

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF JULY 18, 2019

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, July 18, 2019.

COMMISSIONERS PRESENT: Corinne T. Babcock, President
Adam Nathanson, Vice President
Ken Buzzell
Ruben Navarro
Brian Pendleton
Pedram Salimpour, MD
Belinda Vega
Paul M. Weber
Garrett W. Zimmon

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 8:31 a.m. All the above-listed Commissioners were present at the start of the meeting.

A. ITEMS FOR BOARD ACTION

1. REAFFIRM OR REVISE BOARD GOVERNANCE POLICIES 7.1, 8.1, AND 14.2 REGARDING ELECTION OF BOARD OFFICERS AND POSSIBLE BOARD ACTION: AND ELECTION OF BOARD OFFICERS PURSUANT TO CHARTER SECTION 503(a) AND BOARD GOVERNANCE POLICIES

The Board did not take an action on recommendation 1.

Commissioner Buzzell nominated Commissioner Pendleton for the Office of Board President, which was seconded by Commissioner Weber.

Commissioner Vega nominated Commissioner Nathanson for the Office of Board President, which was seconded by Commissioner Babcock.

Motion

Commissioner Buzzell nominated Commissioner Pendleton for the Office of Board President;

which failed by the following vote: ayes, Commissioners Buzzell, Navarro, Weber, and Zimmon – 4, nays, Commissioners Nathanson, Pendleton, Salimpour, Vega, and President Babcock – 5.

Resolution 20001

Commissioner Vega nominated Commissioner Nathanson for the Office of Board President; elected by the following roll call vote: ayes, Commissioners Nathanson, Navarro, Pendleton, Salimpour, Vega, and President Babcock – 6; nays, Commissioners Buzzell, Weber, and Zimmon – 3.

Resolution 20002

Commissioner Salimpour nominated Commissioner Pendleton for the Office of Board Vice President; elected by the following roll call vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none.

2. EXTENSION OF CONTRACTS WITH NOSSAMAN LLP AND KUTAK ROCK LLP AND ISSUANCE OF REQUEST FOR PROPOSALS FOR REAL ESTATE AND INVESTMENT LEGAL SERVICES AND POSSIBLE BOARD ACTION

General Manager Ciranna and Assistant City Attorney Anya Freedman discussed the report with the Board.

Resolution 20003

Commissioner Buzzell moved that the Board:

1. Authorize the City Attorney's Office to prepare, and the Board President to execute on behalf of the Board, two-year extensions of the current contracts with Nossaman LLP and Kutak Rock LLP for investment and real estate legal services, to be effective August 1, 2019,
2. Authorize the City Attorney's Office, as soon as practicable and in coordination with the General Manager and Chief Investment Officer, to prepare a Request for Proposals (RFP) and initiate a competitive selection process for investment and real estate outside counsel, which was seconded by Commissioner Zimmon and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Pendleton, Salimpour, Zimmon, and President Nathanson – 6; nays, Commissioners Navarro, Vega, and Weber - 3

Item F was taken out of order.

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

F. DISABILITY CASE

DISABILITY CLAIMS – REVIEW REQUESTED BY PENSIONER – TIER 2

Bruce R. Janis

(P)

Sergeant I (retired)

Prior Board Action of April 16, 2009, granting a service-connected disability pension of 65% is adjusted to 70% with no foreseeable purpose for review. Motion made by Commissioner Pendleton, seconded by Commissioner Navarro and adopted by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none. Mr. Janis was present and represented by Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee.

Assistant City Attorney Anya Freedman took the City Attorney Chair at this time.

A. ITEMS FOR BOARD ACTION – CONTINUED

3. RECONSIDERATION OF BOARD RESOLUTION 19177 – APPROVAL OF DISCUSSION OF THE EMERGING MANAGER PROGRAM, DISCUSSION OF POSSIBLE EMERGING MANAGER SEARCHES AND POSSIBLE BOARD ACTION

Mr. Nathan Chang, Investment Officer, Investments Division, Mr. Jim Voytko, President, and Mr. Ryan Sullivan, Consultant from RVK discussed the report with the Board.

Resolution 20004

Commissioner Navarro moved that the Board:

1. Rescind Resolution No. 19177 as adopted by the Board on June 6, 2019; and
2. Direct Staff and RVK to initiate a fixed income emerging manager search and a domestic small cap emerging manager search, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none.

President Nathanson recessed the meeting for a break at 10:00 a.m., and reconvened at 10:12 a.m.

4. REVIEW OF REAMS ASSET MANAGEMENT PASSIVE TIPS CONTRACT AND POSSIBLE BOARD ACTION

The report was approved as submitted.

Resolution 20005

Commissioner Navarro moved that the Board:

1. Approve a new three-year contract with Scout Investments, Inc. - Reams Asset Management Division for passive Treasury Inflation-Protected Securities (TIPS) management services;
 2. Authorize the General Manager to negotiate and approve the terms and conditions of a contract with Scout Investments, Inc. – Reams Asset Management Division for TIPS management services for the period September 1, 2019 through August 31, 2022; and,
 3. Authorize the President of the Board, on behalf of the Board, to execute the contract with Scout Investments, Inc. – Reams Asset Management Division for passive TIPS management services, 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 Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none.
5. APPROVAL OF TRAVEL AUTHORITY (BABCOCK AND VEGA) – LABATON SUCHAROW'S WOMEN'S INITIATIVE, 2ND ANNUAL INSTITUTIONAL INVESTING IN WOMEN AND MINORITY-OWNED INVESTMENT FIRMS

The report was approved as submitted.

Resolution 20006

Commissioner Pendleton moved that the Board consider and approve Commissioners Corinne Tapia Babcock and Belinda Vega's request to attend the Labaton Sucharow's Women's Initiative, Institutional Investing with Women and Minority-Owned Investment Firms on September 26 - 28, 2018 in New York, NY (September 26th & 28th are travel days), which was seconded by Commissioner Nathanson and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none.

6. PRESENTATION OF ACTUARIAL AUDIT REPORT AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division briefly discussed the report and introduced Mr. Matt Larrabee, FSA, EA, MAAA, Principal and Consulting Actuary, and Mr. Robert Schmidt, FSA, EA, MAAA, Principal and Consulting Actuary from Milliman, Inc. who presented their audit report to the Board.

Ms. Elsa Sou Jing Moy provided public comment.

Resolution 20007

Commissioner Buzzell moved that the Board direct staff and Segal to review the actuarial

audit recommendations made by Milliman and incorporate any changes with the upcoming annual valuation and next three-year actuarial experience study, which was seconded by Commissioner Weber and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none.

7. ACTUARIAL REPORT ON THE LAFRA NON-MEDICARE KAISER PLAN IMPLICIT SUBSIDY AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division briefly discussed the report and introduced Mr. Paul Angelo, FSA, EA, MAAA, Senior Vice President and Actuary, and Mr. Andy Yeung, ASA, EA, MAAA, Senior Vice President and Actuary from Segal Consulting who presented their report to the Board.

Resolution 20008

Commissioner Buzzell moved that the Board:

1. Direct Segal, for the June 30, 2019 actuarial valuation, to include the cost to annually pre-fund the retiree health plan implicit subsidy for LAFRA's Kaiser non-Medicare retirees and beneficiaries; and
2. Direct staff to work with our external financial auditor, Simpson & Simpson, to determine if the resultant change in liability and expense is material and should be reported on the GASB 74 and GASB 75 reports, which was seconded by Commissioner Vega and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays, Commissioner Navarro - 1.

8. CONTINUED DISCUSSION OF HEALTH AND DENTAL PLAN APPROVAL TIMELINES AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division briefly discussed the report with the Board.

Resolution 20009

Commissioner Vega moved that the Board adopt the new proposed timelines and direct staff to coordinate with the health and dental plan administrators to implement the proposed timelines for approving health and dental plans eligible for the retiree subsidy program prior to each administrator's annual enrollment period, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none.

9. CONTINUED DISCUSSION OF HEALTH PLAN PREMIUM RATIOS AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division discussed the report with the Board.

Resolution 20010

Commissioner Pendleton moved that the Board direct staff to report back on the request to LAFRA, LAPRA and UFLAC for supplemental data to validate their health plan premium ratios, which was seconded by Commissioner Salimpour and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 9; nays, none.

B. REPORTS TO THE BOARD

1. REVIEW OF CITY CONTRIBUTIONS FOR HEALTH BENEFITS WITH THE LIMITATION UNDER §401(h) OF THE INTERNAL REVENUE CODE

Mr. Joe Salazar, Assistant General Manager, Pensions Division presented the report to the Board. Mr. Paul Angelo, FSA, EA, MAAA, Senior Vice President and Actuary, and Mr. Andy Yeung, ASA, EA, MAAA, Senior Vice President and Actuary from Segal Consulting answered questions from the Board.

2. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

The report was received and filed.

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

4. General Manager's Report

a. Monthly Report

b. Marketing Cessation Information

c. Benefits Actions approved by General Manager on June 20, 2019 and July 3, 2019

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 June 20, 2019.

DISCONTINUED PENSIONS – TIER 2 – 8

Donald W. Wallace	Fire Service	Retired:	02-10-91	Died:	01-29-19
Xavier A. Gallegos	Police Service	Retired:	07-02-91	Died:	05-06-19
Gail E. Tam, Jr.	Police Service	Retired:	12-13-92	Died:	05-10-19

William M. Horton	Fire Disability	Retired:	07-05-73	Died:	05-08-19
Eusebio S. Gomez	Police Disability	Retired:	09-08-80	Died:	05-14-19
Leonor M. Jackson	Fire Widow	Retired:	07-21-85	Died:	04-24-19
Charlene E. Pascal	Fire Widow	Retired:	08-21-75	Died:	04-22-19
Laura J. Kringen	Police Widow	Retired:	08-31-13	Died:	04-20-19

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 2 – 7

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Ruth G. Burkhart	Harold N. Burkhart	Fire Service	04-11-19
Theresa M. Lucas	Leroy J. Lucas	Fire Service	05-03-19
Jeanine L. Wallace	Donald W. Wallace	Fire Service	01-30-19
Vicki A. Gallegos	Xavier A. Gallegos	Police Service	05-07-19
Sharon A. Herbison	Ralph F. Herbison	Police Service	04-23-19
Sylvia E. Jones	Daniel S. Jones	Police Service	04-30-19
Ninalu Bovensiep	Robert F. Bovensiep	Police Disability	05-08-19

ELIGIBLE SURVIVING SPOUSE'S PENSION – TIER 5 – 1

<u>Name</u>	<u>Deceased Member</u>	<u>Member's Class</u>	<u>Effective Date</u>
Catherine E. Winters	Dennis J. Winters	Police Service	04-14-19

SURVIVOR BENEFIT PURCHASE PROGRAM – TIER 2 – 1

<u>Name</u>	<u>Member's Class</u>	<u>Effective Date</u>	<u>Survivor Benefit %</u>
John A. Blackmon	Police Service	06-01-19	100%

PARTIAL PAYMENT OF PENSION – TIER 3 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Michael A. Talavera, Police Service Pensioner, is to be withheld for his former spouse, Nisa Talavera, effective May 26, 2019.

PARTIAL PAYMENT OF PENSION – TIER 5 – 4

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Gary S. Bradley, Fire Service Pensioner, is to be paid to his former spouse, Kimberly K. Bradley, effective May 26, 2019.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Raymundo Gomez, Fire Service Pensioner, is to be withheld for his former spouse, Catherine Railey Rohaly, effective June 1, 2019.

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Jeffrey S. Alley, Police Service Pensioner, is to be paid to his former spouse, Debra A. Alley, effective June 1, 2019. Ms. Alley 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 Reid F. Morthel, Police Service Pensioner, being withheld for his former spouse, Dorothy M. Morthel, since March 1, 2019 should be released, effective June 1, 2019. Ms. Morthel will receive cost of living adjustments.

PARTIAL PAYMENT OF SURVIVING SPOUSE'S PENSION – TIER 2 – 1

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the Surviving Spouse Pension payable to Ruth G. Burkhart, surviving spouse of deceased Police Service Pensioner, Harold N. Burkhart, is to be paid to his former spouse, Marianne M. Burkhart, effective April 11, 2019. Ms. Burkhart will receive cost of living adjustments.

MODIFIED 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 John I. Dallas, Jr., Fire Service Pensioner, being withheld for his former spouse, Phyllis J. Dallas, since May 9, 2019, should be released effective June 1, 2019. Ms. Dallas 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 John B. Wilson, Police Service Pensioner, being withheld for his former spouse, Lorraine M. Wilson, since June 1, 2017, should be released effective June 1, 2019. Ms. Wilson will receive cost of living adjustments.

DEFERRED SERVICE PENSION – TIER 3 – 1

Police

Kimberly K. Bradley	Sergeant II	Eff:	06-16-19	16	Years	220	Days
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SERVICE PENSION – TIER 3 – 4

Police

Steve Bailey III	Sergeant I	Eff:	05-12-19	30	Years	0	Days
Charles Garcia	Police Officer III	Eff:	05-12-19	24	Years	261	Days
Dewana R. Hubbard	Detective III	Eff:	05-13-19	23	Years	338	Days
Michael A. Talavera	Sergeant I	Eff:	05-26-19	23	Years	292	Days

SERVICE PENSION – TIER 5 – 4

Fire

Gary S. Bradley	Firefighter III	Eff:	05-26-19	29	Years	124	Days
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Police

Joe Cid	Police Officer II	Eff:	05-26-19	21	Years	363	Days
Dean J. Monteleone	Police Officer III	Eff:	05-12-19	22	Years	189	Days
Brian H. Thompson	Police Officer II	Eff:	05-13-19	21	Years	0	Days