

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF DECEMBER 19, 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, December 19, 2019.

COMMISSIONERS PRESENT: Adam Nathanson, President
Brian Pendleton, Vice President
Corinne Babcock
Ken Buzzell
Ruben Navarro
Paul Weber
Garrett Zimmon

COMMISSIONERS ABSENT: Pedram Salimpour, MD
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: Anya Freedman, Assistant City Attorney

President Nathanson 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 Babcock and Weber who arrived at 8:43 a.m. and 9:32 a.m. respectively.

Item F was taken out of order.

F. DISABILITY CASES

DISABILITY CLAIM – NEW CLAIM – TIER 5

Alan W. Cieto III

(P)

Police Officer II

As recommended by staff and concurred in by the applicant, a service-connected disability pension is granted at 60%, with no foreseeable purpose for review. Motion made by

Commissioner Buzzell, seconded by President Nathanson and adopted by the following vote: ayes, Commissioners Buzzell, Navarro, Pendleton, Zimmon, and President Nathanson – 5; nays, none; absent, Commissioners Babcock, Salimpour, Vega, and Weber. Officer Cieto was not present but was represented by Corina Lee of the Los Angeles Police Protective League.

DISABILITY CLAIM – NEW CLAIM – TIER 5

Stephen M. Underwood

(P)

Sergeant I

As recommended by staff and concurred in by the applicant, a service-connected disability pension is granted at 60%, with no foreseeable purpose for review. Motion made by Commissioner Pendleton, seconded by Commissioner Navarro and adopted by the following vote: ayes, Commissioners Buzzell, Navarro, Pendleton, Zimmon, and President Nathanson – 5; nays, none; absent, Commissioners Babcock, Salimpour, Vega, and Weber. Sergeant Underwood was not present but was represented by Corina Lee of the Los Angeles Police Protective League.

A. REPORTS TO THE BOARD

1. AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSAL FOR COURT REPORTING SERVICES AND POSSIBLE BOARD ACTION

The board report was approved as submitted.

Resolution 20096

Commissioner Pendleton moved that the Board authorize the General Manager to issue a Request for Proposal (RFP) for court reporting services, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Buzzell, Navarro, Pendleton, Zimmon, and President Nathanson – 5; nays – none.

Items A.4 and A.5 were taken out of order.

4. RESTRUCTURING OF THE INTERNATIONAL LARGE CAP EQUITY PORTFOLIO COST UPDATE

Mr. Nathaniel Chang, Investment Officer, and Mr. Tom Lopez, Chief Investment Officer discussed the report with the Board. Commissioner Buzzell discussed net gain and loss with Mr. Lopez. The report was received and filed.

5. CHIEF INVESTMENT OFFICER QUARTERLY REPORT OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION

Mr. Tom Lopez, Chief Investment Officer, Investments Division presented the report to the Board.

Commissioner Babcock arrived at 8:43 a.m.

Ms. Elsa Sou Jing Moy provided public comment.

The board report was approved as submitted.

Resolution 20097

Commissioner Navarro moved that the Board approve the actual asset allocation of the Fund and Staff's plans for bringing asset classes currently outside of their target allocation ranges back within their allocation ranges, which was seconded by Commissioner Zimmon and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Zimmon, and President Nathanson – 6; nays – none.

2. APPROVAL OF NEW PUBLIC SAFETY MORTALITY ASSUMPTIONS AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division and Mr. Paul Angelo, Senior Vice President and Actuary from Segal Consulting discussed the report with the Board. Commissioner Buzzell asked if the repeal of the Affordable Care Act's excise tax on high-value health plans (or "Cadillac Tax") changed anything and Mr. Angelo stated that the change was already reflected in the report.

Resolution 20098

Commissioner Buzzell moved that the Board adopt the public safety mortality assumptions as recommended by Segal Consulting, to be used beginning with the June 30, 2019 pension and retiree health benefits valuations, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Zimmon, and President Nathanson – 6; nays – none.

3. GOVERNMENTAL ACCOUNTING STANDARDS (GAS) 68 AND 75

Ms. Cynthia Varela, Departmental Audit Manager and Ms. Etta Hur from Simpson and Simpson discussed the report with the Board. The report was received and filed.

6. INVESTMENT MANAGER SEARCH PROCESS OVERVIEW

Ms. Becky Gratsinger and Mr. Ryan Sullivan, Consultants from RVK discussed the search process with the Board. The Board discussed the parameters to be used in the search, RVK's outreach process and the methods used by emerging managers to respond to the search. The report was received and filed.

Commissioner Weber arrived at 9:32 a.m.

7. QUARTERLY PORTFOLIO PERFORMANCE REPORT BY RVK

Ms. Becky Gratsinger and Mr. Ryan Sullivan, Consultants from RVK discussed the report with the Board. Commissioner Navarro discussed the watch list with Mr. Sullivan. The Board discussed the performance of L.A. Capital Growth, Boston Partners, and Channing Small Cap Value with Mr. Sullivan. The report was received and filed.

8. ANNUAL CONFIRMATION OF ORGANIZATIONAL AND AUDITOR INDEPENDENCE AND POSSIBLE BOARD ACTION

Ms. Cynthia Varela, Departmental Audit Manager, Internal Audit Section presented the report to the Board. The board report was approved as submitted.

Resolution 20099

Commissioner Buzzell moved that the Board review, receive, and file the annual confirmation of organizational independence of the internal audit activity and auditor independence, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Pendleton, Weber, Zimmon, and President Nathanson – 7; nays – none.

President Nathanson recessed the meeting at 10:08 a.m., and reconvened the meeting at 10:13 a.m.

9. REAL ESTATE PERFORMANCE BY THE TOWNSEND GROUP

Ms. Jennifer Stevens from The Townsend Group presented their report to the Board. The report was received and filed.

B. COMMUNICATIONS TO THE BOARD

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

C. GENERAL MANAGER'S REPORT

1. Monthly Report
2. Marketing Cessation Information
3. Benefits Actions approved by General Manager on December 5, 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 December 5, 2019.

DISCONTINUED PENSIONS – TIER 1 – 1

Clonnie Finn	Police Widow	Retired:	10-24-83	Died:	08-23-19
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DISCONTINUED PENSIONS – TIER 2 – 9

Hugh C. Randolph	Fire Service	Retired:	11-03-86	Died:	10-21-19
Glen A. Bachman	Police Service	Retired:	03-01-75	Died:	11-05-19
Fred A. Erickson	Police Service	Retired:	12-29-91	Died:	11-03-19
Richard L. Ness	Police Service	Retired:	02-07-95	Died:	10-24-19
Jacquelin J. Varco	Police Service	Retired:	07-03-88	Died:	11-17-19
Rhoda A. Jepsen	Fire Widow	Retired:	12-09-11	Died:	11-05-19
Margaret E. Mark	Fire Widow	Retired:	07-08-09	Died:	10-10-19
Lillian M. Curcio	Police Widow	Retired:	01-28-14	Died:	10-28-19
Gwendolyne R. Kennerson	Police Widow	Retired:	11-10-13	Died:	09-17-19

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DISCONTINUED PENSIONS – TIER 5 – 1

John W. King	Police Service	Retired	03-10-13	Died:	09-30-19
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DISCONTINUED PENSIONS FORMER SPOUSE – TIER 2 – 2

Rose G. Bachman	Police Service	Retired:	04-01-88	Member Died:	11-05-19
Pearl M. Mc Namara	Police Service	Retired:	01-03-99	Died:	10-31-19

PARTIAL PAYMENT OF PENSION – TIER 5 – 1

In accordance with the City Attorney’s advice, a designated proportion of the community property interest of the pension payable to James A. Cummings, Police Service Pensioner, is to be paid to his former spouse, Celeste L. Cummings, effective December 1, 2019. Ms. Cummings will receive cost of living adjustments.

MODIFIED PARTIAL PAYMENT OF PENSION – TIER 2 – 1

In accordance with the City Attorney’s advice, a designated proportion of the community property interest of the pension payable to Timothy K. Sphar, Fire Service Pensioner, being withheld for his former spouse, Gwen Sphar, since October 1, 2019 should be released, effective December 1, 2019. Ms. Sphar will receive cost of living adjustments.

SERVICE PENSION – TIER 3 – 1

<u>Police</u> Kulin S. Patel	Police Officer III	Eff:	11-10-19	30	Years	2	Days
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SERVICE PENSION/DROP – TIER 3 – 2

Police

Thomas K. Gracey	Police Officer II	Eff:	08-01-19	25	Years	0	Days
Marie S. La Mar	Police Officer III	Eff:	11-01-19	25	Years	0	Days

SERVICE PENSION/DROP – TIER 5 – 6

Police

Edwin E. Dominguez	Police Officer III	Eff:	11-01-19	25	Years	0	Days
David A. Mascarenas	Sergeant II	Eff:	11-01-19	25	Years	0	Days
Susan E. Mickles	Sergeant II	Eff:	11-01-19	25	Years	49	Days
Ronald K. Moy	Police Officer II	Eff:	11-01-19	25	Years	37	Days
Sylvia C. Ota	Police Officer II	Eff:	11-01-19	25	Years	0	Days
Jean P. Salvodon	Sergeant II	Eff:	11-01-19	27	Years	20	Days

4. Other business relating to Department operations

General Manager Ciranna gave the following updates:

- a. Introduced two new staff members to the Board.
- b. The new civilian MOUs increased personnel costs slightly over the budgeted salary expense, but the Department will still be within the overall amount budgeted for Administrative expenses.
- c. The Board meeting scheduled for January 2, 2020 has been canceled. A special meeting of the Board is scheduled for January 9, 2020.
- d. Two of the fiduciary counsel contracts have expired, however, Nossaman’s contract is still in effect.
- e. The annual ‘Side A’ Director’s and Officer’s Liability Insurance Waiver of Recourse endorsement fee of \$25.00 is due from the Board members.
- f. Received multiple requests for the Board meeting audio recording of the Stilson disability case. Per Board policy, the Board can review the Stilson case file within a 90-day period.
- g. City Council has made a motion regarding divestment in some fossil fuel companies. LACERS is the current focus.
- h. The City Revenue Commission has put together a draft report regarding LACERS’ and LAFPP’s asset management. General Manager Ciranna will place the discussion on the January 9, 2020 agenda.

Commissioner Pendleton asked about efforts being made to rent the 1st floor of the LAFPP building. Mr. William Raggio, Executive Officer, Administrative Operations Division discussed marketing efforts and the lack of available parking with the Board.

D. CONSIDERATION OF FUTURE AGENDA ITEMS

President Nathanson requested an Environmental/Social Governance report.

Commissioner Pendleton requested a report on Asset allocation from similar sized public funds for comparison.

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

There were no public comments.

President Nathanson recessed the meeting for a break at 11:03 a.m., and reconvened into Closed Session at 11:13 a.m.

G. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF ONE (1) PARTICULAR, SPECIFIC PENSION FUND INVESTMENT AND POSSIBLE BOARD ACTION

The Board met in closed session.

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

The Board met in closed session.

3. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF THREE (3) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION

The Board met in closed session.

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

The meeting was adjourned at 11:58 a.m. in memory of LAPD Assistant Chief Earl Paysinger.


President


Secretary