

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF JANUARY 19, 2017

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, January 19, 2017.

COMMISSIONERS PRESENT: George Aliano
Corinne T. Babcock
Sam Diannitto (Participated Telephonically)
Adam Nathanson
Brian Pendleton
Belinda Vega
Robert von Voigt

COMMISSIONER ABSENT: Ruben Navarro
Pedram Salimpour, MD

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

As the first order of business, the Board appointed Commissioner von Voigt as Chair in the absence of the Board President and Vice President. Chair von Voigt called the meeting to order at 8:32 a.m. All the above-listed Commissioners were present at the start of the meeting.

A. ITEMS FOR BOARD ACTION

1. DISCUSSION OF THE MINIMUM QUALIFICATIONS FOR THE SMALL CAP VALUE DOMESTIC EQUITY INVESTMENT MANAGER SEARCH AND POSSIBLE BOARD ACTION

Mr. Ryan Sullivan, Consultant, and Ms. Rebecca Gratsinger, CEO and Senior Consultant, from RVK presented their report to the Board. Ms. Annie Chao, Investment Officer I, Investments Division was available for questions.

The Board discussed the criteria used for the five minimum qualifications, performance fees, and overall strategy with Mr. Sullivan, Ms. Gratsinger, and General Manager Ciranna. The Board decided to reduce the required minimum amount of assets under management from \$2

billion to \$1 billion and reduce the minimum amount of assets required in the investment strategy from \$1 billion to \$500 million. The Board also specified that the minimum five-year track record must be in the small cap space.

RESOLUTION 17072

Commissioner Aliano moved:

1) That the Board approve the following proposed Minimum Qualifications (MQs) for the Small Cap Value Domestic Equity Investment Manager search:

- a) The firm must have more than \$1 billion in assets under management;
- b) The investment strategy must have more than \$500 million and less than \$3 billion in assets under management;
- c) The investment strategy must have a minimum 5-year track record in Small Cap assets;
- d) The investment strategy must offer a separate account; and
- e) The firm must have at least one existing separate account with more than \$100 million in assets in this investment strategy.

2) That the Board approve using the search procedures for active manager searches adopted in March 2011, which was seconded by Commissioner Vega and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Pendleton, Vega, and Chair von Voigt – 7; nays – none.

2. SECOND QUARTER UPDATE FOR THE 2016-17 BUSINESS PLAN AND POSSIBLE BOARD ACTION

Ms. Diana Pointer, Senior Management Analyst II, Administrative Services Section presented her report to the Board.

Commissioner Pendleton expressed his appreciation to staff for their work on project no. 8 of the business plan.

RESOLUTION 17073

Commissioner Pendleton moved that the Board authorize a revision to the December 31, 2016 milestone date to March 31, 2017 for Project No. 2 – Local and Sustainable Investment Reporting, which was seconded by Commissioner Nathanson and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Pendleton, Vega, and Chair von Voigt – 7; nays – none.

3. DISCUSSION OF REVISIONS TO BOARD POLICY SECTION 10.0: ACTUARIAL FUNDING POLICY AND POSSIBLE BOARD ACTION

Mr. Gregory Mack, Chief Benefits Analyst, Pensions Division gave a brief description of the report and introduced Mr. Paul Angelo, from The Segal Company. Mr. Angelo presented a tutorial on actuarial funding policies to the Board and discussed possible revisions to the Board's current policies. The Board discussed the health of the Fund and pre-payments.

Chair von Voigt recessed the meeting for a break at 10:40 a.m., and reconvened at 10:45 a.m.

B. REPORTS TO THE BOARD

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

Mr. Gregory Mack, Chief Benefits Analyst, Pensions Division introduced Mr. Paul Angelo, from The Segal Company who presented his report to the Board. The report was received and filed.

Ms Elsa Moy provided public comment.

Item A.3 was taken out of order.

A. ITEMS FOR BOARD ACTION – CONTINUED

3. DISCUSSION OF REVISIONS TO BOARD POLICY SECTION 10.0: ACTUARIAL FUNDING POLICY AND POSSIBLE BOARD ACTION

Commissioner von Voigt stated that he would prefer the whole Board make the final decisions regarding any changes to the actuarial funding policy. General Manager Ciranna stated that the Board would revisit the suggested changes at a later date.

RESOLUTION 17074

Commissioner Vega moved that the Board provide direction to Staff and the actuary on revisions to Board Policy Section 10.0: Actuarial Funding Policy:

1. Change the amortization period for assumption changes from 25 to 20 years for pension and health plan UAALs, and
2. Consider shortening the amortization period for current or future UAALs (gains or losses) to 15 years for the health plan, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Pendleton, Vega, and Chair von Voigt – 7; nays – none.

B. REPORTS TO THE BOARD - CONTINUED

2. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

The board report was received and filed.

3. REVIEW OF PRIVATE EQUITY AND COMMODITIES INVESTMENT ACTIVITY BY PORTFOLIO ADVISORS

Messrs. Todd Hughes, Chief Financial Advisor and Managing Director, and Geoffrey Kelleman, Vice President, from Portfolio Advisors presented their report to the Board. The report was received and filed.

Commissioner Vega asked if there is a gap between specialized managers at less or equal to \$500 million and our core managers.

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

5. General Manager's Report

a. Monthly Report

b. Marketing Cessation Information

c. Benefits Actions approved by General Manager on January 5, 2017

Pursuant to Resolution 04008, adopted by the Board of Fire and Police Pension Commissioners on August 7, 2003, the following benefit actions have been approved by the General Manager on January 5, 2017.

DISCONTINUED PENSIONS – TIER 1 – 2

Mary J. Elwood	Police Widow	Retired:	11-05-90	Died:	11-18-16
Renee L. Zimmerer	Police Widow	Retired:	07-05-15	Died:	11-29-16

DISCONTINUED PENSIONS – TIER 2 – 15

Norman L. Beneke	Fire Service	Retired:	02-21-87	Died:	11-05-16
John J. Rock, Jr.	Fire Service	Retired:	07-14-80	Died:	11-28-16
David R. Herrand	Police Service	Retired:	04-20-80	Died:	11-09-16
J. T. Marchesano	Police Service	Retired:	06-08-75	Died:	11-21-16
Mary L. Patrick	Police Service	Retired:	09-14-86	Died:	10-16-16
Barry M. Solon	Police Service	Retired:	03-07-88	Died:	01-17-16
Wallace B. Tallant	Police Service	Retired:	03-17-74	Died:	11-14-16
William A. Bowles	Fire Disability	Retired:	12-10-85	Died:	11-08-16
Michael P. Celentano	Fire Disability	Retired:	09-11-86	Died:	11-07-16
Earl A. Masoner	Fire Disability	Retired:	10-06-83	Died:	10-24-16
Charles E. Myers	Police Disability	Retired:	09-13-84	Died:	04-03-16

Roy D. Rogers	Police Disability	Retired:	03-25-93	Died:	11-17-16
Thelma G. Pleick	Fire Widow	Retired:	05-20-15	Died:	11-25-16
Jean M. Rieger	Fire Widow	Retired:	03-31-03	Died:	05-05-16
Maryellen Leachman	Police Widow	Retired:	12-13-11	Died:	11-11-16

DISCONTINUED PENSIONS – TIER 5 – 2

Robert E. Miller, II	Fire Service	Retired:	09-04-05	Died:	11-28-16
Josephine Mapson	Police Service	Retired:	03-01-10	Died:	05-23-16

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 1

Carole L. Steele	Police Service	Retired:	12-01-86	Died:	11-24-16
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DISCONTINUED PARTIAL PAYMENT OF PENSION – TIER 5 – 1

In accordance with the City Attorney's advice, the designated proportion of the community property interest of the pension payable to Thomas L. Derby, Fire Service Pensioner, which was being withheld for Thomas J. Derby and Christina D. Mabry, designated beneficiaries of his deceased former spouse Gwendolyn K. Derby, has been discontinued. Mr. Derby's and Ms. Mabry's portions revert to the member, effective April 27, 2016. There is one remaining beneficiary whose portion is being withheld.

SERVICE PENSION/DROP – TIER 3 – 1

Police

Jeffrey B. Beacham	Sergeant I	Eff:	12-01-16	28 Years	28 Days
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SERVICE PENSION/DROP – TIER 4 – 1

Fire

Johnny L. Green	Captain II	Eff:	11-01-16	25 Years	320 Days
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SERVICE PENSION/DROP – TIER 5 – 8

Fire

Christopher H. Lewis	Captain I	Eff:	10-12-16	28 Years	99 Days
Reed J. Lotero	Captain I	Eff:	09-02-16	27 Years	49 Days
Kevin D. Mokracek	Captain I	Eff:	10-07-16	27 Years	299 Days
Kahlil J. Muthleb	Inspector I	Eff:	08-12-16	30 Years	163 Days

Police

Gary D. Dubois	Sergeant II	Eff:	11-04-16	25 Years	0 Days
Horace E. Frank	Commander	Eff:	11-01-16	28 Years	179 Days
Janet E. Moulin	Police Officer III	Eff:	12-06-16	25 Years	0 Days
Luke S. Paik	Police Officer III	Eff:	11-01-16	25 Years	42 Days

d. Other business relating to Department operations

General Manager Ciranna gave the following update:

1. The annual report is complete and ready to be released.
2. Waiting for confirmation on the Airport Police Service Purchase Ordinance (Measure SSS); City Council plans to have the first reading of the Ordinance later in the month.
3. The Department was reimbursed by the CAO's Office for the actuarial report from The Segal Company regarding the transfer of Airport Peace Officers from LACERS to LAFPP.
4. A Directors and Officers Liability Insurance Policy was purchased and there is a Waiver of Recourse endorsement fee of \$225.00 for the Board. Commissioners will be invoiced for \$25.00 each.
5. The regular Board meeting scheduled for February 2, 2017 has been canceled.

Commissioner Aliano complimented the Department on the newsletter article regarding the Social Security Windfall Elimination Provision, and thanked Commissioner Nathanson for his efforts in obtaining reductions in fees.

Ms. Elsa Moy provided public comment.

C. CONSENT ITEMS

1. APPROVAL OF TRAVEL AUTHORITY (PEREZ), IFEBP, WHARTON SCHOOL PORTFOLIO CONCEPTS AND MANAGEMENT

RESOLUTION 17075

Commissioner Pendleton moved that the Board approve Mr. Adam Perez, Management Assistant in the Investments Section, to attend the International Foundation of Employee Benefits Plans (IFEBP), Wharton School – Portfolio Concepts and Management from May 1 – 4, 2017 at Philadelphia, PA (April 30th is a travel day), which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Pendleton, Vega, and Chair von Voigt – 7; nays – none.

2. APPROVAL OF TRAVEL AUTHORITY (NAVARRO) – IFEBP, INVESTMENTS INSTITUTE

RESOLUTION 17076

Commissioner Pendleton moved that the Board:

- 1) Approve Commissioner Navarro's request to attend the International Foundation of Employee Benefit Plans (IFEBP), Investments Institute on March 12 –15, 2017 in Phoenix, AZ (March 12th is a travel day);

- 2) Authorize Commissioner Navarro to use an alternative mode of transportation (personal vehicle) to the training venue, and
- 3) Authorize the System to pay the \$50 cancellation fee incurred when Commissioner Navarro could not attend the IFEBP 62nd Annual Employee Benefits Conference from Nov. 13 – 16, 2016 in Orlando, FL due to unavoidable conflicts in his schedule, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Pendleton, Vega, and Chair von Voigt – 7; nays – none.

D. CONSIDERATION OF FUTURE AGENDA ITEMS

There were no items referred for consideration.

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

There were no public comments.

F. DISABILITY CASES

DISABILITY CLAIM – REVIEW REQUESTED BY PENSIONER– TIER 3

Jack Menashe

(P)

Sergeant I (Retired)

As recommended by Staff, prior Board Action of August 19, 2004 granting a service-connected disability pension of 50% is adjusted to 55% with no foreseeable purpose for review. Motion made by Commissioner Babcock, seconded by Commissioner Nathanson and adopted by the following vote: ayes, Commissioners Babcock, Diannitto, Nathanson, Pendleton, and Vega – 5; nays, Commissioners Aliano and Chair von Voigt – 2. Mr. Menashe was present and represented by Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee.

G. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF TWO (2) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION

The Board met in closed session.

2. CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH LEGAL COUNSEL REGARDING PENDING LITIGATION, IN THE FOLLOWING CASE:

(a) Tracy Andres v. Board of Fire and Police Pension Commissioners

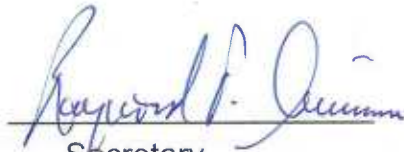
The Board met in closed session.

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

The meeting adjourned at 12:50 p.m.



President



Secretary
