

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF OCTOBER 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, October 19, 2017.

COMMISSIONERS PRESENT: Ruben Navarro, President
Corinne T. Babcock, Vice President
Ken Buzzell
Adam Nathanson
Brian Pendleton
Pedram Salimpour, MD
Robert von Voigt

COMMISSIONERS ABSENT: George Aliano
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 Navarro called the meeting to order at 8:30 a.m. All the above-listed Commissioners were present at the start of the meeting with the exception of Commissioners Nathanson and Salimpour who arrived at 8:41 a.m. and 9:34 a.m. respectively.

A ITEMS FOR BOARD ACTION

1. FIRST QUARTER UPDATE FOR THE 2017-18 BUSINESS PLAN AND POSSIBLE BOARD ACTION

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

Commissioner von Voigt moved that the Board:

- 1) Authorize a revision to the December 31, 2017 milestones date to March 31, 2018 for Project No. 1 – Portfolio Risk Analysis; and,
- 2) Authorize a revision to the December 31, 2017 milestones date to June 30, 2018 for Project No. 2 - Private Equity Investment Fee Disclosure, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Pendleton, von Voigt, and President Navarro – 5; nays, none.

2. CONSENT OF ASSIGNMENT OF TOWNSEND HOLDINGS LLC'S CONTRACT AND POSSIBLE BOARD ACTION

Messrs. Nathaniel Chang, Investment Officer I, and Paul Palmer, Investment Officer II, Investments Division presented the report to the Board.

Resolution 18051

Commissioner von Voigt moved that the Board consent to the assignment of Townsend Holdings LLC's real estate consulting contract and authorize the General Manager to sign the written consent on behalf of the Board, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Pendleton, von Voigt, and President Navarro – 5; nays, none.

3. AMENDMENTS TO BOARD POLICY SECTION 3.3.1: AUTHORITY OF GENERAL MANAGER TO ADJUST THE EFFECTIVE DATE OF A DECLARATION OF DOMESTIC PARTNERSHIP AND POSSIBLE BOARD ACTION

The report was approved as submitted.

Resolution 18052

Commissioner Buzzell moved that the Board approve the proposed amendments to Board Policy Section 3.3.1: Authority of General Manager to adjust the effective date of a Declaration of Domestic Partnership, which was seconded by Commissioner von Voigt and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Pendleton, von Voigt, and President Navarro – 5; nays, none.

The following Items were taken out of order.

F. DISABILITY CASE

DISABILITY CLAIM – NEW CLAIM – TIER 5

Sunil Dutta

(P)

Sergeant II

As recommended by staff and concurred in by the applicant, service-connected disability pension is granted at 90% with no foreseeable purpose for review. Motion made by Commissioner Babcock, seconded by Commissioner von Voigt and adopted by the following vote: ayes, Commissioners Babcock, Buzzell, Pendleton, von Voigt, and President Navarro – 5; nays, none; absent - Commissioners Aliano, Nathanson, Salimpour, and Vega. Sergeant Dutta was not present but was represented by Corina Lee of the Los Angeles Police Protective League. (JG)

*Commissioner Nathanson joined the meeting at 8:41 a.m.
President Navarro stepped out of the board room.*

Vice President Babcock recessed the regular meeting at 8:41 a.m. to convene the Special Board meeting. The regular meeting reconvened at 8:46 a.m.

B. REPORTS TO THE BOARD

1. GOVERNMENTAL ACCOUNTING STANDARDS (GAS) 68 ACTUARIAL VALUATION BASED ON JUNE 30, 2016 MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2017; GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 68 REPORT AS OF JUNE 30, 2016 FOR EMPLOYER REPORTING AS OF JUNE 30, 2017

Ms. Erin Kenney, Departmental Audit Manager, Internal Audit Section gave a brief report and introduced Ms. Grace Yuen and Ms. Etta Hur from Simpson and Simpson who presented their actuarial valuations to the Board.

Ms. Elsa Moy provided public comment.

The report was received and filed.

2. UPDATE FROM THE AD HOC COMMITTEE ON RETIREE HEALTH PLANS

General Manager Ciranna gave the following updates:

- a. Open enrollment for the small group from LACERS began on October 15, 2017 and will end on November 30, 2017. A total of 37 packages were sent out.
- b. Port Police retirees confirmed that they received the enrollment package.
- c. Staff received direction on the dependent subsidy from the committee.

3. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

The report was received and filed.

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

5. General Manager's Report

- a. Monthly Report
- b. Marketing Cessation Information
- d. Benefits Actions approved by General Manager on October 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 October 5, 2017.

DISCONTINUED PENSIONS – TIER 1 – 1

Joyce W. Hansen	Fire Widow	Retired:	04-16-00	Died:	09-13-17
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DISCONTINUED PENSIONS – TIER 2 – 5

George L. True	Fire Service	Retired:	06-22-75	Died:	08-11-17
Abel A. Caron	Police Service	Retired:	07-04-99	Died:	08-28-17
Willard L. Meek	Police Service	Retired:	10-08-78	Died:	08-16-17
Virginia H. Douglass	Fire Widow	Retired:	05-06-86	Died:	08-23-17
Daisy Leonard	Police Widow	Retired:	08-19-05	Died:	08-30-17

DISCONTINUED PENSIONS – TIER 5 – 2

Floyd A. Henry	Police Service	Retired:	12-11-05	Died:	06-18-17
Thomas E. Thompson	Police Service	Retired:	02-03-09	Died:	08-18-17

DESIGNATED PARTIAL PAYMENT OF PENSION – TIER 4 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Mario S. Cruz, Police Service Pensioner, which was paid to his deceased former spouse, Debra E. Dawson, has been designated to her beneficiary, Tyler J. Cruz, effective September 19, 2015. Mr. Cruz will receive cost of living adjustments.

SERVICE PENSION – TIER 3 – 1

<u>Police</u>									
Andrew Peters	Police Officer III	Eff:	09-17-17	25	Years	126	Days		

SERVICE PENSION – TIER 5 – 5

Police

John P. Bunnell	Police Officer III	Eff:	09-03-17	20	Years	1	Day
Moises M. Flores	Sergeant II	Eff:	09-17-17	27	Years	91	Days
Timothy H. Kim	Sergeant I	Eff:	09-03-17	27	Years	77	Days
Rolando Rodriguez, Jr.	Detective I	Eff:	09-06-17	23	Years	207	Days
Manuel R. Zapata	Police Officer II	Eff:	08-06-17	22	Years	103	Days

SERVICE PENSION/DROP – TIER 3 – 2

Police

Michael A. Laufer	Police Officer II	Eff:	08-01-17	29	Years	251	Days
Tim M. Nambu	Police Officer III	Eff:	09-01-17	27	Years	167	Days

SERVICE PENSION/DROP – TIER 5 – 12

Fire

Brian T. Ballton	Captain III	Eff:	07-02-17	30	Years	114	Days
Paterno O. Bigcas	Engineer	Eff:	09-01-17	29	Years	197	Days
Darryll K. Bolden	Inspector II	Eff:	02-01-17	28	Years	126	Days
Joshua L. Burton	Firefighter III	Eff:	08-01-17	32	Years	63	Days
Christopher Castellanos	Firefighter III	Eff:	02-01-17	26	Years	315	Days
Robert L. Knight	Captain II	Eff:	07-04-17	30	Years	44	Days
Anthony C. Matthews	Battalion Chief	Eff:	08-02-17	30	Years	0	Days
Alexander A. Molina	Inspector I	Eff:	07-03-17	30	Years	165	Days

Police

Saul Diaz	Detective II	Eff:	09-01-17	27	Years	258	Days
Shandrea R. Porter	Detective II	Eff:	08-01-17	26	Years	310	Days
Ronald F. Roberson	Police Officer II +2	Eff:	09-01-17	30	Years	221	Days
Jose L. Viramontes	Detective II	Eff:	09-01-17	27	Years	48	Days

DISCONTINUE DROP – TIER 3 – 1

Police

James A. Stout	Retired:	06-01-15	Exit Close of:	09-30-17
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SERVICE-CONNECTED DISABILITY PENSION – TIER 4 – 1

<u>Name</u>	<u>Member's Rank</u>	<u>Percentage</u>	<u>Effective Date</u>	<u>Board Date</u>
Debbie Y. Matsuda	Police Officer II	45%	02-24-17	09-20-17

d. Other business relating to Department operations

General Manager Ciranna gave the following update:

1. The Strategic Planning Session will be held on December 7, 2017. The facilitator would like to speak to the Commissioners during the first or second week of November.

C. CONSENT ITEMS

1. Approval of Minutes
 - a. Minutes of the Special Board Meeting of May 11, 2017
2. Findings of Fact
 - a. Debbie Y. Matsuda – Tier 4

Motion

Commissioner von Voigt moved that the Board approve the consent items, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Nathanson, Pendleton, von Voigt, and President Navarro – 6; nays, none.

D. CONSIDERATION OF FUTURE AGENDA ITEMS

A ITEMS FOR BOARD ACTION - CONTINUED

4. PRESENTATIONS BY FINALIST CANDIDATES FOR THE REAL ESTATE SEPARATE ACCOUNT SEARCH AND POSSIBLE BOARD ACTION
 - AEW
 - CBRE
 - Heitman
 - L&B
 - Sentinel
 - Stockbridge

Commissioner Salimpour joined the meeting at 9:34 a.m.

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; there is nothing to report under LAFPP’s contractor disclosure policy on five of the candidates, and disclosure information for CBRE has been distributed to the Board.

Ms. Jennifer Young Stevens, Principal, and Mr. Robert Miranda, Vice President from Townsend discussed their memorandum with the Board.

Ms. Pamela Herbst, Head of Direct Investments, Mr. Robert Pumb, Head of Acquisitions/Capital Markets, Ms. Maureen Joyce, Senior Portfolio Advisor, Mr. Thomas

Mullahey, Head of Los Angeles Office, and Mr. Mark Morrison, Portfolio Manager from AEW gave their presentation and were interviewed by the Board.

Messrs. Nick Rittenhouse, Director in Investor Services, David Morrison, Head of Portfolio Management – Americas, and Ming Lee, Senior Managing Director from CBRE gave their presentation and were interviewed by the Board.

Messrs. Tony Ferrante, Executive Vice President and Portfolio Manager, Pete Fawcett, Managing Director of Portfolio and Asset Management, Ms. Mary Ludgin, Managing Director and Head of Global Research, and Mr. Paul Rezens, Senior Vice President and Asset Manager from Heitman gave their presentation and were interviewed by the Board.

Mr. G. Andrew Smith, Chief Executive Officer, Ms. Christine Mullis, Executive Vice President – Portfolio Management, Mr. Paul Noland, Vice President – Office Acquisitions, and Mr. Jon Molnoskey, Vice President – Portfolio Management L&B gave their presentation and were interviewed by the Board.

Messrs. Martin Cawley, Managing Director, Michael Streicker, Executive Vice President, Ms. Cindy Miata, First Vice President, and Mr. Nicholas Stein, Managing Director from Sentinel gave their presentation and were interviewed by the Board.

Messrs. Alan Purser, Managing Director, Jay Jehle, Managing Director, Drew Stepanek, Senior Vice President, and Ms. Bianca Tabourn, Senior Vice President from Stockbridge gave their presentation and were interviewed by the Board.

DISCUSSION/SELECTION

The Board discussed fee caps, diversity, local investment opportunities, and how many managers to hire. The Board members expressed their respective preferences and decided to hire one Separate Account Real Estate Manager with the understanding that the fees will be competitive.

Mr. Michael Pineschi, Mr. Juan Chavez, Ms. Fidelina Zavala, Mr. Ramon Quintero, Ms. Mitra Elie, and Ms. Reyna Robles provided public comment.

Resolution 18054

Commissioner Nathanson moved that the Board:

1. Select AEW as the Separate Account Real Estate Manager for a three-year term, directing staff to negotiate a 50 basis points or less fee cap,

2. Consider hiring Stoneridge from the current RFP if AEW will not adjust their fees,
3. Exclude the Neptune Building from the management portfolio,
4. Authorize the General Manager to negotiate terms and conditions of the contract with AEW, including the thirty-day termination clause contained in the "Standard Provisions for City Contracts;" and,
5. Authorize the President of the Board, on behalf of the Board, to execute the contract, subject to City Attorney approval as to form, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Nathanson, Pendleton, Salimpour, von Voigt, and President Navarro – 7; nays, none.

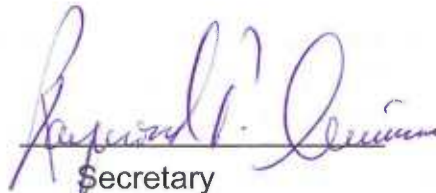
E. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION

Ms. Elsa Moy provided public comment.

The meeting adjourned at 2:38 p.m.



President



Secretary