

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
SPECIAL BOARD MEETING OF SEPTEMBER 20, 2012

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met at the LACERS Board Room, located at the Los Angeles Times Building, 202 W. First Street, Suite 500, Los Angeles 90012 on Thursday, September 20, 2012.

COMMISSIONERS PRESENT: Dean Hansell, President
Ruben Navarro, Vice President
George Aliano
Rafael Bernardino
Sam Diannitto
Gregory Lippe
Wayne Moore
Raúl Pérez
Robert von Voigt

DEPARTMENT OF FIRE AND POLICE PENSIONS: William Raggio, Interim 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 Hansell called the Special Board meeting to order at 9:03 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 9:09 a.m. and 9:10 a.m. respectively.

A. ITEMS FOR BOARD ACTION

1. DISCUSSION AND POSSIBLE ACTION REGARDING THE RECRUITMENT PLAN FOR THE LOS ANGELES FIRE AND POLICE PENSIONS GENERAL MANAGER

Ms. Maggie Whelan, General Manager of the Personnel Department and Mr. Chuck Rohre from the Waters Consulting Group came before the Board. Mr. Rohre discussed the details of the criteria profile and asked the Board for their input. The Board Members gave their respective feedback. Mr. Rohre stated that he would return with a criteria profile. The Board did not take action.

2. EMERGING MANAGER SURVEY RESULTS AND POSSIBLE BOARD ACTION

Messrs. Paul Palmer, Investment Officer II and Daren Perlstein, Investment Officer I from the Investments Division presented the survey results. Mr. Perlstein asked the Board if they wished to formalize the criteria for the specialized manager program in private equity that is currently used.

The Board Members gave their opinions on the program. They discussed not limiting the emerging manager program to private equity, redefine the emerging manager program so as not to exclude firms, that the Board establish set criteria, thresholds, and periodically review the policy.

RESOLUTION 13034

Commissioner Diannitto moved that the Board consider the results of the survey and referred the matter to an Ad Hoc Committee to review the Emerging Manager Polices to determine if changes are warranted, seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Lippe, Moore, Navarro, Pérez, von Voigt, and President Hansell – 9; nays, none.

President Hansell recognized Commissioner Bernardino for his service as a Board Member and honored him with a plaque. It was Commissioner Bernardino's last day on the Board as he was now on the Police Commission. Commissioner Bernardino stated it was an honor for him to serve the members and thanked everyone.

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

Mr. Tom Lopez stated that with the exception of commodities and large cap equity portfolio the asset classes are within their range. Commissioner Bernardino engaged the Board in discussion regarding asset allocation and risk. Mr. Lopez provided an overview of asset allocation models and his prior recommendations to generate greater returns to former Boards. Interim General Manager Raggio stated that he discussed the issue with Mr. Lopez and hopes to bring a recommendation to the ad hoc committee on investment fees when it is formed.

RESOLUTION 13035

Commissioner Navarro 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, seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Lippe, Moore, Navarro, Pérez, von Voigt, and President Hansell – 9; nays, none.

4. ASSET ALLOCATION STUDY/COMMODITIES STRUCTURE REVIEW FROM RV KUHNS AND POSSIBLE BOARD ACTION

Mr. Tom Lopez and Ms. Rebecca Gratsinger, CEO and Senior Consultant from RV Kuhns came before the Board. Mr. Lopez stated that staff believes that commodities is a good addition to the asset allocation and that there are different ways to implement the allocation. The report also contained examples without commodities. Interim General Manager Raggio initiated the report to show the price tag on the basket of investment allocations that make up the entire fund. Mr. Lopez provided an overview of the fees. Commissioners expressed their views on commodities.

RESOLUTION 13036

Commissioner Pérez moved that the Board reapprove the asset allocation targets including the 5% commodities allocation proposed by RV Kuhns, seconded by Commissioner Lippe and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Lippe, Moore, Navarro, Pérez, von Voigt, and President Hansell – 7; nays, Commissioners Bernardino and Lippe – 2.

B. REPORTS TO THE BOARD

1. PORTFOLIO PERFORMANCE REPORT FOR THE 2ND QUARTER

Mr. Tom Lopez and Ms. Rebecca Gratsinger were before the Board. Ms. Gratsinger presented the report. She and Mr. Lopez answered the Board's questions. The report was received and filed.

2. REVIEW OF 2012 PRIVATE EQUITY AND COMMODITIES INVESTMENT ACTIVITY BY PORTFOLIO ADVISORS, LLC

Messrs. Todd A. Hughes, CFA and Managing Director and Brian P. Murphy, CFA and Managing Director presented the review on private equity report. The report was received and filed.

Items G.1, G.2, and G.3 were taken out of order.

G. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

President Hansell recused himself from Item G.1 because someone at his Denver law firm represents the general manager of one of the funds.

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF TWO (2) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION

The Board met in closed session.

2. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR; Properties: 420 East 3rd Street, 464 & 470 East 3rd Street, 701 East 3rd Street, 216 South Alameda Street, 330 South Alameda Street, 333 South Alameda Street, 400-420 Boyd Street, 706 & 711 Ducommun Street, 244 South San Pedro Street, 540 South Santa Fe Avenue, 360 East Second Street, 729 E. Temple 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.

3. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A) TO CONFER OR DISCUSS WITH, OR RECEIVE ADVICE FROM, ITS LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE CASE ENTITLED LOS ANGELES POLICE PROTECTIVE LEAGUE, UNITED FIREFIGHTERS OF LOS ANGELES CITY V. BOARD OF FIRE AND POLICE PENSION COMMISSIONERS FOR THE CITY OF LOS ANGELES, ET AL., LOS ANGELES SUPERIOR COURT CASE NO. BC 489113

This Item was continued; counsel was not available. The Board reconvened in open session and there was nothing to report.

B. REPORTS TO THE BOARD

3. CONTRACTOR DISCLOSURE POLICY - QUARTERLY REPORT

The board report was received and filed.

- 4a. Communication from the Mayor Re: Economically Targeted Investment programs (ETI) dated September 7, 2012

Commissioner Lippe requested that a presentation be given to the Board by a knowledgeable firm regarding ETIs. He wanted to learn more about the issue after reading an article in *Pension & Investments Magazine*. Commissioner Navarro stated that the Board should receive education from staff prior to an outside firm presentation. Interim General Manager Raggio stated that staff will report on the issue at a future meeting.

- 4b. Filing by Reed Smith Re: Los Angeles Police Protective League, United Firefighters of Los Angeles City v. Board of Fire and Police Pension Commissioners for the City of Los Angeles, et al., Los Angeles

Superior Court Case No. BC 489113

The item was received and filed.

5. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
6. Monthly Report – Received and Filed.
7. General Manager’s Report
 - a. Benefits Actions approved by General Manager on September 6, 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 – 5

Stewart Jones	Police Service	Retired:	07-01-65	Died:	07-19-12
Roy W. Longan	Police Service	Retired:	08-21-83	Died:	06-29-12
Arnold L. Osburn	Fire Disability	Retired:	10-04-78	Died:	07-12-12
Clinton O. Erickson	Police Disability	Retired:	08-01-64	Died:	07-11-12
Marie E. Crawford	Police Widow	Retired:	05-02-01	Died:	06-27-12

DISCONTINUED PENSIONS – TIER 2 – 20

Gerald D. Baird	Fire Service	Retired:	11-06-80	Died:	07-20-12
Carl A. Carlson	Fire Service	Retired:	01-03-78	Died:	07-21-12
Heinz W. Wahlers	Fire Service	Retired:	06-30-78	Died:	08-02-12
Robert H. Wickord	Fire Service	Retired:	10-01-67	Died:	07-27-12
John Boddie	Police Service	Retired:	10-03-93	Died:	07-10-12
Theodore A. Engelhardt	Police Service	Retired:	10-06-83	Died:	07-09-12
James R. Gallagher	Police Service	Retired:	06-15-80	Died:	07-28-12
Theodore Morton, Jr.	Police Service	Retired:	02-02-75	Died:	06-07-12
Edward J. Podroza	Police Service	Retired:	06-01-79	Died:	07-30-12
John A. Mazotta	Police Disability	Retired:	01-03-85	Died:	07-13-12
Roger D. Probst	Police Disability	Retired:	07-12-79	Died:	07-27-12
Louvicia Woodson	Fire Widow	Retired:	08-31-99	Died:	07-29-12
Evelyn M. Bethel	Police Widow	Retired:	09-02-84	Died:	07-16-12
Madeline L. Duddles	Police Widow	Retired:	09-23-87	Died:	07-30-12
Mary S. Fowler	Police Widow	Retired:	07-19-10	Died:	07-29-12

Betty M. Howlett	Police Widow	Retired:	05-26-09	Died:	08-04-12
Gloria M. Kramer	Police Widow	Retired:	05-29-85	Died:	07-06-12
Phyllis E. Parker	Police Widow	Retired:	11-27-01	Died:	06-27-12
Norma J. Richardson	Police Widow	Retired:	02-12-08	Died:	07-16-12
Janet Spurlin	Police Widow	Retired:	01-12-04	Died:	07-07-12

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 1

Verndell J. Gallagher	Police Service	Retired	11-01-86	Member	07-28-12
		:		Died:	

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 1 – 2

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Carmen R. Longan	Roy W. Longan	Police Service	06-30-12
Ethel G. Osburn	Arnold L. Osburn	Fire Disability	07-13-12

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 5

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Inge D. Wahlers	Heinz W. Wahlers	Fire Service	08-03-12
Alta G. Carlson	Carl A. Carlson	Fire Service	07-22-12
Barbara A. Engelhardt	Theodore A. Engelhardt	Police Service	07-10-12
Margaret C. Mazotta	John A. Mazotta	Police Disability	07-14-12
Judith A. Probst	Roger D. Probst	Police Disability	07-28-12

SURVIVOR BENEFIT PURCHASE PROGRAM – TIER 2 – 1

<u>Name</u>	<u>Member’s Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
Thomas A. Brophy	Police Disability	09-01-12	30%

PARTIAL PAYMENT OF PENSION – TIER 3 – 1

In accordance with the City Attorney’s advice, a designated proportion of the community property interest of the pension payable to Frank E. Ellman, Police Service Pensioner, is to be paid to his former spouse, Kimberly I. Ellman, effective August 26, 2012. Ms. Ellman will receive cost of living adjustments.

PARTIAL PAYMENT OF PENSION – TIER 5 – 1 CORRECTION

In accordance with the City Attorney’s advice, a designated proportion of the community property interest of the pension payable to Joseph A. Teijeira, Fire Service Pensioner, is to be paid to his former spouse, Lisa J. Rose-Teijeira effective August 1, 2012. Ms. Rose-Teijeira will receive cost of living adjustments.

DESIGNATED PARTIAL PAYMENT OF PENSION – TIER 2 – 1 **CORRECTION**

In accordance with the City Attorney’s advice, a designated proportion of the community property interest of the pension payable to Bruce D. Stoughton, Police Service Pensioner, which was paid to his deceased former spouse, Pamela S. Merrell, has been designated to her beneficiaries, James E. Whipple, Joseph D. Stoughton and Scott R. Stoughton, effective January 18, 2010. Cost of living adjustments are included.

SERVICE PENSION – TIER 3 – 1

Police

Frank E. Ellman	Sergeant I	Eff: 08-26-12	23 Years	8 Days
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SERVICE PENSION – TIER 5 – 1

Police

Linda E. Gotham	Police Officer III	Eff: 08-12-12	23 Years	263 Days
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SERVICE PENSION/DROP – TIER 3 – 1

Police

Carla M. Cryer	Detective I	Eff: 07-02-12	27 Years	91 Days
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SERVICE PENSION/DROP – TIER 5 – 9

Fire

Lawrence J. Bauerlein, Jr.	Firefighter III	Eff: 05-01-12	25 Years	93 Days
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Joseph L. Castro	Battalion Chief	Eff: 04-07-12	33 Years	19 Days
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Harbor

David O. Armijo	Port Police Officer II	Eff: 08-03-12	25 Years	9 Days
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Police

Ernest L. Allen	Detective I	Eff: 04-04-12	25 Years	11 Days
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Martin W. Bertsch	Detective I	Eff: 08-02-12	25 Years	0 Days
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John R. Forsman	Detective III	Eff: 07-02-12	33 Years	0 Days
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John Guerrero	Detective I	Eff: 07-02-12	25 Years	7 Days
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Roscoe D. Jolla	Police Officer III +1	Eff: 06-01-12	25 Years	0 Days
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Joe G. Losorelli	Lieutenant II	Eff: 05-01-12	28 Years	26 Days
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ELIGIBLE MINOR CHILD APPLICATION – TIER 5 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Type: % Rate</u>	<u>Effective Date</u>
Christopher R. Vandenberg (Elizabeth A. Vandenberg, deceased)	Sergeant I	Non Service Connected w/o Prejudice: 40%	03-29-12

SERVICE CONNECTED DISABILITY PENSION – TIER 3 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Anthony D. Escobar	Police Officer III	65.0000%	08-16-12	08-16-12

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>
Phillip S. Clarke	Police Officer III	60.0000%	08-16-12	08-16-12

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>
Christopher P. Sweasey	Fire Engineer	72.0000%	07-19-12	07-19-12

b. Other business relating to Department operations

Interim General Manager Raggio gave the following updates:

1. The Controller is conducting an audit of the City contribution amounts to the pension funds. Staff met with the CAO and an auditor. He was notified that they want to proceed with accumulating more information on the audits such as requesting the census data that the department sends to the actuary to conduct the valuations. Staff will work on redacting confidential member information. The valuations done in the last several years will be reviewed to verify if we have been receiving the correct contribution each year. We have yet to receive a written scope of the audit.
2. Staff will follow up with the Board to collect the balance of the responses for the litigation hold, City Attorney evaluations, and the committee membership responses. We will follow up with emails to individual Commissioners who have not turned in their forms.

c. Marketing Cessation Information

8. City Attorney's Report

Mr. Alan Manning, Assistant City Attorney stated that the state legislation regarding pensions adopted by

the Governor does not apply to pension funds in the City of Los Angeles. There is a provision in the State Constitution and also the legislation itself does read that it does not apply to charter cities.

C. COMMITTEE REPORTS

1. Audit Committee – Last met: 06/21/12; next meeting: TBD
2. Benefits Committee – Last met: 04/05/12; next meeting: Tentative 11/01/12
3. Governance Committee – Last met: 07/19/12; next meeting: TBD
4. Ad Hoc Space Planning Committee – Discussion held during closed session with property negotiator

There were no updates to the Committee Reports.

D. CONSENT ITEMS

1. Miscellaneous Board Actions
 - a. CONSIDERATION OF REQUEST TO ESTABLISH EFFECTIVE DATE OF DOMESTIC PARTNERSHIP AND POSSIBLE BOARD ACTION
 - b. GENERAL CONSULTANT REFERRAL – INTERNATIONAL INFRASTRUCTURE FINANCE COMPANY FUND AND POSSIBLE BOARD ACTION
2. Approval of Minutes
 - a. Minutes of the Benefits Committee of April 5, 2012
 - b. Minutes of the Special Board Meeting of April 10, 2012, June 21, 2012, and August 16, 2012

Commissioner Navarro moved that the Board approve the consent items, which was seconded by Commissioner Lippe and approved by the following vote: ayes, Commissioners Aliano, Bernardino, Diannitto, Hansell, Lippe, Moore, Navarro, Pérez, and President von Voigt – 9; nays, none.

Commissioner Pérez left the board room for the remainder of the meeting at 11:54 a.m.

E. CONSIDERATION OF FUTURE AGENDA ITEMS

President Hansell stated that the Board requested information on ETI's as mentioned during Item B.4.a.

Commissioner Navarro requested disability training in relation to workers' compensation issue. Interim General Manager Raggio stated that the issue will be agendized at a future meeting and he is obtaining clarification from the City Attorney.

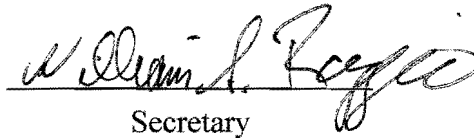
F. PUBLIC COMMENTS

Ms. Elsa Moy gave a public comment.

The meeting adjourned at 12:00 p.m.



President



Secretary