

City of Los Angeles  
Board of Pension Commissioners  
Meeting of July 23, 1981

The Board of Pension Commissioners of the City of Los Angeles met in Room 155, City Hall South, on Thursday, July 23, 1981, at 10:10 a.m.

- COMMISSIONERS PRESENT: Ronald S. W. Lew, President  
Bert Cohen, Vice President  
Arthur Burdorf  
Sam Diannitto  
Olga Marcus  
Garo Minassian
- COMMISSIONER ABSENT: Karl L. Moody
- CENTURY CAPITAL ASSOCIATES: Richard Ehrman
- SECURITY PACIFIC NAT. BANK: Steven Warheit  
William Hibschman
- LIONEL D. EDIE COMPANY: Peter Freeman
- FIRE DEPARTMENT: Geoffrey Schroeder
- POLICE DEPARTMENT: David Brath, Medical Liaison
- MAYOR'S OFFICE: Valerie Fields
- OTHERS ATTENDING: Susan Herington, CSR  
Dean Ward, Retired Fire & Police Assoc.  
O. R. Allen, Retired Fire & Police Assoc.  
R. C. Helms, Police Protective League  
Siegfried O. Hillmer, Asst. City Attorney  
Mary Jo Curwen, Deputy City Attorney  
Beverly Mosley, Deputy City Attorney  
Joan Hoffman, Legal Secretary I
- DEPARTMENT OF PENSIONS: James S. Muhlstein, Manager-Secretary  
Wm. S. Hutchison, Assistant Manager  
James J. McGuigan, Assistant Manager  
Jerry Bardwell, Investment Officer  
Thomas Lopez, Jr. Admin. Assistant  
Steve Ballweber, Sr. Admin. Assistant  
Lorraine Osuna, Jr. Admin. Assistant  
Marilynn Hildebrandt, Jr. Admin. Asst.  
Jack Campbell, Jr. Admin. Assistant  
Susan McTigue, Jr. Admin. Assistant  
Pat Hertzfeldt, Principal Clerk Steno  
Barbara Williams, Sr. Clerk Typist

INVESTMENTS

Century Capital Associates

President Lew invited Mr. Richard Ehrman of Century Capital Associates, investment counsel to the Board, to come forward for presentation of investment recommendations. President Lew gave the opening prices.

STOCK PURCHASE RESOLUTION NO. 82023  
2525 NEW SYSTEM GENERAL PENSION FUND

After discussion by the Board, it was moved by Commissioner Cohen

that upon the advice of Investment Counsel, the Manager-Secretary be authorized to purchase the following capital stock in an amount not to exceed:

<u>SHARES</u>	<u>ISSUE</u>
59,000	Pacific Power & Light
21,600	Rio Grande Industries

at the market, plus commission and charges and that this authorization for the purchase be in effect for not to exceed 30 business days after this date, which motion was seconded by Commissioner Burdorf and adopted by the following vote: ayes, Commissioners Burdorf, Diannitto, Cohen, Marcus, Minassian and President Lew - 6; noes, none.

STOCK SALE RESOLUTION NO. 82024  
2525 NEW SYSTEM GENERAL PENSION FUND

After further discussion, it was moved by Commissioner Burdorf that the Manager-Secretary be authorized to sell the following capital stock in an amount not to exceed:

<u>SHARES</u>	<u>ISSUE</u>
20,000	Imperial Corp. of America

at the market, less commission and charges and that the authorization for sale be in effect for not to exceed 30 business days from this date, and that the Manager-Secretary be authorized to execute on behalf of, and in the name of, the Board of Pension Commissioners of the City of Los Angeles, the stock powers upon stock certificates representing the shares owned by the Board in the above said companies, which motion was seconded by Commissioner Cohen and adopted by the following vote: ayes, Commissioners Burdorf, Diannitto, Cohen, Marcus, Minassian and President Lew - 6; noes, none.

Chemical Bank

President Lew stated that Chemical Bank had no buy or sell recommendations to present at this meeting and therefore would not be present.

Security Pacific National Bank

President Lew invited Messrs. Warheit and Hibschan of Security Pacific National Bank, investment counsel to the Board, to come forward for presentation of investment recommendations. William Hibschan stated that Security Bank had no equity recommendations to make today, following which Mr. Warheit proceeded with the fixed income recommendations.

BOND EXCHANGE RESOLUTION NO. 82025  
2525 NEW SYSTEM GENERAL PENSION FUND

After discussion by the Board, it was moved by Commissioner Diannitto that upon the advice of Investment Counsel, the Manager-Secretary be authorized to sell:

\$2,000,000 Ohio Bell Telephone  
7 7/8% Debentures  
due 10/1/13

and:

\$2,900,000 Southern Bell Telephone  
8% Debentures  
due 2/15/14

and to purchase:

\$4,500,000 Marathon Oil  
8 1/2% Sinking Fund Debentures  
due 11/1/06

provided that the proceeds from the bonds sold, excluding accrued interest, exceed the cost of the bonds purchased, excluding accrued interest, by at least \$13,327.00 and to pay all applicable charges and accrued interest, and that this authorization be in effect for not to exceed fifteen business days after this date, which motion was seconded by Commissioner Marcus and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

BOND EXCHANGE RESOLUTION NO. 82026  
2525 NEW SYSTEM GENERAL PENSION FUND

After discussion by the Board, it was moved by Commissioner Minassian that upon the advice of Investment Counsel, the Manager-Secretary be authorized to sell:

\$2,100,000 Texaco, Inc.  
8½% Debentures  
due 4/1/06

and to purchase:

\$2,100,000 Mobil Alaska Pipeline Company  
8.45% Debentures  
due 3/1/05

provided that the cost of the bonds purchased, excluding accrued interest, does not exceed the proceeds from the bonds sold, excluding accrued interest, by more than \$14,910.00 and to pay all applicable charges and accrued interest, and that this authorization be in effect for not to exceed fifteen business days after this date, which motion was seconded by Commissioner Cohen and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

Wright Investors' Service

President Lew stated that Wright Investors' Service had no recommendations for this meeting and therefore would not be present.

President Lew greeted Mr. Peter Freeman from Lionel D. Edie Co., who stated that he was merely visiting to observe the Board in action.

TRAVEL EXPENSE

The Manager-Secretary presented the travel expense statement of James J. McGuigan in the amount of \$1,013.35, in connection with his attendance at the Municipal Finance Officers Association Annual Conference in Boston, Massachusetts during the week of June 14-18, 1981, and called attention to the fact that the Board had appropriated the sum of \$1,013.35, and that a refund had been made in the amount of \$911.65.

After discussion by the Board, it was moved by Commissioner Diannitto that the expense statement of James J. McGuigan in the amount of \$1,013.35 be received and filed, and that a copy of the statement be sent to the City Controller, which motion was seconded by Commissioner Marcus and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

OLD BUSINESS

The Manager-Secretary made reference to the proposed bulletin for Retirement Plan Manager, received from the Personnel Department, addressed to President Lew which was transmitted to the Board members in their packages. Also attached was a letter from the manager of the Water & Power Retirement Plan commenting on the proposed bulletin. The Manager-Secretary noted that the City Employees' Retirement System's Board will be discussing this

topic at their meeting on Tuesday. All of the present retirement managers think there should be a written examination. The proposed bulletin calls for "promotional" exam, but the Board members would like to have it "open" in order to draw people from the outside. Valerie Fields, liaison with the Mayor's Office, present at the meeting, stated it is the Mayor's policy to have examinations "open" for all top City jobs. President Lew appointed a committee of three, Commissioners Diannitto, Marcus and himself, to work up some kind of response to the Personnel Department during the week. He asked for the other Board members to give their input to the Committee.

The Manager-Secretary informed the Board members that the Finance Committee would be meeting this afternoon and will be looking at the Pension System's final budget, and that he will be attending this meeting.

Commissioner Diannitto asked Mr. Hillmer when Charter Amendment Prop. 1 became effective, and Mr. Hillmer stated it became effective June 17, 1981, but the Manager-Secretary stated that there had been no official notification yet. Commissioner Diannitto thought the Board should start acting in accordance with that Charter amendment which permits greater latitude in the System's investment activities. Because the Board's present Investment Policy is partly out of date, President Lew appointed Commissioners Diannitto, Burdorf, and Cohen to work with staff in reviewing it and recommending appropriate changes. He requested them to develop recommendations promptly so that staff may schedule this subject as an agenda item for the August 20 meeting.

NEW BUSINESS

The Manager-Secretary stated that he had no new business to present.

President Lew made reference to letters received from Pacific Investment Management Company and from Scudder, Stevens & Clark and noted that they were received and are to be filed in the investment counselors section folders.

PENSIONS DISCONTINUED

Account of Death - Article XVII

The Manager-Secretary reported that death certificates had been filed in this office to the effect that the following beneficiaries of the Fire and Police Pension System died on the dates indicated in such certificates. It was moved by Commissioner Marcus that the pension which had been granted to the following beneficiaries be discontinued as of the dates indicated:

Name	Class	Date Discontinued
Robert K. Foster	Fire Service	Close of June 24, 1981
John B. Jackson	Fire Service	Close of June 29, 1981
Victor R. Cochran	Police Disability	Close of June 22, 1981
Columbia R. James	Police Widow	Close of April 6, 1981

which motion was seconded by Commissioner Minassian and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

PARTIAL PAYMENT OF PENSION

Raymond Lopez - Article XVIII

The Manager-Secretary reported that a memo had been received from the City Attorney, wherein the Board was advised that it was appropriate to comply with the order of the Court to pay 50% of

the pension payable to Raymond Lopez, Police Service Pensioner, to his former wife, Barbara A. Lopez, effective July 1, 1981, provided that there was included in the file on such matter an irrevocable assignment of such payment, and the payment constitutes community property as set forth in the order or judgment of the Court.

After discussion by the Board, it was moved by Commissioner Minassian that, in accordance with the advice of the City Attorney in this matter, 50% of the pension payable to Raymond Lopez, be paid to his former wife, Barbara A. Lopez, effective July 1, 1981 in the amount of \$700.88, which motion was seconded by Commissioner Cohen and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

PROPOSED REVIEW OF STATUS OF DISABILITY PENSIONER

Randolph J. Peters - Article XVIII

The Manager-Secretary stated that the Board granted Randolph J. Peters on September 25, 1980 a service-connected disability pension, effective June 29, 1980, and that it was proposed to review Mr. Peters' medical condition to determine if his disability should remain at 70%, as he currently is participating in many outside strenuous activities.

After discussion by the Board, it was moved by Commissioner Cohen to review the status of disability pensioner, Randolph J. Peters, and that three medical examinations be requested in this case, which motion was seconded by Commissioner Burdorf and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

At this point in the proceedings, President Lew called for a break which lasted approximately 15 minutes.

ELIGIBLE SURVIVING SPOUSE'S PENSION - ARTICLE XVIII

The Manager-Secretary reported that an application had been filed in this office by the following eligible surviving spouse of a retired member of the Fire and Police Pension System and had been determined to be an eligible surviving spouse for benefits in accordance with the provisions of Article XVIII of the City Charter. After review of the facts contained in this application, it was moved by Commissioner Minassian that this application be granted and such eligible surviving spouse be paid from the New System General Pension Fund a monthly pension as listed below:

Name	Member's Class	Normal Pension Base	Rate %	Effective Date	Monthly Amount
William J. Eisentraut (Jean L. Eisentraut)	Police	\$2,839.68	40%	05-16-81	\$ 987.62

during his lifetime or until he again marries, which motion was seconded by Commissioner Marcus and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

JOSEPH R. MAYO

Pension Granted - Rehearing - Article XVIII

The Manager-Secretary presented the petition of Joseph R. Mayo, member of the Police Department, for the allowance of a disability pension in accordance with Article XVIII of the Charter, together with reports from the Medical Services Division, as well as reports from the Police Department.

Mr. Mayo was present with his attorney, Jon DeVan.

After discussion by the Board, it was moved by Commissioner Diannitto to set aside the Board's decision of July 24, 1980, granting Mr. Mayo a nonservice-connected disability pension and granting him a service-connected disability pension.

After further discussion by the Board, it was moved by Commissioner Diannitto that Joseph R. Mayo has become so physically disabled by reason of injuries received or illness incurred in and aggravated by the performance of his duties in the Police Department as to render necessary his retirement from active service in the Department, and the degree of disability be established at 50%, and he be retired from active service in the Department, and the effective date of such pension be September 7, 1978, and thereafter or until such time as such disability ceases he be paid from the New System General Pension Fund a monthly pension of \$919.59, being the sum equal to 50% of the normal pension base at the time of his retirement, to-wit: \$1,839.18, plus cost of living increments now due, and that no further medical examinations be requested in this case, which motion was seconded by Commissioner Marcus and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

CARMEN A. CORNIOLA

Pension Denied - Article XVIII

The Manager-Secretary presented the petition of Carmen A. Corniola, member of the Police Department, for the allowance of a disability pension in accordance with Article XVIII of the Charter, together with medical reports, as well as reports from the Police Department, and the Medical Services Division of Personnel Department.

Mr. Corniola was present with his attorney, Robert Scott. Lieutenant David Brath, Medical Liaison, Police Department, testified regarding Mr. Corniola.

After discussion by the Board, it was moved by Commissioner Diannitto that it be the findings of the Board that Carmen A. Corniola had not become and now is not either so physically or mentally disabled by reason of bodily injuries received in, or by reason of sickness caused by the discharge of his duties in the Police Department as to render necessary his retirement from active service therein, and he has not become and now is not physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of his duties in such department and incapable as a result thereof from performing the duties to which he may be assigned, and the determination of the Board, be to deny the petition of Carmen A. Corniola for the allowance of a disability pension, which motion was seconded by Commissioner Marcus and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

At this point in the proceedings, President Lew called for a lunch break. The meeting resumed at 1:40 p.m. The Manager-Secretary left the Board meeting during lunch in order to attend the Finance Committee meeting. Mr. James J. McGuigan took the role of acting Manager-Secretary.

FRANK C. PETTY

Action Deferred - Article XVIII

President Lew directed that the case of Frank C. Petty be deferred at the request of Attorney, Ronald Stillman.

JIMMIE M. ALLEN

Pension Granted - Article XVIII

The Acting Manager-Secretary presented the petition of Jimmie M. Allen, member of the Police Department, for the allowance of a disability pension in accordance with Article XVIII of the Charter, together with medical reports as well as reports from the Police Department and the Medical Services Division of Personnel Department.

Mr. Allen was present with his attorney, Michael Roberts.

After discussion by the Board, it was moved by Commissioner Burdorf that Jimmie M. Allen has become so physically disabled by reason of injuries received or illness incurred in and aggravated by the performance of his duties in the Police Department as to render necessary his retirement from active service in the Department, and the degree of disability be established at 55%, and he be retired from active service in the Department, and the effective date of such pension be July 23, 1981, and thereafter or until such time as such disability ceases, he be paid from the New System General Pension Fund a monthly pension of \$1,290.04, being the sum equal to 55% of the normal pension base at the time of his retirement, to-wit: \$2,345.52, plus cost of living increments, and that this case be reviewed in eighteen months with three medical examinations, which motion was seconded by Commissioner Diannitto, and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

At this point in the proceedings, Commissioner Burdorf said he is concerned about the time factor in the medical reports, that some of the reports provided to the Board are six months old or more, and that in some cases this is of considerable consequence. Commissioner Burdorf expressed hope that the staff will review this and strive for more recent medicals in the future. Mr. Hutchison, Assistant Manager-Benefits, stated this is due partly to the backlog of disability pension cases. President Lew requested Mr. Hutchison to draft a report for the Board describing the current problems and possible solutions.

DANIEL G. JOHNSON

Pension Denied - Article XVIII

The Acting Manager-Secretary presented the petition of Daniel G. Johnson, member of the Police Department, for the allowance of a disability pension in accordance with Article XVIII of the Charter, together with medical reports, as well as reports from the Police Department, and the Medical Services Division of Personnel Department.

Mr. Johnson was present with his attorney, Kenneth Freedman. Doctor Henry Schmitz, Mr. Johnson's treating physician, and Lieutenant David Brath, Medical Liaison, Police Department, testified regarding Mr. Johnson.

After discussion by the Board, it was moved by Commissioner Minassian that it be the findings of the Board that Daniel G. Johnson had not become and now is not either so physically or mentally disabled by reason of bodily injuries received in, or by reason of sickness caused by the discharge of his duties in the Police Department as to render necessary his retirement from active service therein, and he has not become and now is not physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of his duties in such department and incapable as a result thereof from performing the duties to which he may be assigned, and the determination of the Board, be to deny the petition of Daniel G. Johnson for the allowance of a disability pension, which motion was seconded by Commissioner Marcus and adopted by the following vote: ayes, Commissioners Burdorf, Cohen,

Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

At this point in the proceedings, President Lew called for a break. The meeting resumed at 3:03 p.m.

HERBERT N. FAINTICH

Pension Granted - Article XVIII

The Acting Manager-Secretary presented the petition of Herbert N. Faintich, member of the Fire Department, for the allowance of a disability pension in accordance with Article XVIII of the Charter, together with medical reports, as well as reports from the Fire Department and the Medical Services Division of Personnel Department.

Mr. Faintich was present with his attorney, Kenneth Rowen. Captain Jeffrey Schroeder, Medical Liaison, Fire Department, testified regarding Mr. Faintich.

Original motion for a 50% service-connected disability pension was amended prior to the second.

After discussion by the Board, it was moved by Commissioner Cohen that Herbert N. Faintich has become so physically disabled by reason of injuries received or illness incurred in and aggravated by the performance of his duties in the Fire Department as to render necessary his retirement from active service in the Department, and the degree of disability be established at 55%, and he be retired from active service in the Department, and the effective date of such pension be January 16, 1981, and thereafter or until such time as such disability ceases he be paid from the New System General Pension Fund a monthly pension of \$1,252.20, being the sum equal to 55% of the normal pension base at the time of his retirement, to-wit: \$2,276.72, plus cost of living increments now due, and that no further medical examinations be requested in this case, which motion was seconded by Commissioner Diannitto, and adopted by the following vote: ayes, Commissioners Burdorf, Cohen, Diannitto, Marcus, Minassian and President Lew - 6; noes, none.

President Lew stated that the staff could be excused as the Board members wanted to discuss a personnel matter and this discussion is to go unreported and after the discussion the meeting would be adjourned. Whereupon at 3:25 p.m., the Board of Pension Commissioners engaged in an off-the-record discussion.

*[Handwritten signature]*  
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Manager-Secretary

*[Handwritten signature]*  
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Acting Manager-Secretary

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President