

**MINUTES**  
**OF THE**  
**BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**  
**MEETING OF JANUARY 19, 2012**

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, January 19, 2012.

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

COMMISSIONER ABSENT:     Brenda Maull, Vice President  
                                      Dean Hansell

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  
                                      Barbara Nobregas, Commission Executive Assistant

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

President von Voigt called the regular meeting to order at 9:02 a.m. All of the above-listed Commissioners were present at the start of the meeting with the exception of Commissioners Aliano and Bernardino who arrived at 9:11 a.m. and 9:12 a.m. respectively. President von Voigt stated he is taking Item G out of order and that Commissioner Navarro would handle the case since Commissioner Bernardino had not arrived.

*Items G was taken out of order.*

G.    DISABILITY CASES

DISABILITY CLAIM – NEW CLAIM – TIER 5 – 1

David J. Horton

(P)

Police Officer II

As recommended by staff and concurred in by the applicant, service-connected disability pension is granted at 45% with no foreseeable purpose for review. Motion made by Commissioner Navarro, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioners Diannitto, Moore, Navarro, Pérez, and President von Voigt – 5; nays, none. Officer Horton was not present but was represented by his attorney Thomas J. Wicke.

A. ITEMS FOR BOARD ACTION

1. APPROVAL OF A PASSIVE INTERNATIONAL SMALL CAP EQUITY MANAGER MANDATE AND POSSIBLE BOARD ACTION

Mr. Paul Palmer, Investment Officer II stated that after the Board interviewed a group of small cap international managers it decided to re-evaluate the plan to hire an active manager. Mr. Tom Lopez, Chief Investment Officer (CIO) stated that Staff and RV Kuhns will continue to monitor the field of small cap international managers for good long term performance records for future consideration. Commissioner Moore stated the Ad Hoc Committee on Investment Managers will discuss the future role of the Committee at the February 9, 2012 meeting.

RESOLUTION 12068

Commissioner Navarro moved that the Board:

1. Accept the recommendation of the Ad Hoc Committee on Investment Managers to approve a passive International Small Cap Equity manager mandate;
2. Direct Staff to phase in funding of this new manager mandate over a period of time to be determined by Staff; and
3. Direct Staff to select a passive manager for the allocation, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Moore, Navarro, Pérez, and President von Voigt – 5; nays none.

2. CONSIDERATION OF THE JULY 1, 2010 TO JUNE 30, 2011 PENSION AND HEALTH BENEFITS VALUATIONS AND POSSIBLE BOARD ACTION

Ms. Robyn Wilder, Chief Benefits Analyst, Pensions Division and Mr. Paul Angelo, Actuary from The Segal Company were before the Board. Mr. Angelo presented the valuation and answered the Board's questions. General Manager Perez discussed the increase of City contribution costs.

RESOLUTION 12069

Commissioner Navarro moved that the Board accept the pension and health valuation reports submitted by The Segal Company for the period ending June 30, 2011, adjusted for phasing-in the cost impact of assumption changes as a result of the 2007-2010 Experience Study, which was seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Moore, Navarro, Pérez, and President von Voigt – 7; nays none.

3. MAYOR'S REQUEST FOR FIVE-YEAR PROJECTION OF CONTRIBUTIONS AND POSSIBLE BOARD ACTION

Mr. Joseph Salazar, Assistant General Manager, Pensions Division presented the report and an alternative recommendation. Commissioner Navarro moved to approve the staff recommendation, seconded by Commissioner Diannitto. The Board discussed the issue and Commissioners gave their opinions on the matter. Mr. Miguel Santana, CAO gave a public comment and stated that the City will pay for the study. Mr. Neil Guglielmo, representing the Mayor's Office gave a public comment. The Board continued to discuss the matter. Mr. Paul Angelo stated that his work would not be conflicted if he performed the projection in his role as the System's actuary. He spoke of projections he prepared in the past.

MOTION

Commissioner Navarro moved that the Board not authorize a five-year projection of contributions, funded ratio and Unfunded Actuarial Accrued Liability, as the System has no business need for the study, seconded by Commissioner Diannitto and failed by the following vote: ayes, Commissioners Aliano, Diannitto, Navarro, and President von Voigt – 4; nays, Commissioners Bernardino, Moore, and Pérez – 3.

Commissioner Moore moved that the Board authorize contracting with Segal to do the five-year forecast and provide the information to the City, the City pay for study, seconded by Commissioner Pérez. Commissioner Navarro requested to amend the motion by referring to the forecast as "illustrations" and not as projections. Commissioner Moore accepted the amendment to the motion. Mr. Angelo reassured the Board of his integrity and work product. Commissioner Navarro requested that the seven-year smoothing of recent gains and losses be included in the illustrations. General Manager Perez stated the members make significant contributions to the Fund and the System's first duty is to provide benefits to members. He would work with the CAO in terms of giving the actuary the estimates of the earnings and ensure that the assumptions are in place. Mr. Santana thanked the Board for addressing the request and he will work out the mechanism of payment with staff.

RESOLUTION 12070

Commissioner Moore moved the amended motion that the Board authorize Segal to conduct a six-year forecast known as "illustrations" and provide the information to the City and that the City pay for the study, which was seconded by Commissioner Pérez and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Moore, Navarro, Pérez, and President von Voigt – 7; nays none.

4. RECOMMENDATION OF CONTRACT AWARD FOR FINANCIAL PLANNING EDUCATION CONSULTANT AND POSSIBLE BOARD ACTION

The board report was approved as submitted.

RESOLUTION 12071

Commissioner Diannitto moved that the Board:

1. Approve Staff's selection of Cambridge Financial Partners to provide financial planning education consulting services for a three-year term, with a total contract amount not to exceed \$150,000; and
2. Authorize the General Manager to negotiate and execute the terms and conditions of the contract; and
3. Authorize the President of the Board, on its behalf, to execute the contract, subject to the approval of the City Attorney as to form, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Moore, Navarro, Pérez, and President von Voigt – 7; nays none.

5. APPROVAL TO ISSUE A REQUEST FOR PROPOSAL FOR ANNUAL GENERAL MANAGER PERFORMANCE EVALUATION SERVICES

The board report was approved as submitted.

RESOLUTION 12072

Commissioner Diannitto moved that the Board:

1. Authorize staff to prepare, release, and advertise a Request for Proposals (RFP) for professional services to: coordinate the General Manager Performance Evaluation for Fiscal Year 2011-2012; and review the current evaluation criteria for the General Manager Performance Evaluation for Fiscal Year 2012-2013, subject to Board approval; and,
2. Direct staff to summarize the RFP proposals and present this information to the Governance Committee for discussion and recommendation to the Board, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Moore, Navarro, Pérez, and President von Voigt – 7; nays none.

B. REPORTS TO THE BOARD

1. QUARTERLY SUMMARY OF PRIVATE EQUITY COMMITMENTS

Ms. Erika Tiedge, Investment Officer II presented the report. Mr. Tom Lopez was asked about and gave a brief overview of the decision to go to a discretionary private equity program. Commissioner Pérez expressed concerns regarding the small number of minority and women owned firms. Commissioner Perez said he will wait for the next private equity quarterly report for a further discussion.

2. UPDATE ON RETIREE NON-MEDICARE MAXIMUM HEALTH SUBSIDY CHANGE FOR FISCAL YEAR 2012-2013

Mr. Gregory Mack answered the Board’s questions. The Board took no action; the report was received.

3. QUARTERLY COMMISSIONERS’ AND STAFF TRAVEL REPORT

The Board took no action; the report was received.

4. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.

5. Monthly Report

The Board took no action; the report was received.

6. General Manager’s Report

a. Benefits Actions approved by General Manager on January 5, 2012

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

Charles D. Canez	Police Service	Retired:	01-01-69	Died:	11-06-11
Ruby M. Sargent	Fire Widow	Retired:	06-20-84	Died:	11-23-11
Martha E. Brady	Police Widow	Retired:	06-01-64	Died:	11-21-11

DISCONTINUED PENSIONS – TIER 2 – 13

Leon E. Eggers	Fire Service	Retired:	03-30-75	Died:	11-23-11
Wesley E. Boynton	Police Service	Retired:	03-01-72	Died:	11-23-11
James R. Gerak	Police Service	Retired:	08-31-86	Died:	11-07-11
Douglas P. McDonald	Fire Disability	Retired:	05-11-91	Died:	11-30-11
Raymond J. Paik	Police Disability	Retired:	07-09-92	Died:	11-12-11

Michael A. Shain	Police Disability	Retired:	06-14-84	Died:	12-01-11
Marion V. Farris	Fire Widow	Retired:	02-26-84	Died:	10-31-11
Peggy Tuscher	Fire Widow	Retired:	02-13-08	Died:	12-01-11
Pamela W. Arnold	Police Widow	Retired:	11-30-04	Died:	06-04-11
Jeane M. Baker	Police Widow	Retired:	09-25-94	Died:	11-30-11
Betty E. Carlsted	Police Widow	Retired:	07-15-10	Died:	12-05-11
Lucy Graham	Police Widow	Retired:	06-17-01	Died:	11-29-11
Evelyn M. Jahnz	Police Widow	Retired:	01-29-97	Died:	12-13-11

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 1

Susan L. Weaver	Police Service	Effective:	01-03-99	Died:	11-19-11
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ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 4

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Margaret J. Eggers	Leon E. Eggers	Fire Service	11-24-11
Diane M. Gerak	James R. Gerak	Police Service	11-08-11
Judith V. McDonald	Douglas P. McDonald	Fire Disability	12-01-11
Sharon L. Paik	Raymond J. Paik	Police Disability	11-13-11

CONSERVATORSHIP – TIER 2 – 1

A certified copy of the Letters of Conservatorship, issued in the Los Angeles Superior Court, County of Los Angeles, Case Number GP 014410, appointing San Pasqual Fiduciary Trust Company, Conservator for the Estate of Rose G. Kamp, surviving spouse of deceased Police Service Pensioner, Leonard F. Kamp, effective September 2, 2009, has been filed with this office. Pension payments will be paid to San Pasqual Fiduciary Trust Company for the benefit of Rose G. Kamp, effective January 1, 2012.

CONSERVATORSHIP/GUARDIANSHIP – TIER 2 -1

A certified copy of the Letters of Guardian and Conservator for Opal Santmyer, issued in the Superior Court of the State of Arizona, County of Maricopa, Case Number PB2011-070241, appointing James R. and Bonnie J. Smith, Guardian and Conservator for Opal Santmyer, Beneficiary of Teresa McDermott, deceased former spouse of Police Service Pensioner, Christopher J. Krist, effective October 31, 2011, has been filed with this office. Pension payments will be paid to James R. and Bonnie J. Smith for the benefit of Opal Santmyer, effective January 1, 2012.

SERVICE CONNECTED DISABILITY PENSION – TIER 5 – 1 **CORRECTION**

<u>Name</u>	<u>Member’s Class</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Eric L. Windham	Sergeant I	65.0000%	11-17-11	11-17-11

b. Other business relating to Department operations

General Manager Perez gave the following updates:

1. The balance of the contributions that the City owes to the System this current fiscal year was paid this week. The balance was just under \$14 million.
2. A member from our System was elected to Los Angeles City Council. General Manager Perez will work with his counterparts at LACERS, the Personnel Department, staff and City Attorney to ensure there are options identified for this member as to what options he will have regarding his LAFPP benefits. The member cannot remain as a LAFPP member, work at the City Council and be a member of LACERS at the same time. We will spend some time working on this issue for Mr. Joe Buscaino. It may be possible for him to transfer his contributions from LAFPP to LACERS. We do not have reciprocity with any pension system.
3. We will have a discussion with our counterparts, stakeholders, CAO, Mayor's Office, and Unions regarding a DROP study. Every so often the DROP program has to be reviewed to ensure it continues to meet the needs that it was originally put in place, one being that it is cost neutral to the System. We will review it this year. The system actuary must conduct the study. It has been budgeted by the City but there is a lot of work that has to be done to get the parties together to agree on a course of action going forward. General Manager Perez stated as information becomes available, he will inform the Board. Ms. Corina Lee, Vice President from the Los Angeles Police Protective League gave a public comment. She stated that DROP is a negotiated benefit between the City and the various unions that are impacted. The study will be coming up at the end of this year and the City already has scheduled to start reviewing DROP. DROP includes everybody, command staff and lieutenants. It is up to the collective bargaining units and the City to negotiate those types of defined benefits.

c. Marketing Cessation Information

7. City Attorney's Report

Mr. Alan Manning, Assistant City Attorney reported the status of contracts with outside tax counsel. He has received approval from his Front Office to extend the contract with Ice Miller to June 15, 2012. He will return at the next meeting with a proposed Request For Proposal for the period beyond the June 15 date.

Mr. Manning gave an update on the status of members switching tiers, specifically Mr. Scott Sanders. Ms. Theresa Stamus, Senior Assistant City Attorney has conferred with staff in the Pensions Division. The report is near completion.

C. COMMITTEE REPORTS

1. Audit Committee – Last met: 07/07/11; next meeting: Tentative: 03/01/12

Chair Navarro had no updates to report.

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

Chair Aliano had no updates to report.

3. Governance Committee – Last met: 12/01/11; next meeting: Tentative: 02/02/12  
Future topics: IFS Item status, GM Evaluation Policy review, and Fiduciary Counsel Policy review

Chair Diannitto stated the items to be heard on February 2, 2012.

4. Ad Hoc Committee on Investment Managers – next meeting: Tentative: 02/09/12

Chair Moore stated a meeting is scheduled on February 9, 2012.

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

President von Voigt stated a discussion will be held during the closed session item.

#### D. CONSENT ITEMS

1. Findings of Fact – James E. Satterfield – Tier 5

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

#### E. CONSIDERATION OF FUTURE AGENDA ITEMS

No items were referred.

#### F. PUBLIC COMMENTS

Ms. Elsa Moy gave a public comment.

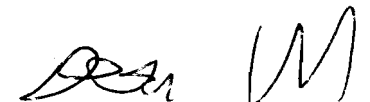
#### H. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION



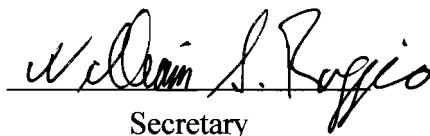
1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR; Properties: 420 East 3rd Street, 464 & 470 East 3<sup>rd</sup> Street, 701 East 3rd Street, 216 South Alameda Street, 330 South Alameda Street, 400-420 Boyd Street, 706 & 711 Ducommun Street, 360 East Second 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.

The meeting adjourned at 11:20 a.m.



President



Secretary