

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF FEBRUARY 15, 2018

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, February 15, 2018.

COMMISSIONERS PRESENT: Ruben Navarro, President
Corinne T. Babcock, Vice President
George Aliano
Ken Buzzell
Adam Nathanson
Brian Pendleton
Pedram Salimpour, MD
Belinda Vega

COMMISSIONER ABSENT: Robert von Voigt

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

CITY ATTORNEY'S OFFICE: Alan Manning, Assistant City Attorney

President Navarro called the meeting to order at 8:31 a.m. All the above-listed Commissioners were present at the start of the meeting with the exception of Commissioners Vega and Salimpour who arrived at 8:36 a.m. and 9:48 a.m. respectively.

A. ITEMS FOR BOARD ACTION

1. REVISIONS TO THE DEPARTMENT'S CONFLICT OF INTEREST CODE AND POSSIBLE BOARD ACTION

Ms. Wendy Kamayatsu, Management Analyst and Mr. T.J. Knight, Senior Management Analyst I, Administrative Services Section presented the report to the Board. The report was approved as submitted.

Resolution 18100

Commissioner Buzzell moved that the Board:

- 1) Approve the proposed revisions to the Department's Conflict of Interests (COI) Code and direct staff to submit the revisions to the City Ethics Commission (CEC) for final approval by the City Council; and
 - 2) Authorize the General Manager to administratively approve the July 2018 biennial update of the COI Code, provided there are no changes from these proposed revisions, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Aliano, Babcock, Buzzell, Nathanson, Pendlton, and President Navarro – 6; nays – none.
2. APPROVAL OF INTEREST RATE TO BE CREDITED TO ACTIVE MEMBERS ACCOUNTS AS OF DECEMBER 31, 2017 AND POSSIBLE BOARD ACTION

Ms. Yolanda Huang, Department Chief Accountant IV, Accounting Section was available for questions. The report was approved as submitted.

Resolution 18101

Commissioner Buzzell moved that the Board, in accordance with Board Rule 5.1, direct the General Manager to credit the interest rate of 1.16% to active members accounts as of December 31, 2017, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Babcock, Buzzell, Nathanson, Pendlton, and President Navarro – 6; nays – none.

The following items were taken out of order.

B. REPORTS TO THE BOARD

3. PRESENTATION BY COMMODITY MANAGER GRESHAM INVESTMENT MANAGEMENT LLC

Messrs. John Spencer, President and Chief Investment Officer, and Mike Hammond, Head of Business Development in North America from Gresham Investment Management gave their presentation to the Board.

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

The Board discussed fees, historical performance, and asset allocation with Mr. Spencer.

4. PRESENTATION BY COMMODITY MANAGER GOLDMAN SACHS ASSET MANAGEMENT

Ms. Stephanie Ivy Sanford, Lead of the West Coast Public Funds Effort, Messrs. Michael Johnson, Managing Director and Head of Commodities Portfolio Management and John Calvaruso, Vice President and Commodities Portfolio Manager from Goldman Sachs Asset Management gave their presentation to the Board.

The Board discussed fees, world market, active vs passive investments, and asset diversification with Mr. Calvaruso, Ms. Becky Gratsinger, CEO and Senior Consultant, from RVK and Mr. Tom Lopez, Chief Investment Officer, Pensions Division.

Commissioner Nathanson stated that he would like a report on the watch list strategy.

1. UPDATE TO THE BOARD ON AD HOC COMMITTEE ON RETIREE HEALTH PLANS

General Manager Ciranna gave the following updates on the meeting held on February 12, 2018:

1. Discussed the Medicare subsidy.
2. Working on defining what a suitable plan consists of for members.
3. Bradawn, Inc., consultant for LAPRA and LAFRA gave a brief presentation.
4. The next meeting is scheduled for March 12, 2018 and will include a discussion on contracts.

Commissioner Salimpour joined the meeting at 9:48 a.m.

2. DROP PROGRAM PRESENTATION AND UPDATE

Ms. Robyn Wilder, Chief Benefits Analyst, Pensions Division gave a presentation to the Board on the DROP program.

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

6. General Manager's Report

a. Monthly Report

b. Marketing Cessation Information

c. Benefits Actions approved by General Manager on February 1, 2018

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 February 1, 2018.

DISCONTINUED PENSIONS – TIER 2 – 5

Gerald Blackburn	Police Service	Retired:	12-01-74	Died:	12-24-17
Zelber D. Minnix	Police Service	Retired:	06-28-92	Died:	11-08-17
Robert K. Brown	Fire Disability	Retired:	10-20-88	Died:	12-24-17
Alvina C. Bakula	Fire Widow	Retired:	07-27-09	Died:	10-17-17
Betty J. Young	Fire Widow	Retired:	07-17-13	Died:	12-20-17

PARTIAL PAYMENT OF PENSION – TIER 5 – 2

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Paul R. Chiaravalle, Police Service Pensioner, is to be paid to his former spouse, Eva M. Chiaravalle, effective January 1, 2018. Ms. Chiaravalle 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 C. Houze, Police Service Pensioner, is to be paid to his former spouse, Amira L. Houze, effective January 1, 2018. Ms. Houze will receive cost of living adjustments.

SERVICE PENSION – TIER 3 – 1

Rollin J. Secrest	Detective II	Eff:	01-07-18	23	Years	67	Days
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SERVICE PENSION – TIER 5 – 3

Police

Lorenzo Barbosa	Detective I	Eff:	12-02-17	26	Years	340	Days
Alma D. Mercado	Detective I	Eff:	01-07-18	23	Years	9	Days
Michael B. Morlan	Detective III	Eff:	01-07-18	24	Years	217	Days

d. Other business relating to Department operations

General Manager Ciranna gave the following updates:

1. Interviews of the Finalist Candidates for International Small Cap Equity will be held on March 1, 2018.
2. The Board will conduct interviews with all four actuarial firms that responded to the RFP.

C. CONSENT ITEMS

1. APPROVAL OF TRAVEL AUTHORITY (NAVARRO) – IFEBP, EVIDENCE, INSIGHT AND STRATEGY FOR OPTIMIZING HEALTH CONFERENCE AND NCPERS, 2018 ANNUAL CONFERENCE & EXHIBITION

Commissioner Salimpour stepped out of the board room prior to the vote.

Resolution 18102

Commissioner Vega moved to approve the consent item, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Aliano, Babcock, Buzzell, Nathanson, Pendleton, Vega, and President Navarro – 7; nays – none.

D. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Nathanson requested a report on watch list strategy and performance vs flat fees.

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

There were no public speakers.

Commissioner Salimpour returned to the board room.

President Navarro recessed the meeting for a break at 10:28 a.m. and reconvened at 10:38 a.m.

A. ITEMS FOR BOARD ACTION - CONTINUED

3. PRESENTATIONS BY FINALIST CANDIDATES FOR THE SECURITIES MONITORING FIRMS SEARCH AND POSSIBLE BOARD ACTION

- Bernstein Litowitz Berger & Grossman LLP
- Bleichmar Fonti & Auld, LLP
- Cohen Milstein Sellers & Toll PLLC
- Kessler Topaz Meltzer & Check LLP
- Labaton Sucharow LLP
- Robbins Geller Rudman & Dowd LLP

Mr. James Yeung, Internal Auditor IV, 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 for five of the firms and disclosure information for Robbins Geller Rudman & Dowd was distributed to the Board.

Ms. Janel Losoya, Director of Data Analysis, Joseph Fonti, Partner, Ms. Erin Woods, Of Counsel, and Mr. Javier Bleichmar, Partner from Bleichmar Fonti & Auld, LLP. gave their presentation and were interviewed by the Board.

Commissioner Nathanson left the board room for the remainder of the meeting at 11:06 a.m.

Mr. Jay Chaudhuri, Of Counsel, and Ms. Julie Reiser, Partner from Cohen Milstein Sellers & Toll PLLC gave their presentation and were interviewed by the Board.

Mr. Jonathan Davidson, Partner, and Mr. Naumom Amjed, Partner from Kessler Topaz Meltzer & Check LLP gave their presentation and were interviewed by the Board.

Ms. Marisa DeMato, Partner, Mr. Mark Willis, Partner, and Mr. Francis McConville, Of Counsel from Labaton Sucharow LLP gave their presentation and were interviewed by the Board.

Mr. Timothy DeLange, Partner, and Ms. Hannah Ross, Partner from Bernstein Litowitz Berger & Grossmann LLP gave their presentation and were interviewed by the Board.

President Navarro recessed the meeting for a break at 12:17 p.m. and reconvened at 12:20 p.m.

Mr. Darren Robbins, Partner, Mr. Jason Forge, Partner, and Ms. Danielle Myers, Partner from Robbins Geller Rudman & Dowd LLP gave their presentation and were interviewed by the Board.

During the separate interviews, the Board discussed diversity, relationships with other firms, whether there would be conflicts between investment and monitoring services, and internal investigators as opposed to contract investigators with each of the firms.

DISCUSSION/SELECTION

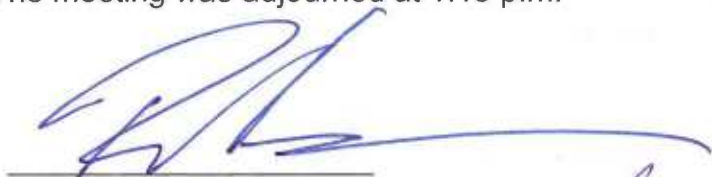
The Board members expressed their respective preferences.

Resolution 18103

Commissioner Aliano moved that the Board:

1. Select Cohen Milstein Sellers & Toll PLLC, Labaton Sucharow LLP, and Robbins Geller Rudman & Dowd LLP to assist the City Attorney's Office by providing securities monitoring services for the Los Angeles Fire and Police Pension plan;
2. Authorize the General Manager to approve and execute contracts with the three Securities Monitoring Counsel firms selected by the Board for three-year terms (with the City Attorney also a party to those contracts, per the City Charter). The Securities Monitoring Counsel firms will provide monitoring services at no cost to LAFPP or the City, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Aliano, Babcock, Buzzell, Pendleton, Salimpour, Vega, and President Navarro – 7; nays – none.

The meeting was adjourned at 1:13 p.m.



President



Secretary