

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF JANUARY 21, 2016

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, January 21, 2016.

COMMISSIONERS PRESENT: Robert von Voigt, President
Pedram Salimpour, MD, Vice President
George Aliano
Sam Diannitto (participated telephonically)
Adam Nathanson
Ruben Navarro
Brian Pendleton
Corinne Tapia

COMMISSIONER ABSENT: Belinda Vega

DEPARTMENT OF FIRE AND
POLICE PENSIONS: Raymond P. Ciranna, General Manager
William Raggio, Executive Officer
Tom Lopez, Chief Investment Officer
Joseph Salazar, Assistant General Manager
Rhonda Ketay, Commission Executive Assistant

CITY ATTORNEY'S OFFICE: Joshua Geller, Deputy City Attorney

President von Voigt called the meeting to order at 8:55 a.m. All of the above-listed Commissioners were present at the start of the meeting.

Item B1 was taken out of order

B1. WAIVING CONFIDENTIALITY OF PRIVILEGED COMMUNICATION AND POSSIBLE BOARD ACTION

Item B1 was postponed without discussion.

A. COMMITTEE REPORTS

1. REVIEW OF BOARD GOVERNANCE POLICY SECTIONS 1.0 AND 14.0 AND POSSIBLE BOARD ACTION

Ms. Stephanie Clements, Chief Management Analyst, provided a summary of the recommended updates to Sections 1.0 and 14.0 of the Governance Policy.

Ms. Elsa Moy provided public comment.

RESOLUTION 16087

Commissioner Navarro moved that the Board amend Board Governance Policy Section 1.0 – Defined Terms and Board Governance Policy Section 14.0 – Board Operations, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, and President von Voigt – 8; nays, none.

2. REVIEW OF BOARD GOVERNANCE POLICY SECTION 19.0 AND POSSIBLE BOARD ACTION

Ms. Diana Pointer, Senior Management Analyst II, provided a summary of the recommended update to Section 19.0 of the Governance Policy.

RESOLUTION 16088

Commissioner Navarro moved that the Board amend Board Governance Policy Section 19.0 – Compensation of City Attorney Legal Fees, Benefits, and Expenses, which was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, and President von Voigt – 8; nays, none.

B. ITEMS FOR BOARD ACTION

2. CONSENT TO ASSIGNMENT OF RESEARCH AFFILIATES CONTRACT AND POSSIBLE BOARD ACTION

Ms. Erin Kenney, Department Audit Manager, stated that Internal Audit Section received the required disclosure information regarding gifts, campaign contributions, and charitable contributions; and that there is nothing to report under LAFPP's contractor disclosure policy.

Messrs Paul Palmer, Investment Officer II, and Daren Perlstein, Investment Officer I, presented staff's recommendations to the Board. Commissioners Nathanson and Navarro discussed benchmarks, fees, and manager performance with Mr. Palmer.

RESOLUTION 16089

Commissioner Aliano moved that the Board approve the assignment of Research Affiliates large cap enhanced index equity contract to PIMCO, which was seconded by Commissioner Navaro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, and President von Voigt – 8; nays, none.

3. REVIEW OF PORTFOLIO ADVISORS, LLC PRIVATE EQUITY INVESTMENT MANAGER CONTRACTS AND POSSIBLE BOARD ACTION

Ms. Erin Kenney, Department Audit Manager, provided the Board with the required disclosure information regarding gifts, campaign contributions, and charitable contributions and stated that there is nothing to report.

Ms. Susan Liem, Investment Officer I, provided an overview of staff's recommendations. Commissioner Tapia inquired whether the Department should break up the core and commodities with the specialized manager program and issue a request for proposal. Mr. Tom Lopez, Chief Investment Officer, discussed the performance of the portfolio, core strategies, and fees with the Board.

Commissioner Nathanson moved to extend the contract for Portfolio Advisors, LLC, for the Core and Commodity programs for three years but to open up a Request for Proposal for a manager to run the Fund's Specialized Private Equity program, which was seconded by Commissioner Tapia.

After an extended discussion between Mr. Lopez and the Board, Commissioner Nathanson amended his motion to postpone the item pending additional information from staff.

MOTION

Commissioner Nathanson moved that the Board postpone the review of Portfolio Advisors, LLC Private Equity Investment Manager Contracts to the next regular Board meeting pending additional information, which was seconded by Commissioner Tapia and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, and President von Voigt – 8; nays, none.

C. REPORTS TO THE BOARD

1. REVIEW OF 2016 PRIVATE EQUITY AND COMMODITIES INVESTMENT ACTIVITY BY PORTFOLIO ADVISORS, LLC

Messrs Todd Hughes, Chief Financial Officer, and Gregory Garrett, Managing Director, of Portfolio Advisors, LLC, presented the review to the Board.

The report was received and filed.

2. SECOND QUARTER UPDATE FOR THE 2015-16 BUSINESS PLAN

Ms. Diana Pointer, Senior Management Analyst II, provided an update on the 2015-16 Business Plan, including the mission statement and new headquarters.

Commissioner von Voigt inquired about the roof deck permits which General Manager Ciranna answered stating that the department move will take place on March 18th without the completion of the roof deck. The Board discussed the recent increase in downtown real estate prices and complimented the Department on the timing of the headquarters purchase.

The report was received and filed.

3. SIX-YEAR ILLUSTRATION OF CONTRIBUTIONS, FUNDING RATIO AND UAAL

Mr. Joseph Salazar, Assistant General Manager, and Mr. Paul Angelo, Senior Vice President and Actuary, of The Segal Group, discussed actuarial illustrations of future employer contributions and funding levels based on several market return scenarios with the Board.

The report was received and filed.

4. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

The Board took no action; the report was received and filed.

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

6. General Manager's Report

a. Monthly Report

The Board took no action; the report was received and filed.

b. Marketing Cessation Information

c. Benefits Actions approved by General Manager on January 7, 2016

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 –4

James P. Hurley	Police Disability	Retired:	05-28-77	Died:	12-08-15
F.A. Sylvester	Police Disability	Retired:	02-04-65	Died:	11-19-15

Donna I. Foley	Fire Widow	Retired:	07-11-93	Died:	07-04-15
Florence V. Koble	Fire Widow	Retired:	08-27-03	Died:	09-27-15

DISCONTINUED PENSIONS – TIER 2 – 18

Ernest C. Wonnacott	Fire Service	Retired:	06-30-79	Died:	11-17-15
Raymond T. Allison	Police Service	Retired:	02-18-81	Died:	11-03-15
Donald E. Anderson	Police Service	Retired:	06-01-78	Died:	11-03-15
Ernest W. Bednorski	Police Service	Retired:	07-02-91	Died:	11-26-15
Kenneth Gillespie	Police Service	Retired:	12-01-68	Died:	12-06-15
Edward A. Harper	Police Service	Retired:	06-28-92	Died:	11-26-15
Robert O. Young, III	Police Service	Retired:	02-11-90	Died:	10-29-15
Gene E. Taylor	Fire Disability	Retired:	01-27-83	Died:	12-13-15
Beverly Blum	Police Disability	Retired:	11-15-84	Died:	11-27-15
Vernon A. Mc Clelland	Police Disability	Retired:	01-11-88	Died:	11-21-15
Patricia L. Bowman	Fire Widow	Retired:	12-29-99	Died:	11-11-15
Celeste Collier	Fire Widow	Retired:	07-01-70	Died:	10-24-15
Maxine M. Corr	Fire Widow	Retired:	08-13-05	Died:	11-19-15
Gloria J. Willett	Fire Widow	Retired:	10-04-81	Died:	11-23-15
Margaret E. Pinger	Fire Widow	Retired:	01-16-14	Died:	11-23-15
Theo J. Morris	Police Widow	Retired:	06-04-81	Died:	11-24-15
Margery F. Sherman	Police Widow	Retired:	09-09-10	Died:	12-01-15
Vera M. Whaley	Police Widow	Retired:	11-30-76	Died:	12-08-15

DISCONTINUED PENSIONS – TIER 3 – 1

Richard R. Duran	Police Service	Retired:	08-08-04	Died:	11-30-15
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DISCONTINUED PENSIONS – TIER 4 – 1

Wendy A. Cummings	Fire Service	Retired:	07-14-02	Died:	06-05-15
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DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 2

Alice E. Bednorski	Police Service	Retired:	07-02-91	Member Died:	11-26-15
Judith K. Young	Police Service	Retired:	09-01-90	Member Died:	10-29-15

DISCONTINUED PENSIONS DESIGNATED BENEFICIARY – TIER 3 – 1

Cheyenne N. Duran	Police Service	Retired:	12-13-09	Member Died:	11-30-15
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DISCONTINUED DEPENDENT CHILD'S PENSION – TIER 2 – 1

Vicky S. Kiser Police Service Retired: 11-25-93 Died: 11-19-15

SERVICE PENSION/DROP – TIER 5 – 3

Fire

Christopher A. Cooper Fire Captain II Eff: 08-01-15 2 Years 244 Days

Oscar Gutierrez Engineer Eff: 11-03-15 3 Years 160 Days

Police

Daniel F. Romeo Police Officer III Eff: 12-01-15 2 Years 22 Days

DISCONTINUE DROP – TIER 5 – 1

Fire

Stephen M. Leaf Retired: 01-07-11 Exit Close of: 01-06-16

d. Other business relating to Department operations

General Manager Ciranna gave the following updates:

1. Chuck Reed's proposed ballot measure will not be submitted for the November 2016 ballot, but the measure may be resubmitted in 2018.
2. Ethics training for the Board and selected staff is required to be completed by February 1, 2016.
3. The Board member self-assessment survey will be distributed within the next two to three weeks.
4. The Educational Board Retreat will be held on March 3, 2016. Topics will include legislative updates, building an asset allocation plan, healthcare marketplace updates, retirement and aging process, and real estate.
5. The Department will move to the new headquarters facility beginning on Friday, March 18. We will be open for business at our new location on Monday, March 21.
6. Communications staff will post a message on the website for members regarding the recent stock market downturn.

Commissioner Nathanson discussed asset allocation with General Manager Ciranna. RV Kuhns is one of the presenters at the Educational Board Retreat and will discuss building an asset allocation. General Manager Ciranna anticipates the Board will have several opportunities at future meetings to discuss asset allocation.

Ms. Elsa Moy provided public comment.

D. COMMITTEE CALENDAR

1. Audit Committee – Last met: 10/01/15; next meeting: 01/21/16
2. Benefits Committee – Last met: 10/01/15; next meeting: 02/04/16
3. Governance Committee – Last met: 01/07/16; next meeting: 03/17/16

President von Voigt announced the upcoming committee meetings.

E. CONSENT ITEMS

1. Approval of Minutes

- a. Minutes of the Regular Board meetings of June 25, 2015 and July 2, 2015
- b. Minutes of the Special Board Meeting of July 2, 2015

2. Findings of Fact

- a. Heather R. Kowalczyk – Tier 5
- b. Peter S. Stafford – DC of Peter E. Stafford – Tier 1

MOTION

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

F. CONSIDERATION OF FUTURE AGENDA ITEMS

1. Request for a report on Board committees.
2. Request for a report from the City Attorney on fiduciary duties.

G. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION

There were no public comments.

The Board recessed at 10:32 a.m. and reconvened at 10:46 a.m.

H. DISABILITY CASES

DISABILITY CLAIM – REVIEW – TIER 3

Stephanie Sutherland
(Retired)

(P)

Police

Officer

II

Prior Board Action of February 15, 2007, granting a service-connected disability pension of 30% is adjusted to 40% with no foreseeable purpose for review. Motion made by Commissioner Navarro, seconded by Commissioner Aliano and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, and President von Voigt – 8; nays - none. Ms. Sutherland was present and was represented by her attorney, Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee. (JG)

DISABILITY CLAIM – NEW CLAIM – TIER 5

Angela J. Daywalt

(P)

Police Officer II

Service-connected disability pension is granted at 35% with no foreseeable purpose for review. Motion made by Commissioner Salimpour, seconded by Commissioner Navarro and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, and Tapia – 7; nays, President von Voigt - 1. (Original motion to grant a nonservice-connected disability pension at 30% with no foreseeable purpose for review was amended by Commissioner Salimpour) Officer Edna Velos and Sergeant Jeff Lovick testified regarding Officer Daywalt. Sergeant Derwin Henderson, Los Angeles Police Department Personnel Division, Return to Work Section, answered questions from the Board regarding LAPD policies. Officer Daywalt was present and was represented by her attorney, Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee. (JG)

The Board recessed at 12:13 p.m. and reconvened at 12:15 p.m.

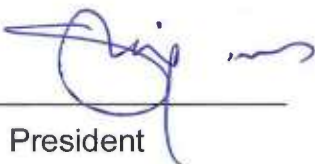
I. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF THREE (3) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION

The Board met in closed session

Upon reconvening in open session, President von Voigt stated there was no public report.

The meeting adjourned at 12:41 p.m.



President



Secretary