

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF JANUARY 16, 2020

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, January 16, 2020.

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

COMMISSIONER ABSENT: Corinne Babcock

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. President Nathanson recognized the passing of Detective Amber Lest of the Los Angeles County Sheriff's Department and announced that the pension fund has crossed the \$25 billion threshold.

A. COMMITTEE REPORT

1. MODIFICATIONS TO BOARD OPERATING POLICIES AND PROCEDURES FOR DISABILITY HEARINGS AND POSSIBLE BOARD ACTION

Ms. Kristen M. Rosauer, Manager, Disability Pensions Section presented the report to the Board. The Board discussed various issues related to witness testimony. Commissioner Zimmon suggested postponing the item to allow additional input from applicant representatives and other stakeholders.

Motion

Commissioner Navarro moved that the Board adopt the recommended actions, which was seconded by Commission Buzzell and subsequently withdrawn.

Motion

Commissioner Navarro moved that the Board table this item to February 6, 2020, which was seconded by Commission Pendleton and approved by the following vote: ayes, Commissioners Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.

B. REPORTS TO THE BOARD

1. FACTORS FOR NON-MEDICARE HEALTH SUBSIDY INCREASES AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division presented the report to the Board. A lengthy discussion ensued regarding the use of annual premium change averages as a factor in determining health subsidy increases.

Mr. Freddy Escobar, UFLAC, and Mr. Bob Steinbacher provided public comment.

The Board took no action on this item.

2. RECONSIDERATION OF THE JULY 1, 2018 TO JUNE 30, 2019 PENSION AND HEALTH BENEFITS VALUATIONS AND APPROVAL OF THE REVISED JULY 1, 2018 TO JUNE 30, 2019 PENSION AND HEALTH BENEFITS VALUATIONS AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division and Mr. Paul Angelo from Segal Consulting presented the report to the Board.

Resolution 20107

Commissioner Navarro moved that the Board:

1. Rescind its prior action of November 21, 2019, adopting the original pension and health valuation reports, including the Governmental Accounting Standards (GAS) 67 and 74 Actuarial Valuations, submitted by Segal Consulting (Segal); and,
2. Adopt the revised pension and health valuation reports submitted by Segal, for plan funding purposes, for the period ending June 30, 2019 (Attachment 1); and,
3. Adopt the revised GAS 67 and 74 Actuarial Valuations, for plan financial reporting purposes, as of June 30, 2019 (Attachments 2 and 3), which was seconded by Commissioner Vega and approved by the following vote: ayes, Commissioners Buzzell,

Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8;
nays – none.

3. RETRACTED PENSION PAYMENT OVERVIEW AND POSSIBLE BOARD ACTION

Mr. Kyle Susswain, Manager, Retirement Services Section presented the report to the Board. Commissioner Buzzell discussed situations where members died mid-month and how the pension payment is handled regarding surviving spouses. Commissioner Pendleton asked about IRS guidelines. Mr. Joseph Salazar, Assistant General Manager, Pensions Division and Ms. Yolanda Huang, Chief Accountant, Accounting Section joined Mr. Susswain at the table and answered questions from the Board.

After discussion, the Board postponed this item to allow input from tax counsel.

4. LAFPP RETIREE HEALTH PLAN OPTIONS AND ANALYSIS

The item was postponed to February 6, 2020.

5. QUARTERLY TRAVEL REPORT FOR COMMISSIONERS AND STAFF

Mr. Bill Raggio, Executive Officer, Administrative Operations Division presented the report to the Board. The report was received and filed.

6. CLOSE-OUT REPORT ON THE 2019-20 FISCAL YEAR BUSINESS PLAN PROJECT-EMERGING MANAGER PROGRAM REVIEW

Ms. Susan Liem, Investment Officer II, and Mr. Tom Lopez, Chief Investment Officer, Investments Division presented the report to the Board. Commissioner Buzzell discussed the performance of Phocas and Channing with Mr. Lopez who stated that a search is in process for small cap managers.

Commissioner Weber asked if there are any significant changes that have been made and Mr. Lopez stated that the fund of funds program has been discontinued .and the direct hiring process is currently being used.

President Nathanson recessed the meeting for a break at 10:05 a.m., and reconvened at 10:15 a.m.

*The Board recessed the regular meeting at 10:15 a.m. to convene the Special Board meeting.
The regular meeting reconvened at 10:23 a.m.*

7. ASSET ALLOCATION DISCUSSION

Ms. Becky Gratsinger, CEO and Senior Consultant, and Mr. Ryan Sullivan, Consultant from RVK gave their presentation to the Board. Mr. Tom Lopez, Chief Investment Officer, Investments Division joined Ms. Gratsinger and Mr. Sullivan at the table. The Board discussed hedge and index funds and asked for more information on real estate investment, active and passive asset classes, and an understanding how health care impacted funds.

C. COMMUNICATIONS TO THE BOARD

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

The Board discussed whether mail marked as ‘confidential and personal’ should be opened and time stamped by Staff.

D. GENERAL MANAGER’S REPORT

1. Monthly Report
2. Marketing Cessation Information
3. Other business relating to Department operations

General Manager Ciranna gave the following updates:

- a. In the process of finalizing the 1099-R tax forms that are going to be mailed to pensioners.
- b. Board election – Police Department Employee Member. On January 17, 2020, the City Clerk – Election Division will begin mailing the notification of election and instructions on how to file for candidacy. Members who wish to qualify will need to respond by January 31, 2020.
- c. Board election – Fire Department Retired Member. On January 31, 2020, the City Clerk – Election Division will begin mailing the notification of election and instructions on how to file for candidacy. Members who wish to qualify will need to respond by February 14, 2020.
- d. The next Ad Hoc Committee on Disability Pensions meeting will be held on February 6, 2020.
- e. Epsilon has closed.
- f. Provided the Board with a legislative update on HR 1885, HR 4527, and S 2046.
- g. Introduced a new staff member to the Board.
- h. Harvard is offering their annual educational session on evidence insight and strategy for optimizing health benefits from June 9, 2020 through June 11, 2020.

Commissioner Buzzell discussed options for pensioner direct deposit election with General Manager Ciranna.

E. CONSENT ITEM

1. APPROVAL OF TRAVEL AUTHORITY (ZIMMON) – IFEBP, WHARTON EXECUTIVE EDUCATION – PORTFOLIO CONCEPTS AND MANAGEMENT

Resolution 20109

Commissioner Navarro moved that the Board approve Commissioner Garrett Zimmon to

attend the International Foundation Employee Benefit Plans (IFEBP), Wharton Executive Education, Portfolio Concepts and Management on April 19 – 23, 2020 in Philadelphia, PA (April 19th is a travel day), which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.

2. Findings of Fact

a. Deborah E. Kennedy-Stilson, SS of Sean P. Stilson – Tier 5

Motion

Commissioner Navarro moved that the Board approve the consent items, which was seconded by Commissioner Pendleton and approved by the following vote: ayes, Commissioners Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.

F. CONSIDERATION OF FUTURE AGENDA ITEMS

Commissioner Navarro requested a presentation from a mental health expert on member suicides.

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

There were no public comments.

H. DISABILITY CASE

DISABILITY CLAIM – REVIEW REQUESTED BY PENSIONER – TIER 2

Ross E. Sapp

(F)

Firefighter II (retired)

As recommended by Staff and concurred in by the pensioner, prior Board Action of April 4, 1985 granting a service-connected disability pension of 65% is adjusted to 85% with no foreseeable purpose for review. Motion made by Commissioner Vega, seconded by Commissioner Navarro and adopted by the following vote: ayes, Commissioners Buzzell, Navarro, Pendleton, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays, none; absent, Commissioner Babcock. Mr. Sapp was not present.

I. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) AND (d)(1) TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE CASE ENTITLED SAM V. KWAN ET AL. (Case no. BC 721121) AND POSSIBLE BOARD ACTION

The Board met in closed session.

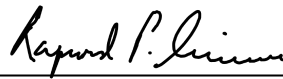
President Nathanson left the board room for the remainder of the meeting at 11:38 a.m.

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

The meeting was adjourned at 11:42 a.m.



President
For President
Nathanson



Secretary