

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF JULY 18, 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 Thursday, July 18, 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, 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
James Napier, Deputy City Attorney

COURT REPORTER: Diane L. Panicca, U.S. Legal Support

President Hansell called the meeting to order at 9:00 a.m. All of the above-listed Commissioners were present at the start of the meeting with the exception of Commissioner Salimpour who arrived at 9:08 a.m.

A. ITEMS FOR BOARD ACTION

- 1. PER CITY CHARTER SECTION 503(a), ELECTION OF BOARD OFFICERS: OFFICE OF PRESIDENT AND OFFICE OF VICE-PRESIDENT**

President Hansell opened up the floor for nominations. Commissioner Diannitto nominated Commissioner Navarro as President.

RESOLUTION 14004

A nomination for Commissioner Ruben Navarro for Board President was made by Commissioner Diannitto, which motion was seconded by Commissioner Lippe and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Navarro, Vega, von Voigt, and President Hansell – 7; nays, none.

Commissioner Hansell remained to chair this item.

RESOLUTION 14005

A nomination for Commissioner Gregory Lippe for Board Vice President was made by Commissioner Hansell, seconded by Commissioner Diannitto and approved by the following vote: ayes, Commissioners Diannitto, Lippe, Navarro, Vega, von Voigt, and President Hansell – 6; nays, none. *Commissioner Aliano stepped out of the room during the vote.*

Commissioner Hansell expressed his gratitude to Commissioner Navarro for working with him as an officer of the board.

Commissioner Hansell passed the gavel to President Navarro.

President Navarro acknowledged the certificate to Commissioner Hansell from former Mayor Villaraigosa acknowledging his service and leadership on the Board.

2. APPROVAL OF OUTSIDE INVESTMENT AND REAL ESTATE COUNSEL AND POSSIBLE BOARD ACTION

Mr. Alan Manning, Assistant City Attorney stated that a Request For Proposal (RFP) was issued for outside counsel. He provided an overview of the selection process that was done in conjunction with City Attorney's Office, LACERS and LAFPP. Mr. Tom Lopez, Chief Investment Officer (CIO) and Ms. Erika Tiedge, Investment Officer II participated in the process. The interviews are pending for fiduciary counsel.

RESOLUTION 14006

Commissioner Hansell moved that the Board:

1. Pursuant to Charter Section 275, recommend that the City contract with Nossaman LLP and Foster Pepper PLLC to assist the City Attorney in providing investment and real estate counsel services for the Department of Fire and Police Pensions (LAFPP),
2. Authorize the General Manager to approve and executive three-year contracts with both the above-named law firms (with the City Attorney also a party to the contract, per the City Charter); and

3. Authorize the annual expenditure of up to \$185,000 per year for each of the contracts, which motion was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Hansell, Lippe, Vega, von Voigt, and President Navarro – 7; nays, none.

Commissioner Vega recused herself from this item. The Western Asset Management Company is a client of the law firm she works at.

3. WESTERN ASSET MANAGEMENT COMPANY TREASURY INFLATION PROTECTED SECURITIES CONTRACT REVIEW AND POSSIBLE BOARD ACTION

Ms. Erika Tiedge and Ms. Susan Liem, Management Analyst II, Investments Division presented the report. Ms. Liem stated that RV Kuhns is in agreement with the recommendation.

RESOLUTION 14007

Commissioner Diannitto moved that the Board:

1. Allow Western Asset Management Company's Treasury Inflation Protected Securities (TIPS) contract to expire;
2. Authorize the General Manager to oversee the securities in Western Asset Management Company's TIPS account until a passive TIPS manager is selected; and,
3. Authorize Staff to begin the process of searching for a passive TIPS manager to replace Western Asset Management Company, which motion was seconded by Commissioner Hansell and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Hansell, Lippe, von Voigt, and President Navarro – 6; nays, none.

4. REVIEW OF THE INTERNAL AUDIT CHARTER AND POSSIBLE BOARD ACTION

Ms. Erin Kenney, Departmental Auditor Manager, Internal Audit Section presented the proposed updates to the Internal Audit Charter from the Audit Committee.

Commissioner Salimpour arrived to the meeting.

RESOLUTION 14008

Commissioner Diannitto moved that the Board review and approve the proposed updated Internal Audit Charter, which motion was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Hansell, Lippe, Salimpour, Vega, von Voigt, and President Navarro – 8; nays, none.

5. FOLLOW UP REPORT REGARDING BROWN ARMSTRONG'S 2012 AUDIT RECOMMENDATIONS AND POSSIBLE BOARD ACTION

Ms. Erin Kenney presented the report.

Commissioner Hansell suggested staff take action on recommendations sooner rather than later.

Commissioner Lippe stated to keep in mind the cost benefit issue.

The board did not take action; the report was received.

6. REVIEW OF THE MANAGEMENT AUDIT INTERIM REPORT OF THE LOS ANGELES FIRE AND POLICE PENSION FUND AND POSSIBLE BOARD ACTION

Ms. Erin Kenney provided an overview of the Management Audit Interim Report.

Ms. Kenney stated it would do the System well to begin implementing the recommendations.

General Manager Ciranna stated he would like to get started as soon as possible implementing the recommendations. He expects the final Management Audit Report to be issued by the end of the month.

Board Members discussed the last audit in comparison to this year's audit with a different auditing firm.

Commissioner Hansell stated the report is a testament that the Fund is well run and a compliment to the staff.

Ms. Kenney stated the dispersal of assignment recommendations to the various committees.

Commissioner Vega pointed out that some of the recommendations require strategic analysis.

RESOLUTION 14009

Commissioner Lippe moved that the Board:

1. Review, receive, and file the Management Audit Interim Report of the Los Angeles Fire and Police Pension Fund; and,
2. Assign implementation of recommendations to the Board, staff, or committees as noted in the City Management Audit Recommendations Log, which motion was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Hansell, Lippe, Salimpour, Vega, von Voigt, and President Navarro – 8; nays, none.

7. CONSIDERATION OF POTENTIAL REVISIONS TO GOVERNANCE POLICY 9.16 AND POSSIBLE BOARD ACTION

Mr. William Raggio, Assistant General Manager, Administrative Operations Division was before the Board. The board report was approved without discussion.

RESOLUTION 14010

Commissioner Hansell moved that the Board approve the proposed amendment to the Board Governance Policies:

- 1) Amend Section 9.16 (B) to delegate to the General Manager the authority to recommend a position to support or oppose proposed legislation in certain situations, which motion was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Hansell, Lippe, Salimpour, Vega, von Voigt, and President Navarro – 8; nays, none.

8. 2012-13 STRATEGIC PLAN NO. 9 – GOVERNANCE BEST PRACTICES AND POSSIBLE BOARD ACTION

Mr. William Raggio and Ms. Stephanie Clements, Chief Management Analyst, Administrative Operations Division were before the Board. Ms. Clements stated that the board report has incorporated the Governance Committee revisions to the recommendations.

President Navarro stated his concerns regarding Committees and their structure.

Mr. Raggio stated that the Board Self Evaluation Policy was dropped previously It was identified by the Management Auditors as a best practice. The instruction is that staff will review it to ensure the process is valuable to the Board.

President Navarro emphasized the Auditors are recommending the Board Self Evaluation and the results may be better with new Board Members.

General Manager Ciranna stated there are a lot of opinions on committee structure, ad hoc committees and standing committees. He believes that we need to spend time on the issue and look at best practices.

RESOLUTION 14011

President Navarro moved that the Board:

- 1) Instruct staff to perform additional research on Committee structure and report back on suggested changes within 90 days;
- 2) Instruct staff to prepare a schedule of Ad Hoc and quarterly Standing Committee meetings;
- 3) Instruct staff to schedule educational training opportunities throughout the year;

- 4) Reinststate a Board Self Evaluation Policy (formerly Section 11.0 of the Governance Policies) and instruct staff to report back with a revised policy and evaluation survey within 90 days;
- 5) Approve the revised Conference Attendance Report, encourage Board members to submit completed Conference Attendance Reports with Personal Expense Statements for all travel, and instruct staff to include the blank Reports in the travel package; and
- 6) Instruct staff to report back to the Audit Committee on a review of travel conferences and related associations as part of the five-year Management Audit Interim Report, which motion was seconded by Commissioner Vega and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Hansell, Lippe, , Salimpour, Vega, von Voigt, and President Navarro – 8; nays, none.

B. REPORTS TO THE BOARD

1. PRESENTATION BY FIS GROUP ALL CAP CORE MANAGER OF EMERGING MANAGERS

Ms. Tina Byles Williams, Chief Executive Officer (CEO) and CIO, and Mr. Samuel M. Austin, III, Director of Marketing & Client Service from the FIS Group presented their firm and answered the Board's questions.

2. PRESENTATION BY ATTUCKS ASSET MANAGEMENT SMALL CAP MANAGER OF EMERGING MANAGERS

Mr. Les Bond, CEO, Ms. Geri Sands Hansen, CIO, and Mr. Vennie Lyons, II, Vice President from Attucks Asset Management presented their firm and answered the Board's questions.

3. GENERAL MANAGER PERFORMANCE EVALUATION POLICY AND POSSIBLE BOARD ACTION

The board report was received.

4. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

The board report was received.

5. Monthly Report

General Manager Ciranna stated that the preliminary unaudited return at 12.65% was positive. We will provide an update to the Board when we get the remainder of the data. We have information posted on our Web site for the public to review. We received the City's contribution in the full amount on time. Commissioner Vega suggested that the System begin promoting the returns, similar to what LACERS has done so that the public knows the System is responsible.

General Manager Ciranna discussed the System's Web site and the information it contains. He discussed options for reaching out to the media promoting the Systems returns and sending our press releases if the Board so chooses. He also brought up his letter to the Mayor indicating the department's plans for the coming year.

The Board Members discussed the idea of promoting newsworthy events.

General Manager Ciranna stated this is an opportunity to provide information to all stakeholders on what the System has done.

The board report was received.

a. Marketing Cessation Information

6. President Navarro asked if any Board Member made any expenditure to influence State legislative or administrative action to which their reply was negative.
7. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
8. General Manager's Report

a. Benefits Actions approved by General Manager on July 3, 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 on July 3, 2013.

DISCONTINUED PENSIONS – TIER 1 – 2

Samuel A. Sirianni	Police Disability	Retired:	06-01-67	Died:	06-11-13
Doris V. Wilson	Fire Widow	Retired:	07-18-90	Died:	06-06-13

DISCONTINUED PENSIONS – TIER 2 – 12

Kenneth H. Maclean	Fire Service	Retired:	07-16-78	Died:	06-09-13
John H. Maxey	Fire Service	Retired:	08-13-80	Died:	05-20-13
Andrew Durko	Police Service	Retired:	07-01-72	Died:	05-04-13
Curtis L. Edwards	Police Service	Retired:	08-07-83	Died:	06-02-13
Laverne W. Fickler	Police Service	Retired:	02-06-71	Died:	06-04-13
Phillip W. Kelly	Police Service	Retired:	06-23-80	Died:	05-08-13
Robert E. Kurth	Police Service	Retired:	01-21-96	Died:	06-03-13
Donald C. Peterson	Police Service	Retired:	06-01-80	Died:	05-05-13
James A. Pollock	Police Service	Retired:	06-01-80	Died:	06-09-13
Earl N. Mazzari	Fire Disability	Retired:	04-28-83	Died:	06-01-13
Pauline F. Lewis	Fire Widow	Retired:	01-28-08	Died:	03-08-13
Sharon L. Coe	Police Widow	Retired:	04-21-02	Died:	05-16-13

DISCONTINUED PENSIONS – TIER 5 – 2

Daniel W. Sullivan	Police Service	Retired:	05-05-02	Died:	05-20-13
Leon W. Washington, Jr.	Police Service	Retired:	05-01-02	Died:	11-27-12

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 2

Carole Degenfelder	Fire Disability	Retired:	07-01-94	Died:	05-17-13
Levonne K. Kelly	Police Service	Retired:	06-23-80	Member Died:	05-08-13

ELIGIBLE SURVIVING SPOUSE’S PENSION – TIER 2 – 5

<u>Name</u>	<u>Deceased Member</u>	<u>Member’s Class</u>	<u>Effective Date</u>
Kathleen L. Maxey	John H. Maxey	Fire Service	05-21-13
Barbara J. Fickler	Laverne W. Fickler	Police Service	06-05-13
Josefa D. Kelly	Phillip W. Kelly	Police Service	05-09-13
Kara B. Kurth	Robert E. Kurth	Police Service	06-04-13
Christine L. Peterson	Donald C. Peterson	Police Service	05-06-13

SURVIVING CHILD’S PENSION – TIER 2 – 1

Surviving child benefits being withheld due to non-submission of Letters of Guardianship are now payable to Kalyn D. Boukather, surviving child of deceased Fire Disability Pensioner, Philip K. Boukather, effective April 1, 2012, due to attainment of age 18.

Discontinue the pension payable to Kalyn D. Boukather, surviving child of deceased Fire Disability Pensioner, Philip K. Boukather, effective June 10, 2013, due to the attainment of age 18. There is one remaining minor.

DISCONTINUE SURVIVING CHILD’S PENSION – TIER 5 – 1

Discontinue the pension payable to Reina A. Zuliani, surviving child of deceased Fire Boat Pilot, Paul D. Zuliani, effective July 7, 2013, due to the attainment of age 22 on July 8, 2013. There are no remaining minors.

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 Michael S. Jolicoeur, Police Service Pensioner, is to be paid to his former spouse, Denise Jolicoeur, effective May 27, 2013. Ms. Jolicoeur will receive cost of living adjustments.

DISCONTINUE PARTIAL PAYMENT OF PENSION – TIER 2 – 1

In accordance with the City Attorney’s advice, the designated proportion of the community property interest of David E. Nutting, Police Service Pensioner, which was being paid to his former spouse, Patricia K. Miller, has been discontinued due to the death of Ms. Miller on May 4, 2013. Ms. Miller’s portion reverts to Mr. Nutting effective May 5, 2013.

CONSERVATORSHIP – TIER 2 – 1

A certified copy of the Letters of Conservatorship, issued in the Los Angeles Superior Court of California, Case Number BP 139 885, appointing Carol L. Burke and Diane G. Nowotny, Conservators of the Person and the Estate of Robert Roddenberry, retired Police Pensioner, effective May 14, 2013, has been filed with this office.

Pension payments will be paid to Carol L. Burke and Diane G. Nowotny for the benefit of Robert Roddenberry, effective July 1, 2013.

SERVICE PENSION – TIER 4 – 1

Police

Michael J. Reyes Detective I Eff: 06-02-13 23 Years 362 Days

SERVICE PENSION – TIER 5 – 1

Police

Michael S. Jolicoeur Police Officer II Eff: 05-27-13 23 Years 303 Days

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>
Rodney L. Jones	Detective II	60.0000%	06-20-13	06-20-13

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:

On May 16, 2013, pursuant to Government Code Section 54956.81, the Board approved an investment in the following private equity firm: Clearview Capital Fund III. That transaction closed on June 14, 2013.

9. City Attorney's Report

Mr. Alan Manning clarified the rules on Committees converting into a Special Meeting with a quorum of the Board; permits Committee members only to vote on issues.

C. COMMITTEE REPORTS

1. Audit Committee – Last met: 07/03/13; next meeting: 08/01/13
2. Benefits Committee – Last met: 02/07/13; next meeting: Tentative: September 2013
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: 07/18/13

Chair Lippe stated the next Audit Committee meeting is scheduled in August. Chair Aliano stated he anticipates the subsidy issues will be discussed at the Benefits Committee meeting. Chair Diannitto stated he will discuss issues with the CIO. President Navarro stated the Ad Hoc Emerging Investment Managers and Ad Hoc Managers Fees Committees are waiting for the responses to the Request for Information (RFI).

D. CONSENT ITEMS

1. Approval of Minutes
 - a. Minutes of the Regular Board meeting of April 4, 2013
 - b. Minutes of the Special Board Meeting of March 16, 2013
2. Findings of Fact
 - a. Whitney R. Yorgason – Tier 2
 - b. Rodney L. Jones – Tier 3

General Manager Ciranna noted a correction on Item D.2.a to read “Whiney R. Yorgason.”

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

E. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Diannitto referred the issue of rotating between the appointed and elected commissioners in relation to the election of officers, codifying the procedures. President Navarro suggested that staff return with a policy change and report.

Commissioner Aliano asked in regards to the Affordable Care Act that staff reach out to the Retired Associations explaining how the issue affects them and the impact to them by their insurance carrier.

Commissioner Aliano announced the profits by two gun manufactures.

F. PUBLIC COMMENTS

Ms. Elsa Moy gave a public comment.

Mr. Ken Buzzell, Director, Los Angeles Retired Fire & Police Association, Inc. gave a public comment.

G. DISABILITY CASES

DISABILITY CLAIM – SURVIVING SPOUSE – TIER 5 – 1

Elizabeth Eaton Shepard (P) Captain III (Deceased)
Surviving Spouse of William A. Eaton

Hearing continued. President Navarro directed that this claim be continued at the request of the applicant's attorney. Mrs. Eaton Shepard was not present but was represented by her attorney Thomas J. Wicke.

DISABILITY CLAIM – NEW – TIER 5 – 1

Christopher Montoya (P) Sergeant I

Service-connected disability pension is granted at 60% with no foreseeable purpose for review. Motion made by Commissioner Aliano, seconded by Commissioner von Voigt and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Salimpour, Vega, von Voigt, and President Navarro – 7; nays, Commissioner Hansell – 1. Sergeant Montoya was present and represented by his attorney Thomas J. Wicke.

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

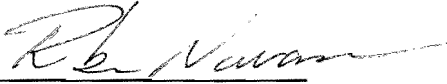
This Item was continued.

Minutes of the Board of Fire and Police Pension Commissioners

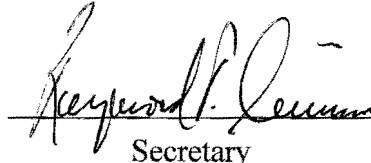
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The meeting adjourned at 12:07 p.m.



President



Secretary