

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
SPECIAL BOARD MEETING OF JULY 3, 2013

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 Wednesday, July 3, 2013.

COMMISSIONERS PRESENT: Dean Hansell, President
 Ruben Navarro, Vice President
 George Aliano
 Sam Diannitto
 Gregory Lippe
 Pedram Salimpour
 Belinda Vega
 Robert von Voigt

COMMISSIONER ABSENT: Wayne Moore

DEPARTMENT OF FIRE AND
POLICE PENSIONS: Raymond P. Ciranna, General Manager
 William Raggio, Executive Officer
 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 meeting to order at 8:59 a.m. All of the above-listed Commissioners were present at the start of the meeting.

President Hansell presented former Commissioner Raúl Pérez with a plaque in honor of his service to the LAFPP Board.

A. ITEMS FOR BOARD ACTION

- 1. REVIEW OF INTERNATIONAL EQUITY MANAGER CONTRACT BRANDES INVESTMENT PARTNERS AND POSSIBLE BOARD ACTION**

Messrs. Paul Palmer, Investment Officer II and Daren Perlstein, Investment Officer I, from the Investments Division; and Michael Ford, Chartered Financial Analyst (CFA), Senior Consultant from RV Kuhns addressed the Board's concerns regarding Brandes Investment Partners' (Brandes) loss of assets and new Chief Executive Officer. Staff provided an overview of their due diligence visit to the firm.

Commissioner Lippe indicated it was prudent to reduce the funds to Brandes by about one half.

Commissioner Navarro suggested that the reports from staff and RV Kuhns should be independent of each other, especially if each party has different points of view.

General Manager Ciranna stated that staff will convey the Board's concerns to Brandes.

President Hansell agreed with Commissioner Navarro that staff and RV Kuhns prepare separate reports on issues such as this to convey their respective views.

Commissioner Lippe suggested that staff report back on alternative investment options in the event that the investment is not positive.

RESOLUTION 14001

Commissioner Navarro moved that the Board:

1. Approve a three-year contract with Brandes Investment Partners for International equity management services;
2. Authorize the General Manager to negotiate and approve the terms and conditions of a contract with Brandes Investment Partners for International equity management services for the period August 1, 2013 through July 31, 2016; and,
3. Authorize the President of the Board, on behalf of the Board, to execute the contract with Brandes Investment Partners for International equity investment management services, subject to the approval of the City Attorney as to form, which motion was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Navarro, Salimpour, Vega, von Voigt, and President Hansell – 8; nays, none.

President Hansell recused himself from Item A2. He performed a conflict check with his firm and discovered that an attorney at his Miami Office has a probate matter with the sister company of Northern Trust.

President Hansell passed the gavel to Vice President Navarro.

2. DISCUSSION OF CUSTODIAL BANK CONTRACT AND POSSIBLE BOARD ACTION

The board report was approved as submitted.

RESOLUTION 14002

Commissioner Lippe moved that the Board:

1. Approve renewal of the custodial bank and master trust services contract with the Northern Trust Corporation for an additional three years;
2. Authorize the General Manager to negotiate and approve the terms and conditions of the contract with the Northern Trust Corporation; and
3. Authorize the President of the Board, on behalf of the Board, to execute the contract with the Northern Trust Corporation for custodial bank and master trust services, subject to the approval of the City Attorney as to form, which motion was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Salimpour, Vega, von Voigt, and Vice President Navarro – 7; nays, none.

Vice President Navarro passed the gavel to President Hansell who chaired the remainder of the meeting.

3. SUCCESSION PLAN FOR THE ASSISTANT GENERAL MANAGER POSITIONS AND POSSIBLE BOARD ACTION

Ms. Diana Pointer, Senior Management Analyst I, Administrative Services Section was before the Board. The board report was approved as submitted.

RESOLUTION 14003

Commissioner Diannitto moved that the Board approve the Succession Plan for the Assistant General Manager positions, which motion was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Navarro, Salimpour, Vega, von Voigt, and President Hansell – 8; nays, none.

B. REPORTS TO THE BOARD

1. CLOSE-OUT REPORT ON THE 2012-13 THREE-YEAR STRATEGIC PLAN AND POSSIBLE BOARD ACTION

Ms. Stephanie Clements was before the Board. The board report was received and filed.

2. President Hansell asked if any Board Member made any expenditure to influence State legislative or administrative action to which their reply was negative.
3. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.

4. General Manager's Report

a. Benefits Actions approved by General Manager on June 20, 2013

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

James W. Anderberg	Police Disability	Retired:	11-01-67	Died:	05-09-13
Daniel F. Mortell	Police Disability	Retired:	07-27-66	Died:	05-02-13
Rose G. Kamp	Police Widow	Retired:	03-15-96	Died:	01-09-12
Laverne Miles	Police Widow	Retired:	07-15-01	Died:	05-28-13
Vivienne V. Thomas	Police Widow	Retired:	11-01-53	Died:	05-23-13

DISCONTINUED PENSIONS – TIER 2 – 8

Alan D. Bollinger	Police Service	Retired:	04-04-93	Died:	05-14-13
Robert D. Chrisco	Police Service	Retired:	07-03-88	Died:	05-09-13
Jack L. Johnson	Police Service	Retired:	06-27-93	Died:	05-15-13
James P. Kelley	Police Service	Retired:	10-03-99	Died:	05-15-13
Roy Kerton	Police Service	Retired:	10-28-77	Died:	05-08-13
Dwight E. Stevens	Police Service	Retired:	07-01-67	Died:	02-25-13
Robert A. Sievert	Police Disability	Retired:	08-21-98	Died:	04-24-13
Alma M. Hetz	Fire Widow	Retired:	12-30-82	Died:	05-29-13

DISCONTINUED PENSIONS – TIER 3 – 1

William M. Wimbley	Police Disability	Retired:	03-18-99	Died:	04-16-13
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DISCONTINUED PENSIONS – TIER 5 – 1

Manuel R. Mata	Police Service	Retired:	07-05-03	Died:	05-13-13
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DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 5

Lynda Sue Brooks	Police Service	Retired:	10-03-99	Member Died:	05-15-13
Gwen E. Goldsmith	Police Service	Retired:	07-02-91	Died:	04-29-13
Linda S. Johnson	Police Service	Retired:	08-01-97	Member Died:	05-15-13
Patricia Sandoval	Police Service	Retired:	10-08-00	Died:	05-17-13
Jean A. Conner	Police Disability	Retired:	08-21-98	Member Died:	04-24-13

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 5 – 1

Linda L. Matta	Police Service	Retired:	12-23-06	Member Died:	05-13-13
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ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 1 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Darlene L. Mortell	Daniel F. Mortell	Police Disability	05-03-13

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 4

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Patricia E. Chrisco	Robert D. Chrisco	Police Service	05-10-13
Linda S. Johnson	Jack L. Johnson	Police Service	05-16-13
Suzanne D. Kelley	James P. Kelley	Police Service	05-16-13
LaDonna J. Kerton	Roy Kerton	Police Service	05-09-13

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 3 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Wanda L. Wimbley	William M. Wimbley	Police Disability	04-17-13

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Linda L. Matta	Manuel R. Mata	Police Service	05-14-13

SURVIVING CHILD'S PENSION – TIER 5 – 1

Surviving child benefits are now payable to Adam H. Harris, surviving child of deceased Apparatus Operator, Bret H. Harris, effective June 6, 2013, due to the attainment of age 18 and the continuation of his full-time student status. There are two remaining minors.

DECREASE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

Decrease the pension payable to Lori A. Kilker, surviving spouse of deceased Apparatus Operator, Bret H. Harris, due to the attainment of age 18 and full-time student status by Adam H. Harris, effective June 6, 2013. There are two remaining minors.

PARTIAL PAYMENT OF PENSION – TIER 5 – 2

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Joseph M. Hiltner, Police Service Pensioner, is to be paid to his former spouse, Wendy Eagan, effective June 1, 2013. Ms. Eagan 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 Richard A. Houle, Fire Service Pensioner, is to be paid to his former spouse, Marsha Houle, effective May 29, 2013. Ms. Houle will receive cost of living adjustments.

PARTIAL PAYMENT OF SURVIVING SPOUSE'S PENSION – TIER 2 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the Surviving Spouse Pension payable to Suzanne D. Kelley, surviving spouse of deceased Police Service Pensioner, James P. Kelley, is to be paid to his former spouse, Lynda Sue Brooks, effective May 16, 2013. Ms. Brooks will receive cost of living adjustments.

DESIGNATED PARTIAL PAYMENT OF PENSION – TIER 2 – 2

In accordance with the City Attorney's advice, the designated proportion of the community property interest of the pension payable to Michael A. Marchello, Police Service Pensioner, which was paid to his deceased former spouse, Patricia Sandoval, has been designated to her beneficiary, Kelly C. Marchello, effective May 18, 2013. Cost of living adjustments are included.

In accordance with the City Attorney's advice, the designated proportion of the community property interest of the pension payable to Larry A. Goldsmith, Police Service Pensioner, which was paid to his deceased former spouse, Gwen E. Goldsmith, has been designated to her beneficiary, Kerie J. Goldsmith, effective April 30, 2013. Cost of living adjustments are included.

MODIFIED 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 pension payable to Philander C. Butler, Police Service Pensioner, being withheld for his former spouse Karen L. Butler, since March 1, 2013, should be released effective June 1, 2013.

SERVICE PENSION – TIER 5 – 1

Fire

Richard A. Houle	Firefighter III	Eff:	05-29-13	29	Years	236	Days
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SERVICE PENSION/DROP – TIER 5 – 16

Fire

Craig P. Hancock	Inspector I	Eff:	04-26-13	28	Years	127	Days
Daniel Leon	Apparatus Operator	Eff:	02-01-13	32	Years	347	Days
Mark V. Lillenberg	Engineer	Eff:	02-01-13	25	Years	66	Days
Patrick McCormick	Fire Captain I	Eff:	02-27-13	33	Years	14	Days
Mario L. Molina	Engineer	Eff:	02-04-13	29	Years	320	Days
Gregg M. Olson	Fire Captain I	Eff:	05-05-13	33	Years	15	Days
Daren M. Palacios	Deputy Chief	Eff:	03-01-13	31	Years	318	Days
James K. Rix	Firefighter III	Eff:	02-02-13	25	Years	286	Days
Jim J. Rodriguez	Engineer	Eff:	02-01-13	25	Years	262	Days
Thomas S. Sammartano	Captain I	Eff:	05-05-13	30	Years	232	Days
Ronald J. Sanfilippo	Captain I	Eff:	04-30-13	27	Years	8	Days
Michael R. Schaefer	Apparatus Operator	Eff:	04-05-13	26	Years	345	Days
Michael D. Tobey	Captain I	Eff:	05-01-13	33	Years	110	Days

Police

Donald J. Kelly	Sergeant I	Eff:	03-01-13	27	Years	217	Days
Harry C. Lathrop	Police Officer III	Eff:	02-25-13	29	Years	5	Days
Barbara S. Moulton	Detective III	Eff:	05-06-13	25	Years	0	Days

DISCONTINUE DROP – TIER 4 – 2

Police

Joseph M. Doherty, Jr.	Retired:	07-01-08	Exit Close of:	06-30-13
Steve T. Plunkett	Retired:	02-01-11	Exit Close of:	06-30-13

DISCONTINUE DROP – TIER 5 – 14

Fire

Bobby J. Mihalhauser	Retired:	07-01-08	Exit Close of:	06-30-13
James L. Stiglich	Retired:	06-04-12	Exit Close of:	06-08-13
William E. Thost, Jr.	Retired:	08-01-08	Exit Close of:	06-11-13

Police

Vickie K. Bullett	Retired:	04-01-10	Exit Close of:	06-30-13
Marcella B. Collins	Retired:	07-01-08	Exit Close of:	06-30-13
Nelson R. Hernandez	Retired:	06-30-11	Exit Close of:	06-15-13
Matthew P. MacWillie	Retired:	07-14-11	Exit Close of:	06-30-13
Ronald E. Marbrey	Retired:	07-01-08	Exit Close of:	06-30-13
Leon Mims, Jr.	Retired:	07-01-09	Exit Close of:	06-30-13
Percy J. Morris	Retired:	12-01-09	Exit Close of:	06-30-13
Robert J. Orlando	Retired:	07-01-08	Exit Close of:	06-30-13
Richard E. Stocks	Retired:	07-01-08	Exit Close of:	06-30-13
Renee M. Talavera	Retired:	03-01-13	Exit Close of:	06-30-13
Hugo A. Trujillo	Retired:	07-01-08	Exit Close of:	06-30-13

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>
Fabian Montiel	Police Officer II	50.0000%	06-06-13	06-06-13

b. Other business relating to Department operations

General Manager Ciranna gave the following update:

1. He provided an overview of the interim Management Audit and the six objectives. There are 21 recommendations, plus nine from the previous audit. Staff will provide a matrix for the Board to review each category and assign them to the different committees at the next Board meeting, if the Board so chooses.

President Hansell stated that he is pleased with the follow up letter to the City Controller regarding

the Management Audit. There are several recommendations with simple resolutions; he suggested coming forward with recommendations to implement. The other recommendations that are more complicated, divide them among the different committees for review.

Ms. Elsa Moy provided a public comment.

President Hansell suggested placing a link on the LAFPP Web site to the Interim Management Audit report at the Controller's Web site.

5. City Attorney's Report

Mr. Alan Manning, Assistant City Attorney stated he had no updates to report.

C. COMMITTEE REPORTS

1. Audit Committee – Last met: 03/07/13; next meeting: 07/03/13; tentative: 08/01/13
2. Benefits Committee – Last met: 02/07/13; next meeting: TBD
3. Governance Committee – Last met: 06/20/13; next meeting: TBD
4. Ad Hoc Emerging Investment Managers – Last met: 04/04/13; next meeting: TBD
5. Ad Hoc Managers Fees Committee – Last met: 04/30/13; next meeting: TBD
6. Ad Hoc Space Planning Committee – Discussion held during closed session with property negotiator
7. Ad Hoc Strategic Planning Committee – Last met: 04/04/13; next meeting: Tentative: 07/18/13

President Hansell asked the Board Members if they had any Committee updates to report, to which their reply was negative.

Ms. Elsa Moy gave a public comment.

D. CONSENT ITEMS

1. Approval of Minutes
 - a. Minutes of the Special Board Meeting of May 2, 2013
2. Findings of Fact
 - a. Fabian Montiel – Tier 5

Commissioner Diannitto moved that the Board approve the consent items, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Navarro, Sainpour, von Voigt, and President Hansell – 8; nays, none.

E. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no referral items reported.

F. PUBLIC COMMENTS

There were no public comments at this time.

G. DISABILITY CASES

DISABILITY CLAIM – SURVIVING SPOUSE – TIER 5 – 1

Dora Gandara	(P)	Sergeant II (Deceased)
Surviving Spouse of Tom Gandara, III		

Hearing continued. President Hansell directed that this claim be continued to allow the applicant time to obtain legal representation. Mrs. Gandara was not present nor was she represented.

Commissioner Diannitto moved that the Board adjourn the public portion of the meeting in memory of the 19 members of the Granite Mountain Hotshots, based in Prescott, Arizona, who were killed Sunday fighting a wildfire near Phoenix, Arizona, which motion was seconded.

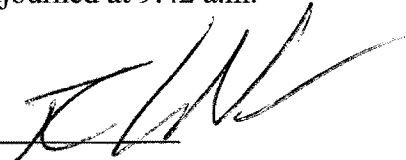
President Hansell asked for a moment of silence.

H. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

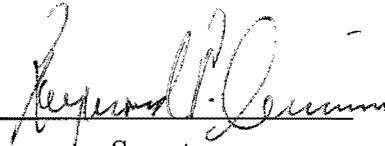
1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR; Properties: 330 East 2nd Street, 464 & 470 East 3rd Street, 701 East 3rd Street, 330 South Alameda Street, 333 South Alameda Street, 400-420 Boyd Street, 244 South San Pedro Street, 360 East Second 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

President Hansell stated the Board met in closed session and considered matters of a confidential nature. There was no public report.

The meeting adjourned at 9:42 a.m.



President



Secretary