

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF NOVEMBER 3, 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, November 3, 2011.

COMMISSIONERS PRESENT: Robert von Voigt, President
 Brenda Maull, Vice President
 George Aliano
 Rafael Bernardino, Jr.
 Sam Diannitto
 Wayne Moore
 Ruben Navarro
 Raul Pérez

COMMISSIONER ABSENT: Dean Hansell

DEPARTMENT OF FIRE AND Michael A. Perez, General Manager
POLICE PENSIONS: William Raggio, Assistant General Manager
 Joseph Salazar, Interim Assistant General Manager
 Tom Lopez, Chief Investment Officer (CIO)
 Barbara Nobregas, Commission Executive Assistant

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

President von Voigt called the regular meeting to order at 9:07 a.m. All of the above-listed Commissioners were present at the start of the meeting with the exception of Commissioners Aliano and Maull, who arrived respectively at 9:16 a.m. and 9:10 a.m.

A. ITEMS FOR BOARD ACTION

1. CONSIDERATION OF ASSUMPTIONS FOR THE JUNE 30, 2011 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION

Messrs. Joseph Salazar, Interim Assistant General Manager and Paul Angelo, Actuary from the Segal Company presented the report recommending changes to the assumptions to be used for the June 30, 2011 retiree health valuation, including changes to the medical trend rate. Mr. Angelo discussed the possibility of a 40 percent excise tax in the future, and addressed Commissioner Pérez' concerns regarding the liability.

Mr. Salazar stated staff is consulting with tax counsel and our external auditor. The issue will be brought back to the Board at the first meeting in December.

RESOLUTION 12041

Commissioner Navarro moved that the Board adopt the retiree health assumptions for the June 30, 2011 Retiree Health Valuation as recommended by The Segal Company, which was seconded by Commissioner Maull and approved by the following vote: ayes, Commissioners Bernardino, Diannitto, Maull, Moore, Navarro, Pérez, and President von Voigt – 7; nays, none. *Commissioner Aliano had not yet arrived to the Board meeting.*

2. ACTUARIAL ASSUMPTIONS FOR SUPPLEMENTAL CITY CONTRIBUTION RATE FOR FY 2011-12 AND JUNE 30, 2011 ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION

Messrs. Joe Salazar and Paul Angelo presented the report. Messrs. Miguel Santana, Chief Administrative Officer (CAO) and Thomas Simonovski, Senior Labor Relations Specialist I from the Office of the CAO addressed the Board regarding the inclusion of members entering DROP during the period of July 1-14, 2011 in the June 30, 2011 actuarial valuation.

RESOLUTION 12042

Commissioner Moore moved that the Board:

1. Direct the actuary to calculate an adjustment to the City's contribution rate for FY 2011-12 as a result of:
 - a. Voluntary 2% contribution for retiree health subsidy benefit increases from members who elected to opt-in during the enrollment period; and,
 - b. Impact on the System's liabilities as a result of those members who did not elect to opt-in; and,
2. Direct the actuary to prepare the June 30, 2011 valuation and determine the City's contribution rate for FY 2012-13 taking into account:
 - a. Voluntary 2% contribution for retiree health subsidy benefit increases from members who elected to opt-in during the enrollment period; and
 - b. Impact on the System's liabilities as a result of those members who did not elect to opt-in; and,
 - c. DROP entries from July 1 through July 14, 2011, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, and President von Voigt – 6; nays, Commissioners Bernardino and Pérez – 2.

3. REVIEW OF LEGAL SERVICES MODELS AND POSSIBLE BOARD ACTION

Mr. William Raggio, Assistant General Manager presented the report.

RESOLUTION 12043

Commissioner Navarro moved that the Board authorize the Board President to sign the letter addressed to the City Council, on behalf of the Board, in response to the City Council's review of legal services models of other cities, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Maull, Moore, Navarro, Pérez, and President von Voigt – 8; nays, none.

4. REAL ESTATE PERFORMANCE MEASUREMENT REPORT SECOND QUARTER 2011 BY THE TOWNSEND GROUP

Ms. Micolyn Magee, Principal from the Townsend Group provided an overview of the Real Estate Portfolio. She is working with staff on the 2012 strategic and investment plan and will return to the Board in December. Ms. Magee indicated that the System is not achieving the returns objectives and noted the leverage is not in compliance with Board policy due to the drop in property values. She is reviewing the program in depth and will return with recommendations. Commissioner Maull requested that the font be larger on future spreadsheet reports. The Board did not take action on this matter.

5. RECOMMEND BOARD-ORDERED REVIEW OF DISABILITY PENSION AND POSSIBLE BOARD ACTION

President von Voigt directed that this matter be continued so that the City Attorney may advise the Board in closed session regarding potential litigation. General Manager stated that staff has had discussions to be proactive and go beyond the current practice of waiting for information to be brought to the System to address Commissioner Navarro's concerns that the Board be consistent in its determinations. The Board did not take action on this issue so that it may be heard in closed session.

6. ELECTRONIC DISTRIBUTION OF BOARD MEETING PACKAGES AND POSSIBLE BOARD ACTION

Ms. Jennifer Huang-Leifeste, Programmer/Analyst V and Mr. Robin Woo, Systems Analyst II, from the Systems Section presented the report indicating the cost savings and answered the Board's questions. General Manager Perez stated the electronic distribution of Board materials provides an opportunity for Board members to easily do their work, have access to a wealth of information, and reduce paper use. The issue of distributing disability cases on the iPads is still under review to ensure confidential information is secure. Ms. Huang-Leifeste stated the issue of receiving Board material via an iPad would be brought back in December to finalize the details. Commissioner Bernardino raised the issue of privacy concerns of owning

a City issued iPad vs. a personal iPad, and cautioned Board members. Ms. Huang-Leifeste stated that a user Policy is current under review and will be issued with the iPads. General Manager Perez will prepare a final cost benefit analysis on the usage of newer technology, and will bring it to the Board.

RESOLUTION 12044

Commissioner Navarro moved that the Board:

1. Authorize the General Manager to implement electronic distribution of Board meeting packages, on an optional basis, to the Board of Commissioners and key staff at an initial cost of approximately \$11,160.00, and;
 2. Review and complete the questionnaire by November 17, 2011, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Maull, Moore, Navarro, Pérez, and President von Voigt – 7; nays, Commissioner Bernardino – 1.
7. PROPOSED POLICY ON THE COMPENSATION OF CITY ATTORNEY LEGAL SERVICES AND POSSIBLE BOARD ACTION

Ms. Myo Thedar, Senior Management Analyst II, Ms. Jenny Mach, Personnel Analyst II, and Mr. William Raggio, were before the Board. General Manager Perez stated that he would look into the new system to track compensated time off for the City Attorney. Commissioner Moore requested the motion be amended to include on page 90, Section 19.3 E, that “LAFPP reserves the right to adjust invoices.” Commissioner Bernardino raised concerns that the System should be provided an invoice before receiving a bill.

RESOLUTION 12045

Commissioner Moore moved that the Board adopt the proposed policy on the Compensation of Legal Fees, Benefits, and Expenses for the City Attorney Legal Services as Section 19.0 of the Board Governance Policies as amended by the Board (effective July 1, 2011), which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Maull, Moore, Navarro, Pérez, and President von Voigt – 8; nays, none.

8. RISK ASSESSMENT SURVEY TO DEVELOP THE 2012 ANNUAL AUDIT PLAN AND FORECAST

Ms. Erin Kenney, Departmental Audit Manager and Ms. Caroline Dinu, Senior Management Analyst II from the Internal Audit Section presented the report. Commissioners Maull and Diannitto were concerned that their input was limited.

B. REPORTS TO THE BOARD

1. President von Voigt asked if any Board Member made any expenditure to influence State legislative or administrative action to which their reply was negative.
2. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
3. General Manager's Report
 - a. Benefits Actions approved by General Manager on October 20, 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 – 3

John J. Eddy	Police Disability	Retired:	07-13-61	Died:	09-29-11
Mildred Duggins	Police Widow	Retired:	10-03-05	Died:	09-20-11
Dorothy Goldman	Police Widow	Retired:	02-24-84	Died:	09-13-11

DISCONTINUED PENSIONS – TIER 2 – 13

William Fisher	Fire Service	Retired:	06-01-78	Died:	09-17-11
Aubrey L. Monroe	Fire Service	Retired:	06-01-67	Died:	09-16-11
Nan L. Allomong	Police Service	Retired:	02-01-74	Died:	08-12-11
James L. Gleason	Police Service	Retired:	02-12-78	Died:	08-08-11
Milton Hutcherson	Police Service	Retired:	07-01-77	Died:	05-10-11
Roy A. Johnson	Police Service	Retired:	06-01-77	Died:	09-05-11
John R. Slater	Police Service	Retired:	05-31-81	Died:	08-26-11
Raymond D. Roberge	Fire Disability	Retired:	12-31-73	Died:	09-04-11
Dorothy M. Nelson	Fire Widow	Retired:	11-14-98	Died:	09-13-11
Victoria M. Rosenbaum	Fire Widow	Retired:	12-11-93	Died:	08-24-11
Gwendolyn Sheppard	Fire Widow	Retired:	11-26-01	Died:	08-29-11
Nan L. Allomong	Police Widow	Retired:	09-15-03	Died:	08-12-11
Mary Fallon	Police Widow	Retired:	09-22-86	Died:	09-18-11

DISCONTINUED PENSIONS – TIER 5 – 1

Stephen L. Beidle	Police Service	Retired:	10-06-02	Died:	07-29-11
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DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 1

Georgene R. Gleason	Police Service	Effective:	04-01-93	Member Died:	08-08-11
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ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Judith P. Beal	Bruce A. Beal	Fire Service	08-26-11

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Karen K. Beidle	Stephen L. Beidle	Police Service	07-30-11

DISCONTINUE SURVIVING CHILD'S PENSION – TIER 4 -1

Discontinue the pension payable to Alicia M. Stavropoulos, surviving child of deceased Police Detective II, Anthony R. Stavropoulos, effective July 1, 2011, due to discontinuance of full-time student status. There is one remaining minor child.

INCREASE SURVIVING SPOUSE'S PENSION – TIER 4 – 1

Increase the pension payable to Margaret P. Hatfield, surviving spouse of deceased Police Detective II, Anthony R. Stavropoulos, effective July 1, 2011, due to the discontinuance of full-time student status by Alicia M. Stavropoulos. There is one remaining minor child.

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 Richard W. Matthes, Fire Service Connected Disability Pensioner, is to be paid to his former spouse, Josephine M. Matthes, effective October 1, 2011. Ms. Matthes will receive cost of living adjustments.

PARTIAL PAYMENT OF PENSION – TIER 5 – 4

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Gary W. Craig, Fire Service Pensioner, is to be withheld for his former spouse, Debra D. Craig, effective September 30, 2011. Ms. Craig will receive cost of living adjustments.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Craig A. Fry, Fire Service Pensioner, is to be paid to his former spouse, Kathleen M. Fry, effective September 11, 2011. Ms. Fry will receive cost of living adjustments.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Brian M. Miyakawa, Police Service Pensioner, is to be paid to his former spouse, Janet S. Masunaga, effective October 1, 2011. Ms. Masunaga will receive cost of living adjustments.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Edelmiro Perez, Fire Service Pensioner, is to be paid to his former spouse, Dina M. Burnett, effective October 1, 2011. Ms. Burnett will receive cost of living adjustments.

SERVICE PENSION – TIER 5 – 3

Fire

Guadalupe G. Flores	Firefighter III	Eff:	09-25-11	27	Years	150	Days
Craig A. Fry	Assistant Chief	Eff:	09-11-11	30	Years	196	Days

Police

Hosook J. Anderson	Detective III	Eff:	09-11-11	21	Years	252	Days
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SERVICE PENSION/DROP – TIER 2 – 1

Fire

Robert A. Ruffino	Apparatus Operator	Eff:	06-12-11	31	Years	110	Days
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SERVICE PENSION/DROP – TIER 4 – 2

Police

Carlos J. Islas	Lieutenant II	Eff:	06-30-11	25	Years	259	Days
Robert G. Natale	Police Officer II	Eff:	07-14-11	27	Years	296	Days

SERVICE PENSION/DROP – TIER 5 – 21

Fire

Alex J. Icaza	Firefighter III	Eff:	07-11-11	27	Years	197	Days
Lawrence M. Jackson	Captain I	Eff:	06-30-11	28	Years	313	Days
Roderic A. Jackson	Firefighter III	Eff:	06-30-11	25	Years	110	Days
Salvador Jauregui	Firefighter III	Eff:	06-28-11	25	Years	134	Days
Sterling T. Johnson	Captain I	Eff:	07-01-11	30	Years	185	Days
Mario A. Martinez	Captain I	Eff:	07-12-11	31	Years	126	Days
Mike P. Palma	Firefighter III	Eff:	06-06-11	30	Years	19	Days
Rudy T. Prendiz	Engineer	Eff:	06-29-11	26	Years	215	Days
Roy L. Rodriguez	Firefighter III	Eff:	07-23-11	25	Years	0	Days

Harbor

Alberto Rosario	Captain	Eff:	06-01-11	25	Years	0	Days
<u>Police</u>							
Michael D. Camacho	Detective I	Eff:	07-01-11	28	Years	178	Days
Elmer T. Gibson	Detective III	Eff:	06-30-11	28	Years	282	Days
Nelson R. Hernandez	Detective II	Eff:	06-30-11	27	Years	189	Days
John E. Kent	Police Officer III +1	Eff:	07-01-11	26	Years	68	Days
Anthony E. Macklin	Police Officer III	Eff:	07-12-11	26	Years	62	Days
Timothy R. McRath	Police Officer III	Eff:	07-08-11	25	Years	0	Days
Jorge L. Martinez	Detective III	Eff:	06-30-11	28	Years	45	Days
Porfirio E. Navarro	Detective II	Eff:	07-01-11	32	Years	68	Days
Anita I. Ortega	Captain III	Eff:	07-14-11	27	Years	119	Days
David W. Richardson	Detective I	Eff:	07-12-11	33	Years	87	Days
Martha Y. Rodriguez	Detective III	Eff:	07-13-11	29	Years	172	Days

DISCONTINUE DROP – TIER 2 – 3

Fire

Andrew T. Zar	Retired:	10-15-06	Exit Close of:	10-14-11
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Police

Dennis J. Fanning	Retired:	10-11-06	Exit Close of:	10-10-11
Thomas P. Mann	Retired:	11-12-06	Exit Close of:	10-31-11

DISCONTINUE DROP – TIER 5 – 8

Fire

David R. Castaneda	Retired:	11-12-06	Exit Close of:	10-29-11
Paul Ciaramitaro	Retired:	11-01-06	Exit Close of:	10-31-11
Gerald L. Schnoor	Retired:	11-04-06	Exit Close of:	10-31-11
Robert R. Turner	Retired:	11-04-06	Exit Close of:	10-31-11

Police

Randal J. Bowman	Retired:	10-15-06	Exit Close of:	10-14-11
David R. Doan	Retired:	11-01-06	Exit Close of:	10-31-11
Dennis M. English	Retired:	10-15-06	Exit Close of:	10-14-11
Timothy J. Saurman	Retired:	11-01-06	Exit Close of:	10-31-11

b. Other business relating to Department operations

General Manager Perez gave the following updates:

1. He reminded the Board to turn in the General Manager's evaluation survey by the due date, Monday, November 7, 2011. This is for the period ending June 2011.
2. Mr. Tom Lopez, CIO is getting an increase in pay, which is well-deserved. He congratulated Mr. Lopez.
3. He attended an International Foundation of Employee Benefit Plans (IFEBC) conference on health issues. He has had discussions with Mr. William Raggio about incorporating health issues in the next Strategic Plan and adopting a healthy culture for staff. He can also work with the Relief Associations and unions to disseminate information to retirees and active members. Health issues were a key point in the conference.

c. Marketing Cessation Information

4. City Attorney's Report

Mr. Alan Manning stated that about a year ago, the Securities and Exchange Commission (SEC) reported that they were analyzing and trying to interpret the municipal advisors registered. There is an exemption for municipal employees on that issue. A (legislative) bill was introduced into the House of Representatives that would amend the law to specifically exempt members of boards to register as municipal advisors.

C. COMMITTEE REPORTS

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

Chair Aliano had no updates to report.

2. Governance Committee – Last met: 10/20/11; next meeting: 11/17/11

Chair Diannitto stated the next meeting is scheduled on November 17, 2011. Mr. Raggio asked the Board to complete the General Manager Evaluation survey by Monday, November 7, 2011. This will allow the tabulation of the surveys and discussion at the November 17 meeting.

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

Chair Navarro had no updates to report.

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

President von Voigt stated this issue would be discussed during the closed session item.

5. Ad Hoc Committee on City Attorney's Office

President von Voigt had no updates to report.

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

Chair Moore had no updates to report.

D. CONSENT ITEMS

1. Approval of Minutes

- a. Minutes of the Regular Board meeting of July 7, 2011 and August 4, 2011
- b. Minutes of the Special Board Meeting of July 7, 2011

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, Bernardino (abstained) Diannitto, Maull, Moore, Navarro, Pérez, and President von Voigt – 8; nays, none.

E. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Navarro requested information on the impact of a disability pensioner obtaining a job while receiving a disability pension.

F. PUBLIC COMMENTS

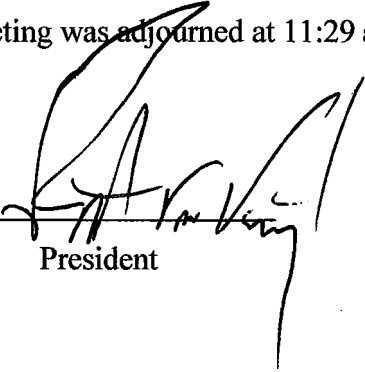
There were no public comments.

G. 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, 216 South Alameda Street, 1111 West Sunset Blvd.; Negotiators: David Weiner, Martin Cawley, Tom Lopez, Erika Tiedge; Negotiating parties: Sentinel Real Estate Corporation and LAFPP; Under negotiation: Instruction to negotiator will concern price

Upon reconvening in open session, President von Voigt stated the Board met in closed session to confer with the property negotiator. The Board took no action.

The meeting was adjourned at 11:29 a.m.



President



Secretary