, Maull, Navarro, and President von Voigt – 5; nays, none.

E. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no items referred.

F. PUBLIC COMMENTS

Ms. Elsa Moy gave a public comment.

President von Voigt stated he met with Commissioner Maull and General Manager Perez. He has moved closed session items to the end of the agenda. Today is an exception and closed session Item H will be heard next.

Item H was taken out of order.

H. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH

REAL PROPERTY NEGOTIATOR; Properties: 330 South Alameda Street, 360 East Second Street; 400-420 Boyd Street, 464 & 470 East 3rd Street, 1111 West Sunset Blvd.; Negotiator: David Weiner and Martin Cawley; Negotiating parties: Sentinel Real Estate Corporation; Under negotiation: Instruction to negotiator will concern price

The Board met in closed session.

G. DISABILITY CASES

DISABILITY CLAIM – NEW – TIER 4 – 1

Thomas M. Wunsch (P) Sergeant I

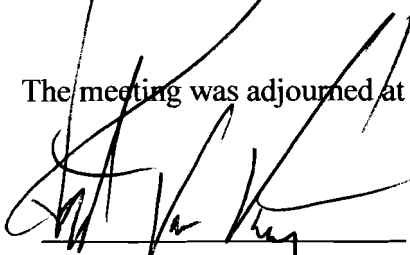
Hearing continued. This claim was continued at the request of the applicant.

DISABILITY CLAIM – BOARD ORDERED REVIEW – TIER 3 – 1


Sammy C. Metcalfe (P) Sergeant I (Retired)

Prior Board action of August 1, 2002 granting service-connected disability pension at 50% adjusted to 40%. Second motion made by Commissioner Diannitto, seconded by Commissioner Navarro and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Navarro, and President von Voigt – 5; nays, none. (First motion adjusting the service-connected disability pension from 50% to 35% made by Commissioner Aliano, seconded by Commissioner Navarro failed by the following vote: ayes, Commissioners Aliano, Maull, Navarro and President von Voigt – 4; nays, Commissioner Diannitto – 1.) Mr. Metcalfe was present and represented by his attorney Thomas J. Wicke. (JN)

The meeting was adjourned at 11:07 a.m.



President



Secretary