

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF OCTOBER 17, 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, October 17, 2019.

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

COMMISSIONERS ABSENT: Garrett 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 Nathanson called the meeting to order at 8:30 a.m. All the above-listed Commissioners were present at the start of the meeting.

A. ITEMS FOR BOARD ACTION

1. REVIEW OF ALLIANCEBERNSTEIN, L.P.'S CONTRACT FOR DOMESTIC EQUITY INDEX AND SYSTEMATIC VALUE MANAGEMENT AND POSSIBLE BOARD ACTION

Mr. Nathaniel Chang, Investment Officer II, Investments Division discussed the report with the Board. Ms. Becky Gratsinger, CEO and Senior Consultant, and Mr. Ryan Sullivan, Consultant from RVK were available for questions.

Resolution 20055

Commissioner Navarro moved that the Board:

1. Approve a new five-year contract with AllianceBernstein, L.P. for S&P 500 Index and Russell 1000 Growth Index equity management services; and
 2. Approve a new five-year contract with AllianceBernstein, L.P. for U.S. Systematic Value Index equity management services; and
 3. Authorize the General Manager to negotiate and approve the terms and conditions of a contract with AllianceBernstein, L.P. for S&P 500 Index, Russell 1000 Growth Index and U.S. Systematic Value index equity management services; and,
 4. Authorize the President of the Board, on behalf of the Board, to execute the contract with AllianceBernstein, L.P. for S&P 500 Index, Russell 1000 Growth Index and U.S. Systematic Value index equity 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, and President Nathanson – 8; nays, none.
- 2 PROVIDE DIRECTION TO STAFF AND RVK ON THE FIXED INCOME EMERGING MANAGER SEARCH AND POSSIBLE BOARD ACTION

Mr. Tom Lopez, Chief Investment Officer, Investments Division discussed the report with the Board. Ms. Becky Gratsinger, CEO and Senior Consultant, and Mr. Ryan Sullivan, Consultant from RVK answered questions from the Board.

Resolution 20056

Commissioner Vega moved that the Board direct Staff and RVK, Inc. (RVK) to proceed with the Fixed Income Emerging Manager search that was approved by the Board on July 18, 2019, which was seconded by Commissioner Weber and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Nathanson – 8; nays, none.

3. FIRST QUARTER UPDATE FOR THE 2019-20 BUSINESS PLAN AND POSSIBLE BOARD ACTION

The report was approved as submitted.

Resolution 20057

Commissioner Buzzell moved that the Board:

1. Authorize a revision to the Project History and the September 30, 2019 Milestone narrative for Project No. 5 – Direct Deposit Transition, as reflected in the revised Business Plan;

2. Authorize a revision to the December 31, 2019 Milestone date to June 30, 2020 for Project No. 7 – PARIS (Pension and Retirement Information System) Implementation, as reflected in the revised Business Plan; and
3. Authorize a revision to the Business Plan for Project No. 10 – Pensions Division Business Process Reengineering, to extend portions of this project to next fiscal year and instruct staff to continue this project in the 2020-21 Business Plan, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Nathanson – 8; nays, none.

4. AUDIT OF ACCESS CONTROLS FOR PARIS AND POSSIBLE BOARD ACTION

Ms. Jennifer Van, Internal Auditor II, Mr. James Yeung, Internal Auditor IV, and Ms. Cynthia Varela, Departmental Audit Manager, Internal Audit Section presented the report to the Board. Ms. Teresa Guerrero, Senior Systems Analyst I, Systems Section answered questions from the Board.

Resolution 20058

Commissioner Navarro moved that the Board review, receive, and file the Audit of Access Controls for PARIS, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Nathanson – 8; nays, none.

5. NEW MEDICARE SUBSIDY, QUALIFIED SURVIVING SPOUSE/DOMESTIC PARTNER SUBSIDY, AND DENTAL SUBSIDY MAXIMUMS FOR 2020 AND POSSIBLE BOARD ACTION

Ms. Eunice Zordilla, Senior Management Analyst II, Medical and Dental Benefits Section presented the report to the Board. The report was approved as submitted.

Resolution 20059

Commissioner Navarro moved that the Board adopt the Resolution increasing the maximum Medicare health insurance subsidy from \$542.51 to \$550.57 per month effective January 1, 2020;

WHEREAS, retired members of the Fire and Police Pension Plan, Tiers 1, 2, 3, 4, 5 and 6, have had paid, on their behalf, a health insurance premium subsidy, or have received a reimbursement, in accordance with the provisions of Section 4.1154 of the Administrative Code and Section 8.2 of the Board Operating Policies and Procedures; and

WHEREAS, the Board of Fire and Police Pension Commissioners has been granted the authority under Administrative Code Section 4.1154(e) to increase or decrease the maximum monthly amount of the health insurance subsidy in accordance with the authority conferred in subsections (e) of Sections 1330, 1428, 1518, 1618 and 1718 of the Charter

and subsection (e) of Section 4.2018 of the Administrative Code, respectively; and

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System (LACERS) has negotiated a rate of \$550.57 for its highest monthly premium of an approved plan supplemental to Part A of Medicare;

RESOLVED, that the maximum monthly health insurance premium subsidy as described in Section 4.1154 (e) of the Administrative Code shall be \$1,820.29 as approved by the Board on May 2, 2019, payable on behalf of the members and their eligible dependents (as such term is defined in the Board-approved health insurance plans) or received as a reimbursement; and

RESOLVED, that retired members of age 60 and above with 10 or more years of service who retired with an effective date prior to July 1, 1998, and retired members of age 55 and above with 10 or more years of service who retired with an effective date of July 1, 1998 or after, who do not qualify for Part A of Medicare, shall have paid to their respective approved third-party administrators or health insurance carriers a monthly health insurance subsidy, or paid directly to the member as a reimbursement, an amount not to exceed \$72.8116 for each whole year of service; said subsidy to apply first to that portion of the premium applicable to the retired member with any remainder to be applied to the dependent(s) of said member; and

RESOLVED, that retired members who qualify for federally funded Part A of Medicare shall have paid to their respective approved third-party administrators or health insurance carriers, on their behalf, a subsidy as provided in Administrative Code Section 4.1154(c) and in addition shall have paid to said third-party administrators or insurance carriers, on behalf of their eligible dependents, a subsidy equal to the amount payable on behalf of the dependents of a retired member in the same plan with the same years of service who does not qualify for Parts A or B of Medicare or qualifies for Part B only but not Part A and has their Medicare Part B and D benefits included in their Board-approved health plan, whichever subsidy amount is greater, providing such subsidy does not exceed the highest subsidy for the dependent of a retired member with a like number of years of service and enrolled in a health plan available to retired members of the Los Angeles City Employees' Retirement System, in which case the latter shall be the subsidy for the dependents; and

RESOLVED, that retired members of the Fire and Police Pension Plan, Tier 6, who retired under the provisions of Section 1706(a) of the Charter with less than 10 years of service, who are age 55 or older, are not eligible for a subsidy from any other source, and who are not eligible for Medicare or are enrolled in Medicare Part B but not Part A shall have paid to their approved third-party administrator or health insurance carrier \$728.12 per month, or 40% of the single-party cost of their approved health plan, whichever is lower; and

RESOLVED, that retired members of the Fire and Police Pension Plan, Tier 6, who retired under the provisions of Section 1706(a) of the Charter with less than 10 years of service, who are age 55 or older, are not eligible for a subsidy from any other source, and who are enrolled in Medicare Parts A and B shall have paid to their approved third-party

administrator or health insurance carrier 75% of the qualifying monthly premium as described in Section 4.1154(c) of the Administrative Code, or 75% of the single-party cost of their approved health plan, whichever is lower; and

RESOLVED, the health insurance premium subsidy provided herein shall be applied towards the December 31, 2019 health insurance premiums and subsequent monthly health insurance premiums or at the earliest month thereafter which is administratively feasible, and shall remain in effect until modified or cancelled by subsequent action of the Board; and

RESOLVED, that the Manager-Secretary of the Department of Fire and Police Pensions be authorized to cause demands to be drawn upon the 401(h) account of the Fire and Police Pension Plan, to be paid to the third-party administrators or health insurance carriers through which health insurance is provided for subsidy payments applying the health insurance premiums to said eligible members in advance of or after the effective date of enrollment or change in coverage, or directly to the member in the case of a reimbursement; providing such subsidy payments have been verified against records kept by the Department of Fire and Police Pensions and found to be correct and proper and that individual subsidy amounts are within the limits set forth in the Los Angeles City Administrative Code, which was seconded by Commissioner Buzzell and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Nathanson – 8; nays, none.

Resolution 20060

Commissioner Navarro moved that the Board adopt the Resolution maintaining the maximum Qualified Surviving Spouse/Domestic Partner Non-Medicare health insurance subsidy at \$853.39 per month effective January 1, 2020;

WHEREAS, eligible surviving spouses/domestic partners of Tiers 1, 2, 3, 4, 5 and 6 of the Fire and Police Pension Plan have had paid, on their behalf, a health insurance premium subsidy in accordance with the provisions of Section 4.1161 of the Administrative Code; and

WHEREAS, the Board of Fire and Police Pension Commissioners has been granted the authority under Sections 1330, 1428, 1518, 1618 and 1718 of the City Charter and Section 4.2018 of the Administrative Code to increase or decrease the maximum monthly amount of the health insurance subsidy; and

WHEREAS, active members of the Fire and Police Pension Plan have been granted a maximum monthly subsidy of \$1,460.00, which is sufficient to pay the member's premium and a part or all of the premium for dependents; and

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System has negotiated a rate of \$853.39 in 2020 for its Kaiser single-party premium for retired members without Parts A and B of Medicare; and

WHEREAS, it is the desire of this Board to exercise its authority to provide a health insurance subsidy for eligible qualified surviving spouses/domestic partners within the limits

of the Administrative Code, i.e., no more than active members of the Fire and Police Pension Plans or the single-party premium for civilian retirees without Parts A and B of Medicare;

RESOLVED, that eligible qualified surviving spouses/domestic partners who do not qualify for Part A of Medicare, shall have paid to their respective approved third-party administrators or health insurance carriers, a monthly health insurance subsidy not to exceed \$853.39 in accordance with the subsidy entitlements based on years of service of the member, pursuant to Section 4.1161 of the Administrative Code, said subsidy to be used for the premium cost for the qualified surviving spouse/domestic partner only; and

RESOLVED, that qualified surviving spouses/domestic partners who do qualify for federally funded Part A of Medicare shall have paid to their respective approved third-party administrators or health insurance carriers, on their behalf, a subsidy as provided in Section 4.1161(d) and (e), said subsidy to be used for the premium cost for the qualified surviving spouse/domestic partner only; and

RESOLVED, the health insurance premium subsidy provided herein shall be applied toward the December 31, 2019 health insurance premiums and subsequent monthly health insurance premiums, and shall remain in effect until modified or cancelled by subsequent action of the Board; and

RESOLVED, that the Manager-Secretary of the Department of Fire and Police Pensions be authorized to cause demands to be drawn upon the 401(h) account to be paid to the third-party administrators or health insurance carriers through which health insurance is provided for subsidy payments. However, such subsidy payments must have been verified against records kept by the Department of Fire and Police Pensions and found to be correct and proper, and individual subsidy amounts must be within the limits as set forth in the Los Angeles City Administrative Code, which was seconded by Commissioner Buzzell and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Nathanson – 8; nays, none.

Resolution 20061

Commissioner Navarro moved that the Board adopt the Resolution maintaining the maximum dental insurance subsidy at \$44.60 per month effective January 1, 2020.

WHEREAS, Section 4.1164 of the Los Angeles Administrative Code provides that the Board of Fire and Police Pension Commissioners will pay subsidies toward certain dental benefit costs for certain eligible retired members of the Fire and Police Pension Plan; and

WHEREAS, the Board of Fire and Police Pension Commissioners has been granted the authority under Section 4.1164 of the Administrative Code to increase or decrease the maximum monthly amount in accordance with the authority conferred in subsections (e) of Sections 1330, 1428, 1518, 1618 and 1718 of the Charter and subsection (e) of Section 4.2018 of the Administrative Code, respectively; and

WHEREAS, the Board of Administration of the Los Angeles City Employees'

Retirement System (LACERS) has granted a maximum monthly dental subsidy of \$44.60 for 2020; and

WHEREAS, active members of the Fire and Police Pension Plan have been granted monthly dental subsidies of \$44.60;

RESOLVED, that eligible members shall have paid to their respective approved third-party administrator or dental insurance carrier, a monthly dental insurance subsidy not to exceed \$44.60 in accordance with the subsidy entitlements based on years of service of the member pursuant to subsection (a) of Section 4.1164 of the Administrative Code, said subsidy to be used for the premium cost for the member only; and

RESOLVED, the dental insurance premium subsidy provided herein shall be applied towards the December 31, 2019 dental insurance premiums and subsequent monthly dental insurance premiums, and shall remain in effect until modified or cancelled by subsequent action of the Board; and

RESOLVED, that the Manager-Secretary of the Department of Fire and Police Pensions be authorized to cause demands to be drawn upon the 401(h) account of the Fire and Police Pension Plan, to be paid to the third-party administrators or dental insurance carriers through which dental insurance is provided for subsidy payments, applying to dental insurance premiums of said eligible members, providing such subsidy payments have been verified against records kept by the Department of Fire and Police Pensions and found to be correct and proper and that individual subsidy amounts are within the limits as set forth in the Los Angeles City Administrative Code, which was seconded by Commissioner Buzzell and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, and President Nathanson – 8; nays, none.

B. REPORTS TO THE BOARD

1. DISCUSSION OF INTERNATIONAL LARGE CAP EQUITY MANAGER

The Board is reviewing its relationship with Fisher Investments and has called for a Special meeting on Thursday, October 24, 2019 to obtain prudent, deliberate, and expert input from Staff and RVK.

2. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

Mr. William Raggio, Executive Officer, Administrative Operations Division was available for questions from the Board. The report was received and filed.

Item F was taken out of order.

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

F. DISABILITY CASES