

**MINUTES**  
**OF THE**  
**BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**  
**BOARD MEETING OF AUGUST 17, 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, August 17, 2017.

COMMISSIONERS PRESENT: Ruben Navarro, President  
Corinne T. Babcock, Vice President  
George Aliano  
Sam Diannitto (Participated Telephonically)  
Adam Nathanson  
Brian Pendleton  
Pedram Salimpour, MD  
Belinda Vega  
Robert von Voigt

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: Anya Freedman, Deputy City Attorney

President Navarro called the meeting to order at 8:32 a.m. All the above-listed Commissioners were present at the start of the meeting with the exception of Commissioner Vega who arrived at 8:36 a.m.

**A. ITEMS FOR BOARD ACTION**

**1. APPROVAL OF INTEREST RATE TO BE CREDITED TO ACTIVE MEMBERS ACCOUNTS AS OF JUNE 30, 2017 AND POSSIBLE BOARD ACTION**

The board report was approved as submitted.

Resolution 18018

Commissioner Aliano moved that the Board, in accordance with Board Rule 5.1, direct the General Manager to credit the interest rate of 1.31% to active members accounts as of June

30, 2017, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, von Voigt, and President Navarro – 6; nays, none.

*Commissioner Vega joined the meeting at 8:36 a.m.*

2. CONSIDERATION TO GRANT A DEFERRED PENSION TO RINA M. KELLY, AND OTHERS, AND POSSIBLE BOARD ACTION

Ms. Robyn Wilder, Chief Benefits Analyst, Pensions Division discussed the report with the Board.

Commissioner Aliano requested notification to the Board in the Monthly Report whenever a late election for a deferred pension is granted by the General Manager.

Resolution 18019

Commissioner von Voigt moved that it be the finding of the Board that:

1. Approval is granted to accept Rina M. Kelly's late election for a deferred pension subject to the application being received no later than September 15, 2017; and,
  2. Staff be authorized to extend the opportunity to apply for a deferred pension to vested, terminated members who as of the date of this finding, have not filed a deferred pension election within the three-year period as required by the Charter and Administrative Code, subject to all other requirements being met; and,
  3. Authority is granted to the General Manager to accept future untimely deferred pension applications when the circumstances warrant, which was seconded by Commissioner Nathanson and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Vega, von Voigt, and President Navarro – 7; nays, none.
3. REVIEW AND RESTRUCTURE OF COMMODITY PUBLIC EQUITY ALLOCATION AND POSSIBLE BOARD ACTION

Mr. Derek Nue, Investment Officer, Investments Division presented the report to the Board. Mr. Ryan Sullivan, Consultant from RVK was available for questions from the Board.

Commissioner Vega requested clarification regarding staff's recommendation for KBI. The Board discussed performance and fee structures.

Motion

Commissioner Nathanson moved that the Board cap fees at \$100,000, which was seconded by Commissioner Vega and failed by the following vote: ayes, Commissioners Babcock,

Nathanson, Vega, and von Voigt – 4; nays – Commissioners Aliano, Diannitto, and President Navarro – 3.

#### RESOLUTION 18020

Commissioner Navarro moved that the Board:

1. Allow the expiration of the two, active commodity public equity contracts (expiration date for both contracts: September 30, 2017) of Mellon Capital Management Corporation (Mellon) and KBI Global Investors Limited (KBI);
2. Reallocate the assets of Mellon and KBI to the passive commodity public equity index accounts managed by AllianceBernstein, L.P. (Alliance); and,
3. Adopt the following indices for the passive commodity public equity strategy: 1) S&P Global Natural Resources Index (50%), 2) S&P Global Water Index (10%), 3) Dow Jones Brookfield Global Infrastructure Index (10%), 4) S&P Global Clean Energy Index (10%), 5) S&P Global Timber & Forestry Index (10%), and 6) S&P Commodity Producers Agribusiness Index (10%), which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, von Voigt, and President Navarro – 5; nays – Commissioners Nathanson and Vega - 2.
4. REVIEW OF SMALL CAP SEARCH PROCESS BY RVK

Mr. Ryan Sullivan, Consultant, and Ms. Becky Gratsinger, CEO and Senior Consultant from RVK presented their report to the Board.

Commissioners Vega and Nathanson questioned some of RVK's recommendations which were discussed further by Ms. Gratsinger, Mr. Sullivan, and Mr. Tom Lopez, Chief Investment Officer, Investments Division. The report was received and filed.

Item B.1 was taken out of order.

#### B. REPORTS TO THE BOARD

##### 1. HEALTH CARE PLANS - VERBAL UPDATE

General Manager Ciranna gave the Board an update on the August 14, 2017 meeting of the Ad Hoc Committee on Retiree Health Plans. It was well attended by stakeholders and the Associations, and a very productive dialog ensued. The next committee meeting will be held in September.

Officer Michael Glimpse provided public comment and requested a copy of the legal memo from K&L Gates regarding LAFPP member enrollment in LACERS health and dental plans.

Motion

Commissioner von Voigt moved that the Board waive the confidential attorney - client privilege of a memo from K&L Gates dated November 29, 2016, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Vega, von Voigt, and President Navarro – 7; nays, none.

2. Miscellaneous correspondence from money managers, consultants, etc. – Received and Filed.
3. General Manager’s Report
  - a. Monthly Report
  - b. Marketing Cessation Information
  - c. Benefits Actions approved by General Manager on August 3, 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 August 3, 2017.

DISCONTINUED PENSIONS – TIER 1 – 1

Sylvia Bell	Police Widow	Retired:	04-11-12	Died:	07-13-17
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DISCONTINUED PENSIONS – TIER 2 – 8

Jay E. Ellington	Fire Service	Retired:	03-06-83	Died:	05-01-17
Patrick D. Haag	Fire Service	Retired:	06-11-91	Died:	06-27-17
David O. Hacker	Police Service	Retired:	06-18-00	Died:	06-17-17
Donald R. Sarbeck	Police Service	Retired:	02-26-89	Died:	06-29-17
Shirley E. Hoffman	Fire Widow	Retired:	08-25-10	Died:	07-20-17
Jean A. Latham	Fire Widow	Retired:	02-18-12	Died:	05-04-17
Helen G. Harer	Police Widow	Retired:	08-01-77	Died:	06-13-17
Barbara L. Sauter	Police Widow	Retired:	08-11-96	Died:	05-13-17

DISCONTINUED PENSIONS – TIER 5 – 1

Edward N. Hewko	Fire Service	Retired:	02-05-06	Died:	06-14-17
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DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 1

Kathleen Ellington	Fire Service	Retired:	10-01-89	Member Died:	05-01-17
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SERVICE PENSION – TIER 5 – 4

Police

Amy L. Guerrero	Sergeant I	Eff:	07-09-17	24	Years	120	Days
Luis E. Torres	Sergeant I	Eff:	07-01-17	24	Years	276	Days
Amy M. Wong	Sergeant I	Eff:	07-09-17	25	Years	178	Days
Elliot E. Zibli	Police Officer III	Eff:	07-04-17	23	Years	179	Days

SERVICE PENSION/DROP – TIER 3 – 1

Police

Albert Garcia	Police Officer III	Eff:	06-25-17	28	Years	290	Days
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SERVICE PENSION/DROP – TIER 4 – 2

Police

Synthia L. Lee	Captain II	Eff:	07-05-17	29	Years	148	Days
Terrance A. Young	Detective I	Eff:	07-05-17	28	Years	98	Days

SERVICE PENSION/DROP – TIER 5 – 11

Fire

Ruben Navarro	Fire Captain II	Eff:	07-01-17	33	Years	109	Days
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Police

Andy Aguayo	Detective I	Eff:	07-05-17	26	Years	271	Days
Angel Cervantes	Police Officer II +2	Eff:	07-01-17	26	Years	225	Days
Dino J. Duran	Lieutenant II	Eff:	07-01-17	27	Years	0	Days
Kimberly A. Fairchild	Detective II	Eff:	07-01-17	27	Years	31	Days
Tracey E. Gray	Detective III	Eff:	05-01-17	28	Years	164	Days
Ken Lew	Police Officer III	Eff:	07-01-17	27	Years	30	Days
Claudia A. Martin	Police Officer III	Eff:	07-03-17	26	Years	143	Days
Danetta C. Meniffee	Detective III	Eff:	07-01-17	28	Years	5	Days
Anna M. Mullins	Detective I	Eff:	07-01-17	28	Years	5	Days
Arnulfo N. Valdez	Detective I	Eff:	07-01-17	27	Years	119	Days

d. Other business relating to Department operations

General Manager Ciranna gave the following updates:

1. The retired fire member of the Board election is pending. Three candidates have filed.

2. The Department received a donation from the estate of Adora Lorraine Pulliam, the deceased qualified surviving spouse of Frank Pulliam, of approximately \$2,500.
3. Segal will be presenting their annual health care trend report on September 7, 2017.
4. Requested that Board members who have not yet completed the City Attorney evaluation form please do so as soon as possible.
5. Additional dates may be provided to the Board for the one-day strategic planning workshop.

Ms. Elsa Moy provided public comment.

*President Navarro recessed the meeting for a break at 9:22 a.m. and reconvened at 9:36 a.m.*

## C. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Nathanson requested a report on the fees for venture capital funds.

### A. ITEMS FOR BOARD ACTION – CONTINUED

#### 5. PRESENTATIONS BY FINALIST CANDIDATES FOR THE US SMALL CAP VALUE EQUITY SEARCH AND POSSIBLE BOARD ACTION

- AllianceBernstein L.P.
- Boston Partners Global Investors, Inc.
- Cardinal Capital Management, L.L.C.
- PHOCAS Financial corporation
- WEDGE Capital Management, L.L.P.
- Westwood Management Corp.

Ms. Erin Kenney, Departmental Audit Manager, Internal Audit Section 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.

Ms. Becky Gratsinger, CEO and Senior Consultant from RVK discussed their memorandum with the Board. Messrs. Matt Sturdivan and Alex Spencer, Equity Research Team from RVK discussed the performance consistency of the managers.

Ms. Liz Smith, Senior Managing Director of Public Funds, and Mr. James MacGregor, CFA and CIO, from AllianceBernstein L.P. and gave their presentation and were interviewed by the Board.

Messrs. David Dabora, CFA and Senior Portfolio Manager, George Gumpert, CFA and Portfolio Manager, and Ms. Kerry Ann James, CFA and Head of Institutional Distribution

from Boston Partners Global Investors, Inc. gave their presentation and were interviewed by the Board.

Ms. Eva Maria Janerus, CFA and Director of Marketing and Client Service, and Mr. Eugene Fox III, Managing Partner from Cardinal Capital Management, L.L.C. gave their presentation and were interviewed by the Board.

*Deputy City Attorney Joshua Geller took the City Attorney Chair at this time.*

Messrs. William Schaff, CFA, CEO and Portfolio Manager and Mr. Steve Block, CFA and Portfolio Manager from PHOCAS Financial corporation gave their presentation and were interviewed by the Board.

*Deputy City Attorney Anya Freedman took the City Attorney Chair at this time.*

Messrs. Richard Wells, Executive Vice President, Caldwell Calame, CFA and Executive Vice President, and Donald Cleven, CFA and General Partner from WEDGE Capital Management, L.L.P. gave their presentation and were interviewed by the Board.

Messrs. Brian Casey, President and CEO, Matthew Lockridge, Senior Vice President and Senior Portfolio Manager, Ms. Jacqueline Finley, CFA and Senior Vice President, and Ms. Kim Calhoun, QPA and Senior Vice President from Westwood Management Corp. gave their presentation and were interviewed by the Board.

*President Navarro recessed the meeting for a break at 12:40 p.m., and reconvened at 12:49 p.m.*

## DISCUSSION/SELECTION

The Board members stated their respective preferences and Commissioner Nathanson discussed fees with Ms. Gratsinger and Mr. Tom Lopez, Chief Investment Officer, Investments Division. The Board decided to hire two managers with an allocation of \$200 million each.

### Resolution 18021

Commissioner Aliano moved that the Board:

1. Select AllianceBernstein and Westwood as the US Small Cap Value Equity counsels for a three-year term, with an allocation of \$200 million to each firm,
2. Consider hiring additional firms from the current RFP,

3. Authorize the City Attorney to negotiate terms and conditions of the contracts with AllianceBernstein and Westwood, including the thirty-day termination clause contained in the "Standard Provisions for City Contracts;" and,
4. Authorize the President of the Board, on behalf of the Board, to execute the contracts, subject to City Attorney approval as to form, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Aliano, Babcock, Diannitto, Nathanson, Vega, von Voigt, and President Navarro – 7; nays, none.

*Commissioners Babcock and Diannitto left the meeting at 1:30 p.m.*

6. CONSIDERATION OF 2016-17 GENERAL MANAGER PERFORMANCE AND POSSIBLE BOARD ACTION

Tabled until after closed session.

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

There were no public comments.

E. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1):  
GENERAL MANAGER 2016-17 PERFORMANCE EVALUATION SURVEY RESULTS AND  
POSSIBLE BOARD ACTION

The Board met in closed session.

A. ITEMS FOR BOARD ACTION – CONTINUED

6. CONSIDERATION OF 2016-17 GENERAL MANAGER PERFORMANCE AND POSSIBLE BOARD ACTION

Upon reconvening in open session, President Navarro stated that the Board approved General Manager Ciranna's salary increase by a unanimous vote.

RESOLUTION 18022

Commissioner Navarro moved that the Board in accordance with the Board Governance Policy, Section 12.0:

1. Determine that the General Manager's performance for Fiscal Year 2016-17 exceeded expectations or was outstanding; and
2. Consider a merit pay adjustment up to 5% in closed session, and in open session grant the General Manager a merit pay increase up to 5% effective July 1, 2017, which was

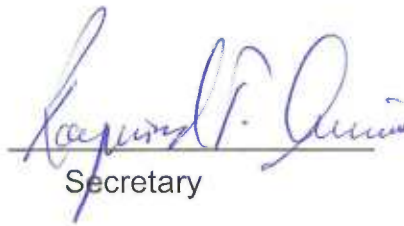


seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Nathanson, Vega, von Voigt, and President Navarro – 5; nays, none.

The meeting adjourned at 2:05 p.m.



President



Secretary