

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF OCTOBER 18, 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, October 18, 2018.

COMMISSIONERS PRESENT: Corinne T. Babcock, President
George Aliano
Ken Buzzell
Ruben Navarro
Brian Pendleton
Pedram Salimpour, MD
Belinda Vega
Paul M. Weber

COMMISSIONERS ABSENT: Adam Nathanson

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, Assistant City Attorney

President Babcock called the meeting to order at 8:33 a.m. All the above-listed Commissioners were present at the start of the meeting.

The first order of business was to congratulate Ms. Erin Kenney, Departmental Audit Manager, Internal Audit Section on her pending retirement and to present her with a Certificate of Appreciation from the Board for her years of outstanding service.

Item B.2 was taken out of order

B. REPORTS TO THE BOARD

2. GOVERNMENTAL ACCOUNTING STANDARDS (GAS) 68 AND 75 REPORTS TO THE BOARD

Ms. Erin Kenney, Departmental Audit Manager, Internal Audit Section briefly discussed the report with the Board and introduced Ms. Grace Yuen and Ms. Etta Hur from Simpson and

Simpson, Ms. Yueng and Ms. Hur discussed the accounting practices of GAS 68 and 75 with the Board.

Ms. Elsa Moy provided public comment.

The report was received and filed.

A. ITEMS FOR BOARD ACTION

1. APPROVAL OF CONTRACT BETWEEN LAFPP AND LAPPL FOR DENTAL PLAN ADMINISTRATION SERVICES

General Manager Ciranna briefly discussed the negotiation process with the Board. Commissioner Pendleton acknowledged the hard work that went into the final contract.

Resolution 19058

Commissioner Navarro moved that the Board:

1. Approve the attached contract with the Los Angeles Police Protective League (LAPPL) to provide dental plan administration services for a five-year term; and
2. Authorize the President of the Board, on behalf of the Board, to execute the contract, subject to the approval of the City Attorney as to form, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Babcock – 8; nays – none.

Commissioner Vega stepped out of the board room at this time.

2. APPROVAL OF CONTRACT BETWEEN LAFPP AND UFLAC FOR HEALTH AND DENTAL PLAN ADMINISTRATION SERVICES

General Manager Ciranna presented the contract to the Board. Commissioner Buzzell discussed administrative fees with the rest of the Board members and General Manager Ciranna.

Resolution 19059

Commissioner Navarro moved that the Board:

1. Amend Section 4.0, Article 4.1 as follows:

Article 4.1 Administrative Fees

The administrative fee shall be incorporated into the UFLAC medical and/or dental plans premiums and payable in the month prior to the coverage month, and may be adjusted by

UFLAC at the beginning of the plan year (respectively January 1st and July 1st) based on changed circumstances, and may vary group to group. UFLAC will not charge Insurance Plan Members additional fees outside of the standard administrative fees that are included in medical and/or dental insurance plan premiums, except as may be necessary based on changed circumstances as provided in Article 4.1. The current administrative fee is \$22.00 per primary subscriber per month for the health plans. The administrative fees for the dental plans shall be as follows:

<u>MetLife PPO</u>	<u>MetLife HMO</u>
<u>Single \$2.12</u>	<u>Single \$4.58</u>
<u>2-Party \$3.79</u>	<u>2-Party \$4.72</u>
<u>Family \$3.20</u>	<u>Family \$4.72</u>

The Administrative fee shall be disclosed to LAFPP each time the pensioners' premium rates change and in advance of administrative fee changes;

2. Approve the amended contract with United Firefighters of Los Angeles City (UFLAC) to provide health and dental plan administration services for a five-year term; and
3. Authorize the President of the Board, on behalf of the Board, to execute the contract, subject to the approval of the City Attorney as to form, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Aliano, Navarro, Pendleton, Salimpour, Weber, and President Babcock – 6; nays – Commissioner Buzzell - 1.
3. RECONSIDERATION OF BOARD RESOLUTION 18152 REQUIRING OPEN ENROLLMENT FOR ALL PENSIONERS IN ANY NEW HEALTH/DENTAL PLANS AS A PROVISION IN HEALTH AND DENTAL PLAN ADMINISTRATION CONTRACTS

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division discussed the report with the Board. Commissioner Pendleton stated that the plans should be open to all members.

Resolution 19060

Commissioner Navarro moved that the Board:

- 1) Reconsider Board Resolution 18152, adopted June 21, 2018, which directs staff to include a provision in the contracts with LAPRA, LAFRA, UFLAC, and LAPPL stating that any new health or dental plans established after January 1, 2018 must be open for enrollment to all pensioners; and,
- 2) Rescind Board Resolution 18152, which was seconded by Commissioner Aliano and approved by the following vote: ayes, Commissioners Aliano, Buzzell, Navarro, Salimpour, Weber, and President Babcock – 6; nays – Commissioner Pendleton - 1.
4. APPROVAL OF THE UNITED FIREFIGHTERS OF LOS ANGELES CITY MEDICARE ADVANTAGE PLANS

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division discussed the report with the Board. Commissioner Aliano asked for clarification on the premium rates.

Resolution 19061

Commissioner Pendleton moved that the Board approve the United Firefighters of Los Angeles City (UFLAC) Medicare Advantage PPO and HMO plans for the plan year beginning January 1, 2019, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Navarro, Pendleton, Salimpour, Weber, and President Babcock – 6; nays – Commissioner Buzzell - 1.

Commissioner Vega rejoined the meeting at this time.

5. DISCUSSION OF SMALL CAP MANAGER AND POSSIBLE BOARD ACTION

Ms. Annie Chao, Investment Officer, Investment Division presented the report to the Board. Ms. Chao and Mr. Ryan Sullivan, Consultant from RVK discussed performance and the Board asked how many managers met the benchmark net of fees.

Resolution 19062

Commissioner Buzzell moved that the Board initiate a small cap equity search for potential replacement of Daruma Small Cap US Equity, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Aliano, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Babcock – 8; nays – none.

6. REVIEW OF REAMS ASSET MANAGEMENT FIXED INCOME CONTRACT AND POSSIBLE BOARD ACTION

Mr. Derek Niu, Investment Officer, Investment Division and Mr. Ryan Sullivan, Consultant from RVK were available for questions from the Board. The report was approved as submitted.

Resolution 19063

Commissioner Navarro moved that the Board:

1. Approve a three-year contract with Reams Asset Management for active core plus fixed income investment management services;
2. Authorize the General Manager to negotiate and approve the terms and conditions with Reams Asset Management for active core plus fixed income investment management services for the period December 1, 2018 through November 30, 2021; and,
3. Authorize the President of the Board, on behalf of the Board, to execute the contract with Reams Asset Management for active core plus fixed income investment management 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, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Babcock – 8; nays – none.

The Board recessed the regular meeting at 9:33 a.m. to convene the Special Board meeting. Commissioner Salimpour recused himself from Special Meeting agenda Item 1 and left the board room.

The regular meeting was reconvened at 9:38 a.m. Commissioner Salimpour returned to the board room at this time.

7. FIRST QUARTER UPDATE FOR THE 2018-19 BUSINESS PLAN AND POSSIBLE BOARD ACTION

Ms. Samantha Jew, Management Analyst, Administrative Services Section was available for questions. Commissioner Buzzell expressed concern regarding the length of time the PARIS program was taking to implement.

Resolution 19065

Commissioner Navarro moved that the Board authorize a revision to the December 31, 2018 and March 31, 2019 Milestone dates to June 30, 2019 for Project No. 4 - PARIS (Pension and Retirement Information System) Implementation, as reflected in the revised Business Plan, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Aliano, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Babcock – 8; nays – none.

B. REPORTS TO THE BOARD

1. ANNUAL PERFORMANCE REVIEW FOR FIS GROUP, INC. MANAGER OF EMERGING MANAGERS INTERNATIONAL EQUITY

Mr. Nathaniel Chang, Investment Officer, Investments Division presented the report to the Board. Mr. Ryan Sullivan, Consultant from RVK and Mr. Tom Lopez, Chief Investment Officer, Investment Division answered questions from the Board discussing the merits of retaining FIS. The report was received and filed.

3. RISK ASSESSMENT SURVEY TO DEVELOP THE 2019 ANNUAL AUDIT PLAN AND FORECAST

Ms. Erin Kenney, Departmental Audit Manager, Internal Audit Section presented the report to the Board.

4. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

The report was received and filed.

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 October 4, 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 October 4, 2018.

DISCONTINUED PENSIONS – TIER 1 – 1

Richard A. Williams	Fire Disability	Retired:	03-22-67	Died:	08-06-18
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DISCONTINUED PENSIONS – TIER 2 – 22

Neil R. Mc Cullom	Fire Service	Retired:	01-30-77	Died:	08-18-18
Ronald E. Meador	Fire Service	Retired:	06-29-90	Died:	08-06-18
James J. Mullen, III	Fire Service	Retired:	09-30-91	Died:	08-24-18
Michael Rydzewski	Fire Service	Retired:	02-25-91	Died:	08-21-18
Philip Toppenberg	Fire Service	Retired:	06-29-80	Died:	02-27-18
Ingvar N. Bornson	Police Service	Retired:	12-05-68	Died:	08-10-18
Charles Davenport	Police Service	Retired:	08-26-79	Died:	09-07-18
Patrick D. Halle	Police Service	Retired:	08-01-92	Died:	12-14-16
Anthony A. Ketelsleger	Police Service	Retired:	09-12-99	Died:	08-13-18
Bernard F. Michaels	Police Service	Retired:	01-01-80	Died:	11-08-17
Earl H. Nishimura	Police Service	Retired:	10-04-81	Died:	08-24-18
Paul Sharaga	Police Service	Retired:	07-23-69	Died:	08-21-18
Wilburn R. Shoopman	Police Service	Retired:	07-05-78	Died:	08-15-18
Dale H. Speck	Police Service	Retired:	06-03-75	Died:	07-30-18
David J. Yates	Police Service	Retired:	05-24-93	Died:	08-27-18
Sam Diannitto, Jr.	Fire Disability	Retired:	12-10-97	Died:	08-24-18
Glen G. Irwin	Fire Disability	Retired:	09-17-94	Died:	08-03-18
Gary D. Hess	Police Disability	Retired:	03-21-82	Died:	09-11-18
Gilbert Laviorin	Police Disability	Retired:	08-17-99	Died:	06-22-18
Shirley M. Snelson	Police Disability	Retired:	12-02-80	Died:	09-15-18
Karen E. Horelly	Fire Widow	Retired:	09-13-05	Died:	08-28-18
Dale H. Speck	Police Widow	Retired:	07-10-01	Died:	07-30-18

DISCONTINUED PENSIONS – TIER 5 – 5

Jean P. Adagio	Fire Service	Retired:	02-02-14	Died:	09-04-18
Eric N. Jackson	Police Service	Retired:	05-28-17	Died:	08-20-18

Timothy G. Sands	Police Service	Retired:	12-14-03	Died:	08-25-18
Paul A. Stalker	Police Service	Retired:	03-04-07	Died:	08-13-18
Don C. Tsunawaki	Police Service	Retired:	04-01-15	Died:	08-05-18

DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 1

Yvonne H. Wiese	Fire Service	Retired:	01-03-99	Died:	08-23-18
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DEFERRED SERVICE PENSION – TIER 3 – 1

Police

Jonathan L. Hall	Police Officer II	Eff:	09-29-18	20	Years	58	Days
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SERVICE PENSION – TIER 5 – 3

Fire

Randall J. Araiza	Firefighter III	Eff:	09-16-18	20	Years	8	Days
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Police

Jack A. Richter	Sergeant I	Eff:	09-02-18	20	Years	0	Days
Frank J. Seviane, Jr.	Police Officer III	Eff:	09-02-18	21	Years	148	Days

SERVICE PENSION/DROP – TIER 5 – 3

Fire

Mark F. Gaines	Firefighter III	Eff:	03-01-18	32	Years	271	Days
Antonio J. Gonzales	Captain II	Eff:	03-04-18	32	Years	24	Days

Police

Dennis S. Diviak	Sergeant II	Eff:	07-01-18	28	Years	343	Days
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DISCONTINUE DROP – TIER 5 – 1

Police

Daniel K. Hudson	Retired:	04-01-18	Exit Close of:	09-30-18
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d. Other business relating to Department operations

General Manager Ciranna gave the following updates:

1. Introduced Ms. Kristen Rosauer, a new LAFPP staff member in the Disability Section.
2. RVK will have a presentation on Watch List Strategy and Performance vs Flat Fees at the November 1, 2018 meeting.

Commissioner Aliano discussed an article he read about the changes to the accounting reporting requirements by the Federal Reserve with General Manager Ciranna.

Ms. Elsa Moy provided public comment.

Commissioners Navarro, Salimpour, and Vega stepped out of the board room at this time.

C. CONSENT ITEM

1. Findings of Fact

- a. Orawan P. Chadbourne, SS of Christopher J. Chadbourne – Tier 3
- b. Celeste N. Gradi, DC of Harry E. Gradi – Tier 2
- c. Joseph J. Roznowski – Tier 5
- d. Jacqueline L. Wagner – Tier 5

Motion

Commissioner Pendleton moved that the Board approve the consent items, which was seconded by Commissioner Buzzell and approved by the following vote: ayes, Commissioners Aliano, Buzzell, Pendleton, Weber, and President Babcock – 5; nays – none.

Commissioners Navarro and Vega rejoined the meeting at this time.

D. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Buzzell asked for an update on establishing the 115 trust for retiree health care funds.

Commissioner Navarro requested a report on Investment transactional costs and whether the Board can extend investment contracts from three years to five years.

Commissioner Navarro also asked about the Medical 2% opt in/opt out; whether it was intended for only early retirees (pre-65 years of age) or all retirees, including those with Medicare coverage?

Commissioner Salimpour rejoined the meeting at this time.

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

There were no public comments.

President Babcock recessed the meeting for a break at 10:18 a.m. and reconvened at 10:30 a.m. to go into closed session.

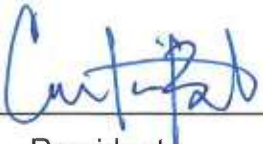
F. CLOSED SESSION

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

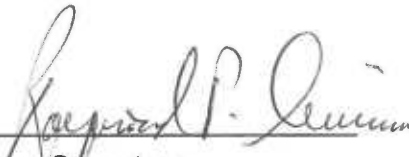
The Board met in closed session.

Upon reconvening in open session, President Babcock stated there was no public report.

The meeting was adjourned at 11:00 a.m.



President



Secretary