

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF JUNE 16, 2016

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met in the LAFPP Sam Diannitto Boardroom, located at the Los Angeles Fire and Police Pensions Building, 701 East 3rd Street, Suite 400, Los Angeles 90013 on Thursday, June 16, 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
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: Alan Manning, Assistant City Attorney
Joshua Geller, Deputy City Attorney

President von Voigt called the meeting to order at 8:30 a.m. All of the above-listed Commissioners were present at the start of the meeting with the exception of Commissioners Tapia and Vega, who arrived at 8:47 a.m. and 8:33 a.m. respectively.

A. ITEMS FOR BOARD ACTION

1. CONSENT TO ASSIGNMENT OF THE KLEINWORT BENSON INVESTORS INTERNATIONAL LTD'S CONTRACT AND POSSIBLE BOARD ACTION

Mr. Derek Niu, Investment Officer II, Investment Division was available for questions. The

board report was approved as submitted.

RESOLUTION 16136

Commissioner Navarro moved that the Board consent to the assignment of the Kleinwort Benson Investors International Ltd's (KBI) active commodity public equity contract, which was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, and President von Voigt – 7; nays, none.

2. PROPOSED RENEWAL OF DARUMA CAPITAL MANAGEMENT, LLC SMALL CAP DOMESTIC EQUITY MANAGEMENT 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.

Mr. Tom Lopez, Chief Investment Officer, discussed the contract renewal with the Board. The board report was approved as submitted.

RESOLUTION 16137

Commissioner Navarro moved that the Board:

1. Approve a new three-year contract with Daruma Capital Management, LLC for small cap equity advisory services;
2. Authorize the General Manager to review and negotiate the terms and conditions with Daruma Capital Management, LLC for small cap equity advisory services for the period of August 1, 2016 through July 31, 2019; and,
3. Authorize the President of the Board, on behalf of the Board, to execute the contract with Daruma Capital Management, LLC for small cap equity advisory services, subject to the approval of the City Attorney as to form and legality, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Navarro, Pendleton, Salimpour, and President von Voigt – 6; nays, Commissioner Nathanson - 1.

Commissioner Vega joined the meeting at 8:33 a.m.

3. RECOMMENDATION TO AMEND CONTRACT WITH NOSSAMAN LLP FOR INVESTMENT AND REAL ESTATE LEGAL SERVICES 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.

Mr. William Raggio, Executive Officer, discussed the recommendation with the Board.

RESOLUTION 16138

Commissioner Aliano moved that the Board:

- 1) Extend the term of the contract for three additional months (June 15, 2016 – September 16, 2016);
 - 2) Increase the annual expenditure limit by \$80,000 to \$365,000 for Year 3 of the contract (inclusive of the three month extension);
 - 3) Increase the total contract amount by \$80,000 for a new total amount of \$685,000; and,
 - 4) Authorize the General Manager, on behalf of the Board, to work with the City Attorney's Office to execute and approve the contract amendment, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Vega, and President von Voigt – 8; nays, none.
4. APPROVAL OF FINAL 2016-17 BUSINESS PLAN AND POSSIBLE BOARD ACTION

Ms. Diana Pointer, Sr. Management Analyst II, Administrative Services Division presented the final Business Plan to the Board. Commissioners Vega and Navarro discussed the health plan options project with Mr. Joseph Salazar, Assistant General Manager, and General Manager Ciranna.

Commissioner Salimpour left the room during the discussion and did not participate in the vote.

RESOLUTION 16139

Commissioner Vega moved that the Board approve the Final 2016-17 Business Plan, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Vega, and President von Voigt – 7; nays, none.

Commissioner Tapia joined the meeting at 8:47 a.m.

5. APPROVAL OF 2016-17 FINAL BUDGET AND POSSIBLE BOARD ACTION

Mr. Mark Granado, Senior Management Analyst, and Ms. Carissa Takahashi, Management Assistant, Administrative Services Division presented the final 2016-17 Budget to the Board. Commissioner Nathanson asked staff to research the lease versus buy options before

procuring a Department vehicle.

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

RESOLUTION 16140

Commissioner Pendleton moved that the Board:

- 1) Adopt the attached Fiscal Year 2016-17 Budget and authorize the General Manager to provide the Budget to the Mayor, City Administrative Officer (CAO) and the City Controller for their information (Attachment I);
 - 2) Adopt the Departmental Personnel Resolution shown in Attachment I, Schedule 7 and authorize two resolution authority positions (Management Assistant and Management Analyst II) to continue work on the new Pension Administration System Replacement Project;
 - 3) Adopt the Travel Resolution shown in Attachment I, Schedule 10; and,
 - 4) Authorize Staff to make any technical corrections or clarifications to the 2016-17 Budget in order to effectuate the intent of the above-mentioned recommendations; and,
 - 5) Amend the request to have Staff research the costs associated with leasing versus purchasing a Department vehicle, which was seconded by Commissioner Nathanson and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, and President von Voigt – 8; nays, none.
6. CITY ADMINISTRATIVE OFFICER'S REQUEST FOR AIRPORT POLICE TRANSFER STUDY AND POSSIBLE BOARD ACTION

Mr. Joseph Salazar, Assistant General Manager, Pensions Division gave a brief update on the Airport Police transfer ballot initiative and introduced Ms. Maritta Aspen, Sr. Labor Relations Specialist, for the City Administrative Officer (CAO). Ms. Aspen explained that an actuarial study needs to be conducted by Segal regarding costs associated with the transfer of Airport Police to Tier 6 in order to proceed with the ballot measure.

The Board had concerns with the timing of the study and that retroactive approval was being requested. Commissioner von Voigt moved to deny the request and direct Segal to cease the actuarial study until more information was provided to the Board. The motion was not seconded.

Ms. Aspen explained that the CAO's Office doesn't have a contract in place with Segal and that the CAO's Office would reimburse LAFPP for the total amount.

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

Ms. Anya Freedman, Deputy City Attorney was available to answer the Board's questions regarding the timing involved with the study.

RESOLUTION 16141

Commissioner Navarro moved that the Board:

- 1) Retroactively approve The Segal Company (Segal) to conduct an actuarial study of the impact of allowing sworn members of the Airport Department to participate in LAFPP's Tier 6, as requested by the City Administrative Officer (CAO); and,
 - 2) Direct staff to seek reimbursement from the City for the cost of the Airport Police transfer study, which was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Nathanson, Navarro, Pendleton, Salimpour, Tapia, and Vega – 7; nays, Commissioner Diannitto and President von Voigt - 2.
7. CHIEF INVESTMENT OFFICER'S QUARTERLY REPORT OF ASSET ALLOCATION STATUS AND POSSIBLE BOARD ACTION

Mr. Tom Lopez, Chief Investment Officer presented his quarterly report to the Board. Commissioner Salimpour and Commissioner Vega discussed the ranges of the asset classes and bond interest rates with Mr. Lopez.

RESOLUTION 16142

Commissioner Vega 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, which was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, Vega, and President von Voigt – 9; nays, none.

President von Voigt recessed the meeting for a break at 10:07 a.m., and reconvened at 10:17 a.m.

8. ASSET ALLOCATION ANALYSIS – ACTIVE VERSUS PASSIVE AND POSSIBLE BOARD ACTION

Ms. Rebecca Gratsinger, Chief Executive Officer and Senior Consultant from RVK presented her report to the Board. General Manager Ciranna asked the Board if they wanted to continue with the current asset allocation. Commissioner Pendleton made a motion to increase the current 10% in private equity by 2%, which was seconded. Commissioner Nathanson requested that the increase would not be used for venture capital.

The Board discussed the structure of the portfolio with Mr. Tom Lopez, Chief Investment Officer, and Ms. Gratsinger.

RESOLUTION 16143

Commissioner Pendleton moved that the Board approve a change to the current asset allocation plan and increase the private equity asset class by 2% with the reduction coming from fixed income for a total investment in private equity of 12%, which was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Nathanson, Navarro, Pendleton, Salimpour, Tapia, Vega, and President von Voigt – 9; nays, none.

B. REPORTS TO THE BOARD

Joshua Geller, Deputy City Attorney took the City Attorney chair at this time.

1. QUARTERLY PORTFOLIO PERFORMANCE REPORT BY RVK

Ms. Rebecca Gratsinger, Chief Executive Officer and Senior Consultant from RVK presented her report to the Board. Mr. Tom Lopez, Chief Investment Officer, answered questions from the Board.

The Board discussed different asset classes; active, passive, and private equity.

2. VERBAL UPDATE ON STATUS OF CITY PROPOSAL TO TRANSFER AIRPORT POLICE TO LOS ANGELES FIRE AND POLICE PENSIONS

There were no updates to report.

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

4. General Manager's Report

a. Monthly Report

b. Marketing Cessation Information

c. Benefits Actions approved by General Manager on June 2, 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 on June 2, 2016.

DISCONTINUED PENSIONS – TIER 1 – 4

Edward L. Burnett	Police Service	Retired:	02-15-63	Died:	02-18-16
Daniel A. Pitt	Fire Disability	Retired:	07-01-70	Died:	03-05-16
Fred R. Sanfilippo	Fire Disability	Retired:	11-16-63	Died:	04-17-16
Raymond Letourneau	Police Disability	Retired:	12-27-67	Died:	04-19-16

DISCONTINUED PENSIONS – TIER 2 – 11

Robert S. Furr	Fire Service	Retired:	02-24-80	Died:	03-26-16
Gordon I. Mc Leod	Fire Service	Retired:	05-24-92	Died:	05-04-16
Joel M. Baldwin	Police Service	Retired:	03-01-78	Died:	04-22-16
John N. Freeman	Police Service	Retired:	10-25-67	Died:	04-16-16
John J. Knott	Police Service	Retired:	01-06-85	Died:	04-10-16
William A. Lynch	Police Service	Retired:	07-08-84	Died:	04-07-16
Robert Nava	Police Service	Retired:	07-05-89	Died:	04-12-16
Rosalio Ornelas	Police Service	Retired:	08-16-98	Died:	04-06-16
Robert E. Platt	Police Service	Retired:	07-10-94	Died:	04-12-16
Robert T. Wachter	Police Service	Retired:	06-02-82	Died:	04-04-16
Gerald F. Jolley	Police Disability	Retired:	12-16-82	Died:	01-05-16

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 3

Lois A. Lowenstein	Fire Service	Retired:	06-29-80	Died:	04-24-16
Lupe Mc Leod	Fire Service	Retired:	06-01-93	Member Died:	05-04-16
Lela J. Platt	Police Service	Retired:	07-10-94	Member Died:	04-12-16

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 5 – 1

Richelle A. Gibson	Fire Service	Retired:	06-01-08	Died:	04-19-16
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PARTIAL PAYMENT OF PENSION – TIER 5 – 4

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Gary S. Maga, Fire Service Pensioner, is to be paid to his former spouse, Joanne A. Maga, effective June 1, 2016. Ms. Maga 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 Monte A. Moore, Fire Service Pensioner, is to be paid to his former spouse, Gwendolyn M. Moore, effective June 1, 2016. Ms. Moore 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 Scott H. Shepherd, Police Service Pensioner, is to be paid to his former spouse, Karen I. Shepherd, effective May 1, 2016. Ms. Shepherd will receive cost of living adjustments. Also, the designated portion of the community property interest which was withheld for Ms. Shepherd since May 1, 2014, should be released to Mr. Shepherd effective May 1, 2016.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Arturo Yanez, Police Service Pensioner, is to be withheld for his former spouse, Norma E. Yanez, effective June 1, 2016.

SERVICE PENSION/DROP – TIER 3 – 2

Police

Cameron S. Dunnet	Sergeant I	Eff:	02-01-16	25	Years	37	Days
Mark Tharp	Detective III	Eff:	03-01-16	27	Years	266	Days

SERVICE PENSION/DROP – TIER 5 – 33

Fire

Jon M. Bowers	Firefighter III	Eff:	12-05-15	27	Years	294	Days
Gregory J. Cueto	Firefighter III	Eff:	02-01-16	30	Years	289	Days
Lance B. Demello	Firefighter III	Eff:	02-01-16	25	Years	105	Days
Douglas R. Dilks	Firefighter III	Eff:	03-01-16	26	Years	342	Days
Larry A. Fuller	Firefighter III	Eff:	02-02-16	35	Years	167	Days
Michael C. Tombrello	Fire Captain I	Eff:	02-02-16	28	Years	14	Days

Police

Jeffrey S. Alley	Police Officer III	Eff:	05-01-16	27	Years	120	Days
Michael P. Beloud	Sergeant II	Eff:	05-02-16	26	Years	316	Days
Richard L. Boyle	Sergeant II	Eff:	03-02-16	26	Years	125	Days
Susan L. Brandstetter	Detective II	Eff:	04-01-16	26	Years	23	Days
Thomas K. Call	Police Officer III+1	Eff:	03-01-16	25	Years	312	Days
Jose Camejo	Police Officer III	Eff:	05-02-16	25	Years	115	Days
Johnathan M. Celentano	Detective III	Eff:	02-01-16	27	Years	134	Days
Howard H. Choy	Sergeant I	Eff:	02-01-16	26	Years	42	Days
Todd E. Clease	Sergeant I	Eff:	03-01-16	25	Years	86	Days
Dimitrius A. Connor	Police Officer III	Eff:	05-01-16	26	Years	24	Days
Jose A. Correa	Sergeant II	Eff:	04-01-16	28	Years	0	Days
Christopher A. Costley	Sergeant II	Eff:	04-01-16	26	Years	331	Days
Gregory S. Crowe	Detective II	Eff:	02-01-16	25	Years	220	Days
Cynthia Deinstein	Police Officer III	Eff:	03-01-16	25	Years	65	Days
Michael C. Delgadillo	Sergeant II	Eff:	02-01-16	28	Years	97	Days
David L. Delgado	Sergeant II	Eff:	02-01-16	25	Years	248	Days
Sandra D. Donaway	Police Officer III	Eff:	02-01-16	25	Years	69	Days
Eddie Diaz	Police Officer II	Eff:	02-01-16	27	Years	133	Days
Maritza B. Esparra	Detective I	Eff:	05-03-16	25	Years	250	Days

Ronald W. Gray	Sergeant II	Eff:	01-25-16	27	Years	210	Days
Ingrid E. Marsden	Police Officer II	Eff:	04-01-16	25	Years	332	Days
Daniel Marrufo	Police Officer III+1	Eff:	04-01-16	26	Years	258	Days
Rick Morales	Sergeant I	Eff:	04-01-16	27	Years	14	Days
Maureen E. Ryan	Captain III	Eff:	05-01-16	28	Years	111	Days
Gary Sales	Police Officer II+2	Eff:	05-01-16	26	Years	6	Days
James K. Shannon	Police Officer II	Eff:	05-02-16	25	Years	144	Days
Donna M. Wheeler	Detective III	Eff:	04-01-16	26	Years	124	Days

d. Other business relating to Department operations

General Manager Ciranna gave the following updates:

1. Congratulated Commissioner Vega on her reappointment to the Board.
2. Discussed an email received from Mr. Don Boyd, Director of Fiscal Policy Studies from the Rockefeller Institute. Commissioners Navarro and Vega asked that Mr. Boyd make his request to the Board. General Manager Ciranna stated that public reports are available.

C. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no items referred for consideration.

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

There were no public comments.

Commissioner Nathanson left the boardroom for the remainder of the meeting at 12:10 p.m.

E. DISABILITY CASE

Commissioner Tapia left the boardroom for the remainder of the meeting at 12:48 p.m. and did not participate in the vote.

DISABILITY CLAIM – NEW CLAIM – TIER 5

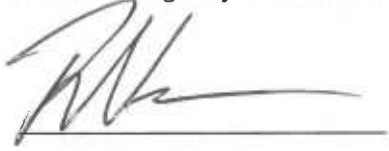
Joshua O. Dewall

(F)

Firefighter III

Service-connected disability pension is granted at 55% with no foreseeable purpose for review. Motion made by Commissioner Salimpour, seconded by Commissioner Diannitto and adopted by the following vote: ayes, Commissioners Aliano, Diannitto, Navarro, Pendleton, Salimpour, Vega, and President von Voigt – 7; nays – none. Captain II Scott Quinn, Medical Liaison, Los Angeles Fire Department, answered questions from the Board. Firefighter Dewall was present and was represented by his attorney, Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee.

The meeting adjourned at 12:53 p.m.



President


Secretary