

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
MEETING OF DECEMBER 15, 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, December 15, 2011.

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

COMMISSIONER ABSENT: Brenda Maull, Vice President

DEPARTMENT OF FIRE AND Michael A. Perez, General Manager
POLICE PENSIONS: William Raggio, Assistant General Manager
 Joseph Salazar, 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 10:46 a.m. All of the above-listed Commissioners were present at the start of the meeting.

A. ITEMS FOR BOARD ACTION

1. CHIEF INVESTMENT OFFICER'S QUARTERLY REPORT OF ASSET ALLOCATION STATUS AND POSSIBLE BOARD ACTION

The board report was approved as submitted.

RESOLUTION 12056

Commissioner Diannitto moved that the Board approve the actual asset allocation of the Fund, and Staff's

plans for bringing asset classes currently outside of their target allocation ranges back within their allocation ranges, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Hansell, Navarro, Pérez, and President von Voigt – 8; nays, none.

2. PORTFOLIO PERFORMANCE MEASUREMENT REPORT FOR THE THIRD QUARTER

Ms. Rebecca A. Gratsinger, CEO and Senior Consultant and Mr. Michael Ford, CFA, Senior Consultant from RV Kuhns presented the report. Commissioner Hansell requested as a future topic, the discussion of Europe and the Euro and its effects on the portfolio. The Board did not take action on this item.

Commissioner Raúl Pérez left the board room for the remainder of the meeting.

3. DISCUSSION OF INTERNATIONAL CORE EQUITY EMERGING MANAGER FINALIST CANDIDATES AND POSSIBLE BOARD ACTION

Ms. Rebecca A. Gratsinger, Mr. Michael Ford, Ms. Inma Goldman, Manager Research Consultant, and Mr. Rick Rogers, Investment Officer II presented the report and answered the Board's questions. Ms. Gratsinger gave a brief overview of the fund of funds vs. direct managers. Commissioner Moore was concerned if there were opportunities for small firms and minority owned firms. Board Members discussed hiring direct or fund of funds.

RESOLUTION 12057

Commissioner Navarro moved that the Board proceed with the International Core Equity Emerging Manager mandate and direct staff to select five direct managers to be interviewed, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Hansell, Navarro, and President von Voigt – 6; nays, Commissioner Moore – 1.

4. PROPOSED AMENDMENT TO BOARD RULE 5.3 AUTHORIZING THE GENERAL MANAGER TO COLLECT VOLUNTARY RETIREE HEALTH CONTRIBUTIONS

Mr. Thomas Puchalski, Senior Management Analyst II, and Ms. Robyn Wilder, Chief Benefits Analyst, from the Pension Division were before the Board. Ms. Wilder stated that the City Attorney had reviewed the proposed board rules and the Ordinance was reviewed prior to being adopted, as asked by the Board. The issue now is dealing with the board rules on how to collect back contributions if the Dispute Resolution Committee grants a late application for members to voluntarily opt-in to contribute 2% of their base pay towards vesting increases in the maximum medical subsidy. Mr. Ken Buzzell, Director, Los Angeles Retired Fire & Police Association, Inc. gave a public comment requesting that the Board consider a technical change to Section 5.3 of the Board policy by deleting the language "retired health benefits." He stated that according to the Charter, the money cannot go into the health insurance subsidy account and read Charter Section 1220.

He also stated that the language does not violate Charter Section 1220, and deals with the issue of refundability for members and gave an example. Mr. Alan Manning stated removing the wording as suggested would not have a legal effect. Ms. Wilder stated that the two percent for all members who have opted in and those who opt in late will be tracked separately and will be given to the actuary to value and to offset the City's liability. The Board voted to amend the original motion.

RESOLUTION 12058

Commissioner Diannitto moved that the Board be allowed to amend the original motion by removing "retired health benefits" from the first sentence in the Board Operating Policies and Procedures, Board Rule 5.3, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Moore, Navarro and President von Voigt – 5; nays, Commissioners Bernardino and Hansell - 2.

The Board then voted on the original amended motion.

RESOLUTION 12059

Commissioner Navarro moved that the Board adopt the amended revised Board Rule 5.3 of the Board Operating Policies and Procedures, to authorize the General Manager to collect Voluntary Retiree Health Contributions, which was seconded by Commissioner Hansell and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Bernardino, Hansell, Moore, Navarro and President von Voigt – 7; nays none.

5. RETIREMENT CONTRIBUTION OFFSET FOR THE GENERAL MANAGER AND POSSIBLE BOARD ACTION

Mr. William Raggio, Assistant General Manager presented the report regarding the cost of living adjustments known now as "retirement contribution offset" for non represented City employees such as the General Manager.

RESOLUTION 12060

Commissioner Diannitto moved that the Board authorize the following retirement contribution offset for the General Manager: Effective January 1, 2012: Approximately 3% for a maximum biweekly salary of \$9,078.40, and Effective January 1, 2013: Approximately 3% for a maximum biweekly salary of \$9,351.20, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Bernardino, Hansell, Moore, Navarro and President von Voigt – 7; nays none.

6. APPROVAL OF THE 2012 BOARD CALENDAR

The board report was approved as submitted.

RESOLUTION 12061

Commissioner Diannitto moved that the Board adopt the 2012 Board Meeting Schedule, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Bernardino, Hansell, Moore, Navarro and President von Voigt – 7; nays none.

B. REPORTS TO THE BOARD

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

Ms. Robyn Wilder stated that in regards to tracking the legislative and bargaining acts, neither of them have qualified but that may change in a couple of weeks. She updates the information from the California State Secretary's Office.

Mr. Alan Manning stated that he will bring a recommendation to the Board in January regarding the status of contracts for legal services, as requested by Commissioner Hansell.

3. General Manager's Report

- a. Benefits Actions approved by General Manager on December 1, 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

Nathan F. Iannone	Police Service	Retired:	09-01-64	Died:	10-27-11
Gerald R. Abbott	Police Disability	Retired:	04-07-59	Died:	10-14-11
Denny F. Pace	Police Disability	Retired:	06-01-64	Died:	09-02-11
Katherine L. Cox	Fire Widow	Retired:	03-17-95	Died:	11-06-11
Anna L. Barkley	Police Widow	Retired:	09-16-80	Died:	10-12-11

DISCONTINUED PENSIONS – TIER 2 – 11

Thomas A. Ennis	Fire Service	Retired:	07-06-97	Died:	11-02-11
Donald C. Hickman	Fire Service	Retired:	03-16-77	Died:	09-20-10
Jack D. Widner	Fire Service	Retired:	07-05-88	Died:	06-02-11
Lee C. Bradford	Police Service	Retired:	02-09-92	Died:	10-31-11

Richard K. King	Police Service	Retired:	05-30-82	Died:	10-09-11
John A. Olsen	Police Service	Retired:	04-01-75	Died:	10-16-11
Stephen J. Rogers	Police Service	Retired:	07-02-91	Died:	10-29-11
Fredrick L. Smith	Police Service	Retired:	09-01-69	Died:	10-12-11
James E. Copeland	Police Disability	Retired:	01-28-89	Died:	11-04-11
Amelia D. Manrique	Police Widow	Retired:	10-14-01	Died:	09-15-11
Marguerite D. Rush	Police Widow	Retired:	11-01-05	Died:	10-26-11

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 1 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Elizabeth M. Abbott	Gerald R. Abbott	Police Disability	10-15-11

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 8

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Teri Hupp	Chester T. Hupp	Fire Service	06-25-11
Darby A. Ennis	Thomas A. Ennis	Fire Service	11-03-11
Patricia L. Murdy	Ferris F. Murdy, Jr.	Fire Service	10-12-11
Renee D. Bradford	Lee C. Bradford	Police Service	11-01-11
Betty C. King	Richard K. King	Police Service	10-10-11
Mary E. Laitres	Richard A. Laitres	Police Service	10-09-11
Anne M. Rogers	Stephen J. Rogers	Police Service	10-30-11
Amy N. Copeland	James E. Copeland	Police Disability	11-05-11

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>
Robert L. Reed	Fire Service	12-01-10	12-01-11	40 %

SURVIVOR BENEFIT PURCHASE PROGRAM VESTED MEMBERS – TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Vested Date</u>	<u>Survivor Benefit %</u>
Steven R. Skinner	Fire Service	12-01-10	12-01-11	50 %

SURVIVING CHILD'S PENSION – TIER 3 – 1

Surviving child benefits are now payable to Jenness A. Ravega, surviving child of deceased Detective II Jesus Ravega, effective December 10, 2011, due to the attainment of age 18 and the continuation of her full-time student status.

DECREASE SURVIVING SPOUSE'S PENSION – TIER 3 – 1

Decrease the pension payable to Jeannette A. Ravega, surviving spouse of deceased Detective II Jesus Ravega, due to the attainment of age 18 and full-time student status by Jenness A. Ravega, effective December 10, 2011.

DISCONTINUE SURVIVING CHILD'S PENSION – TIER 3 – 1

Discontinue the pension payable to Breyana N. Gaines, surviving child of deceased Police Officer II Kevin L. Gaines, effective December 10, 2011 due to the attainment of age 22 on December 11, 2011.

INCREASE SURVIVING CHILD'S PENSION – TIER 3 – 1

Increase the pension payable to Brejone N. Gaines, surviving child of deceased Police Officer II Kevin L. Gaines, effective December 11, 2011 due to the attainment of age 22 by Breyana N. Gaines.

CONSERVATORSHIP/GUARDIANSHIP – TIER 2 – 1

A certified copy of the Letters of Guardian and Conservator for Edward T. Fox, issued in the Superior Court of the State of Arizona, County of Yavapai, Case Number V1300GC20108-0023, appointing Crismon Cooper Licensed Fiduciaries, LLC, Guardian and Conservator for Edward T. Fox, retired Fire Pensioner, effective September 3, 2010, has been filed with this office. Pension payments will be paid to Crismon Cooper Licensed Fiduciaries, LLC for the benefit of Edward T. Fox, effective December 1, 2011.

SERVICE PENSION/DROP – TIER 5 – 13

Fire

Michael A. Greenup	Battalion Chief	Eff:	07-12-11	31	Years	141	Days
Kenneth W. Haiston	Firefighter III	Eff:	07-12-11	25	Years	81	Days
Jose Holguin, Jr.	Captain II	Eff:	07-13-11	26	Years	87	Days
Daniel R. Hovey	Firefighter III	Eff:	07-10-11	25	Years	11	Days
Randall R. Main	Captain I	Eff:	07-02-11	30	Years	291	Days

Police

David M. Del Toro	Police Officer II	Eff:	07-14-11	30	Years	132	Days
Robert J. D'Orazio	Detective III	Eff:	07-14-11	26	Years	309	Days
Steven W. Griffin	Detective I	Eff:	07-14-11	26	Years	6	Days
Daryl D. Groce	Detective II	Eff:	07-14-11	26	Years	93	Days
Jeff W. Hart	Sergeant II	Eff:	07-14-11	26	Years	106	Days
Young C. Honor, Jr.	Police Officer III	Eff:	07-12-11	28	Years	192	Days
John N. Incontro	Captain III	Eff:	07-01-11	32	Years	106	Days
Joseph Johnson, Jr.	Police Officer III	Eff:	07-14-11	25	Years	160	Days

- b. Other business relating to Department operations

General Manager Perez gave the following updates:

1. There was information in the press recently about some of our members from the LAPD command staff who had their information placed on the Internet. It caused him to review the Department's internal security practices. We have a contract with an organization on the security of our systems. We have quarterly reports on external systems, bi-annual reports on internal systems, and weekly reports on attempts to breach our data. We are consistently reviewing our security protocols to ensure they are in place and are up to best practices. We have a model/program in place and want to ensure that our information will not be taken from our IT system.
2. He recently had a meeting with staff. We are putting together a business continuity plan and identifying the major processes to keep in place in case of a disaster. We have been working on this as an organization for several years. Mr. Bill Raggio, Ms. Jan Jordan-Johnson, and Ms. Jennifer Huang-Leifeste have worked diligently on the matter to get a plan in place. The project may be completed by Spring of 2012. An important part of that plan is to digitize our records so that they can be easily accessed in case of an emergency.
3. We have received the iPads for the Board Members. We plan to issue them at the second meeting in January. We will provide training and will continue to send out paper records for a set time.
4. We have a member of our staff who competed in the Chief Benefits Analyst process, a position that was left vacant by Mr. Joseph Salazar. He is happy to report that Ms. Robyn Wilder has been selected for the position.

c. Marketing Cessation Information

4. City Attorney's Report

C. COMMITTEE REPORTS

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

Chair Aliano had no updates to report but that disability cases are a future topic.

2. Governance Committee – Last met: 12/01/11; next meeting: TBD

Chair Diannitto stated the committee is scheduled to meet in the future to handle one remaining IFS audit recommendation.

3. Audit Committee – Last met: 07/07/11; next meeting: 12/15/11

Chair Navarro stated the committee was unable to meet because there was no quorum and the committee should meet after the Board meeting. Commissioner Diannitto was concerned that the Associations were not present. General Manager Perez stated the Associations were not in attendance earlier in the meeting.

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

General Manager Perez stated there will be a presentation during the closed session item.

5. Ad Hoc Committee on City Attorney's Office

Commissioner Hansell stated the Committee may be disbanded and asked General Manager Perez for his input. General Manager Perez stated there has been a great deal of work done by the City Council and they have information from each of the retirement systems. We are in a good position, and if it is consistent with the consensus of the Board and Board President, he recommends to disband the Committee. President von Voigt officially disbanded the Committee.

6. Ad Hoc Committee on Investment Managers – next meeting: 12/15/11

Chair Moore stated the Committee met earlier and interviewed three managers for possible selection of the International Small Cap Equity space. The Committee chose not to select a manager but instead take the same allocation and invest it in the same space as an index fund and move money to average the cost and get the lowest cost of investing in that space. Chair Moore wanted the Board to vote on the committee's recommendation. General Manager stated the board policy is to bring the committee recommendation to the next Board meeting.

D. CONSENT ITEMS

1. Approval of Travel

- a. APPROVAL OF TRAVEL AUTHORITY (MOORE) – NCPERS, 2012 LEGISLATIVE CONFERENCE, FEBRUARY 5-7, 2012, WASHINGTON, DC

2. Approval of Minutes

- a. Minutes of the Regular Board meeting of August 18, 2011, September 1, 2011, September 15, 2011, and October 20, 2011
- b. Minutes of the Governance Committee of October 20, 2011

Commissioner Hansell moved that the Board approve the consent items, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Aliano, Bernardino,

Diannitto, Hansell, Moore, Navarro, and President von Voigt – 7; nays, none.

E. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Hansell requested a future presentation to the Board on the situation in Europe and the Euro and the effects to the portfolio. General Manager Perez indicated that the issue will be discussion at the half day Board retreat.

F. PUBLIC COMMENTS

Ms. Elsa Moy made a public comment.

Commissioner Moore left the board room for the remainder of the meeting.

G. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

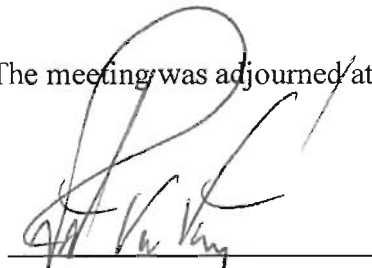
1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR; Properties: 330 South Alameda Street, 360 East Second Street; 400-420 Boyd Street, 464 & 470 East 3rd Street, 216 South Alameda Street, 706 & 711 Ducommun Street; Negotiators: David Weiner, Martin Cawley, Tom Lopez, Erika Tiedge; Negotiating parties: Sentinel Real Estate Corporation and LAFPP; Under negotiation: Instruction to negotiator will concern price

The Board met in closed session.


2. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONSIDER THE PURCHASE OF ONE (1) PARTICULAR, SPECIFIC INVESTMENT AND POSSIBLE BOARD ACTION

The Board met in closed session.

The meeting was adjourned at 12:19 p.m.



President



Secretary