

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
BOARD MEETING OF FEBRUARY 20, 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, February 20, 2020.

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

COMMISSIONER ABSENT: Brian Pendleton

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: Joshua Geller, Deputy 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 Commissioner Salimpour who arrived at 8:35 a.m. President Nathanson announced that the LAFPP pension fund reached a milestone of \$25 billion and applauded Mr. Tom Lopez and the Investments Division staff for their hard work.

A. COMMITTEE REPORT

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

Ms. Kristen M. Rosauer, Senior Management Analyst I, Disability Pensions Section presented the report to the Board.

Commissioner Salimpour joined the meeting at 8:35 a.m.

Resolution 20117

Commissioner Navarro moved that the Board direct staff to prepare amendments to the Board Operating Policies and Procedures, Section 4.0 - Hearings, as follows:

1. Require that an applicant, or his/her authorized representative, provide to Staff the name and a summary of the testimony for each witness testifying no later than ten (10) working days prior to the hearing date; and,
2. Formation of a subset of commissioners to serve as Disability Hearing Chairs for all disability pension and survivor applications brought before the full Board, which was seconded by Commissioner Babcock and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.

Item H was taken out of order.

H. DISABILITY CASE

SURVIVORSHIP CLAIM – SURVIVING SPOUSE – TIER 5

Ellen L. Hall, Surviving Spouse of
Chad F. Hall (P) Police Officer III (Deceased)

As recommended by Staff and concurred in by the applicant, the prior Board action of September 7, 2017 is set aside and a service-connected survivorship pension is granted. Motion made by President Nathanson, seconded by Commissioner Buzzell and adopted by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays - none; absent, Commissioner Pendleton. Ms. Hall was not present but was represented by Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee.

DISABILITY CLAIM – NEW CLAIM – TIER 5

William B. Limtiaco (P) Police Officer II

As recommended by Staff and concurred in by the applicant, a service-connected disability pension is granted at 50% with no foreseeable purpose for review. Motion made by Commissioner Weber, seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays - none; absent, Commissioner Pendleton. Officer Limtiaco was not present but was represented by Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin and Lee.

Ericka B. Abrams (P) Police Officer II

As recommended by Staff and concurred in by the applicant, a service-connected disability pension is granted at 50% with no foreseeable purpose for review. Motion made by Commissioner Zimmon, seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays - none; absent, Commissioner Pendleton. Officer Abrams was not present but was represented by Corina Lee, Los Angeles Police Protective League.

B. REPORTS TO THE BOARD

1. APPROVAL OF INTEREST RATE TO BE CREDITED TO ACTIVE MEMBERS ACCOUNTS AS OF DECEMBER 31, 2019 AND POSSIBLE BOARD ACTION

Mr. William Raggio, Executive Officer, Administrative Operations Division was available for questions from the Board. The report was approved as submitted.

Resolution 20118

Commissioner Navarro moved that the Board, in accordance with Board Rule 5.1, direct the General Manager to credit the interest rate of 1.25% to active members accounts as of December 31, 2019, which was seconded by Commissioner Buzzell and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.

Items B.4, B.5, and B.8 were taken out of order.

4. VERBAL DISCUSSION OF TOWNSEND STAFFING TRANSITION

Ms. Jennifer Young, Partner, from Townsend introduced Messrs. Mike Stark and Felix Fels as her replacements at Townsend. The Board thanked Ms. Young for her expertise and wished her well on her new enterprise.

5. SECURITIES AND EXCHANGE COMMISSION AMENDMENTS TO EXEMPTION FROM THE PROXY RULES FOR PROXY VOTING ADVICE AND POSSIBLE BOARD ACTION

Mr. Paul Palmer, Investment Officer III, Investments Division discussed the report with the Board. The report was approved as submitted.

Resolution 20119

Commissioner Buzzell moved that the Board:

1. Approve a public comment letter to the Securities and Exchange Commission (SEC) in opposition to the proposed amendments to regulate proxy voting advice (S7-22-19) and shareholder proposal thresholds (S7-23-19);
2. Authorize the President of the Board, on behalf of the Board, to sign the proposed letter; and,

3. Authorize the General Manager to take additional action(s) if necessary on behalf of the Board, which was seconded by Commissioner Weber and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.

8. BIENNIAL REVIEW OF DEPARTMENTAL CONFLICT OF INTERESTS CODE AND POSSIBLE BOARD ACTION

Mr. William Raggio, Executive Officer, Administrative Operations Division was available for questions from the Board. The report was approved as submitted.

Resolution 20120

Commissioner Zimmon moved that the Board:

- 1) Authorize the General Manager to administratively approve the July 2020 biennial update of the Department's Conflict of Interests (COI) Code; and,
 - 2) Direct staff to submit the California Fair Political Practices Commission (FPPC) Form 804 (Attachment I) to the City Ethics Commission (CEC) in order to append the Department's COI Code upon Board approval of reallocating certain positions to the newly created Senior Benefits Analyst classification, which was seconded by Commissioner Buzzell and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.
2. ACTUARIAL STANDARD OF PRACTICE NO. 51 RISK REPORT AND SIX-YEAR ILLUSTRATION OF CONTRIBUTIONS, FUNDING RATIO AND UAAL AND POSSIBLE BOARD ACTION

Mr. Greg Mack, Chief Benefits Analyst, Pensions Division gave a brief overview of the report to the Board. Messrs. Todd Tauzer, FSA, MAAA, FCA, and CERA, and Andy Yeung, ASA, MAAA, FCA, and EA from Segal Consulting presented their report to the Board. Commissioner Buzzell asked why 2042 is listed as the date to pay off the total unfunded liability regardless of returns and was answered that it is a target date - not an absolute date - dependent on several assumptions. President Nathanson would like to see how LAFPP's funded status compares to other public safety plans.

Resolution 20121

Commissioner Navarro moved that the Board review and approve the Risk Assessment Report from The Segal Group, which was seconded by Commissioner Vega and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Salimpour, Vega, Weber, Zimmon, and President Nathanson – 8; nays – none.

President Nathanson recessed the meeting for a break at 9:30 a.m., and reconvened at 9:38 a.m.

3. DISCUSSION OF RVK'S CAPITAL MARKET ASSUMPTIONS

Mr. Jim Voytko, President and Senior Consultant, and Ms. Becky Gratsinger, CEO and Senior Consultant from RVK presented their report to the Board.

6. PRESENTATION BY CHANNING CAPITAL MANAGEMENT, LLC DOMESTIC SMALL CAP VALUE EQUITY MANAGER

Mr. Adam Perez, Investment Officer I, Investments Division gave a brief synopsis of the report and introduced Messrs. Rodney Herenton, Founder, Co-CEO and Chief Business Development and Strategy Officer, and Wendell Mackey, CFA, Founder, Co-CEO and Chief Investment Officer from Channing Capital Management, LLC and Ms. Medina Jett, JD, MDA, Founder and CEO of ICS Group, LLC who gave their presentation to the Board.

The Board discussed historical performance, the enforcement action by the SEC, and fees with Messrs. Herenton and Mackey.

7. PRESENTATIONS BY FINALIST CANDIDATES FOR THE U.S. SMALL CAP EMERGING MANAGER EQUITY SEARCH AND POSSIBLE BOARD ACTION

- ALGERT GLOBAL, LLC
- BRIDGE CITY CAPITAL, LLC
- DENALI ADVISORS, LLC
- EASTERN SHORE CAPITAL MANAGEMENT
- LISANTI CAPITAL GROWTH, LLC

Motion

President Nathanson moved that the Board fire Channing Capital Management, LLC which was seconded by Commissioner Zimmon. After discussion, the motion was withdrawn by President Nathanson.

LAFPP received the required disclosure information regarding gifts, campaign contributions, charitable contributions, intermediaries and contacts. Internal Audit Section reviewed the provided information and determined there was nothing to report under the Contractor Disclosure Policy.

Mr. Nathaniel Chang, Investment Officer, Investments Division presented the report to the Board.

Messrs. Peter Algert, CEO/CIO, and Scott Draper, Director of Marketing from Algert Global, LLC gave their presentation and were interviewed by the Board.

Messrs. Alex Woodward, Principal and President, and Steve Brink, CFA and Principal from Bridge City Capital, LLC gave their presentation and were interviewed by the Board.

Messrs. Mike Munson, CFA and Partner, Robert Snigaroff, PH.D., CIO and President, and

John Cuthbertson, PH.D and CFA from Denali Advisors, LLC gave their presentation and were interviewed by the Board.

Ms. Sarah Westwood, CFA/CMT, Partner and Portfolio Advisor, and Mr. Robert Barringer, CFA/CIO, Partner and Portfolio Manager from Eastern Shore Capital Management gave their presentation and were interviewed by the Board.

Ms. Mary Lisanti, CFA/CIO and Portfolio Manager from Lisanti Capital Growth, LLC gave their presentation and were interviewed by the Board.

Commissioner Salimpour stepped out of the board room prior to the vote.

Resolution 20122

Commissioner Buzzell moved that the Board:

1. Select three firms, Denali Advisors, LLC, Eastern Shore Capital Management, and Lisanti Capital Growth, LLC to manage U.S. small cap with an allocation of \$50 million to each firm, subject to fee negotiations by Staff, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Babcock, Buzzell, Navarro, Vega, Weber, Zimmon, and President Nathanson – 7; nays – none.

President Nathanson stated that he would like Channing and Phocas scheduled as a board action item on the next agenda.

C. COMMUNICATIONS TO THE BOARD

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

D. GENERAL MANAGER'S REPORT

1. Monthly Report
2. Marketing Cessation Information
3. Benefits Actions approved by General Manager on February 6, 2020

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 February 6, 2020.

DISCONTINUED PENSIONS – TIER 2 – 21

Frank Fasmer	Fire Service	Retired:	02-11-79	Died:	12-08-19
Wayne W. Schenk	Fire Service	Retired:	07-17-83	Died:	11-23-19
Clarence L. Barlow	Police Service	Retired:	07-01-75	Died:	01-14-20
Frederick Day III	Police Service	Retired:	07-01-68	Died:	01-03-20

Thomas C. Dewey	Police Service	Retired:	01-27-88	Died:	12-26-19
William H. Groeschel	Police Service	Retired:	07-06-97	Died:	12-24-19
Adolph Lambach Jr.	Police Service	Retired:	01-18-87	Died:	11-26-19
Raymond J. Babcock	Fire Disability	Retired:	05-14-92	Died:	01-05-20
William W. Cone	Fire Disability	Retired:	11-24-91	Died:	12-29-19
Donald T. Dorsey	Fire Disability	Retired:	10-29-75	Died:	12-29-19
Robert O. Baumgartner	Police Disability	Retired:	03-20-86	Died:	12-28-19
Edward J. Jones	Police Disability	Retired:	06-11-93	Died:	12-19-19
Robert W. Lupin	Police Disability	Retired:	03-25-89	Died:	12-25-19
Patricia R. McCarthy	Fire Widow	Retired:	01-20-05	Died:	12-27-19
Myrna L. Secor	Fire Widow	Retired:	07-17-18	Died:	01-11-20
Alvina J. Tichenor	Fire Widow	Retired:	02-12-99	Died:	12-12-19
Rose M. Wells	Fire Widow	Retired:	04-20-15	Died:	12-13-19
Christine E. Boyd	Police Widow	Retired:	05-21-09	Died:	10-28-19
Marilyn E. Hopkins	Police Widow	Retired:	12-30-02	Died:	12-11-19
Ethel T. Imel	Police Widow	Retired:	11-01-78	Died:	12-30-19
Lorraine V. Maier	Police Widow	Retired:	08-30-08	Died:	12-26-19

DISCONTINUED PENSIONS – TIER 5 – 1

Earl C. Paysinger	Police Service	Retired:	07-30-11	Died:	12-16-19
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DISCONTINUED PENSIONS DESIGNATED BENEFICIARY – TIER 2 – 1

Jamie R. Hoffman	Police Disability	Retired:	11-14-97	Member Died:	12-25-19
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PARTIAL PAYMENT OF PENSION – TIER 5 – 9

In accordance with the City Attorney's advice, a designated proportion of the community property interest of the pension payable to Dale W. Grottke, Fire Service Pensioner, is to be paid to his former spouse, Maureen Grottke, effective January 31, 2020. Ms. Grottke 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 Michael T. McDonough, Fire Service Pensioner, is to be withheld for his former spouse, Kristine McDonough, effective February 1, 2020. Ms. McDonough 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 Felipe J. Arreola, Police Service Pensioner, is to be withheld for his former spouse, Linda M. Esmaili, effective February 1, 2020. Ms. Esmaili 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 Rhonda N. Baychue, Police Service Pensioner, is to be paid to her former spouse, Haven Mitchell, effective February 1, 2020. Mr. Mitchell 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 George A. Chavez, Police Service Pensioner, is to be withheld for his former spouse, Gabriela Chavez, effective February 1, 2020. Ms. Chavez 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 Dario F. Delcore, Police Service Pensioner, is to be paid to his former spouse, Seda Delcore, effective February 1, 2020. Ms. Delcore 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 Julius J. Guay, Police Service Pensioner, is to be withheld for his former spouse, Heather A. Guay, effective February 1, 2020. Ms. Guay 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 Robert F. Falconer, Police Service Pensioner, is to be withheld for his former spouse, Deborah A. Falconer, effective December 22, 2019. Ms. Falconer 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 Andrew E. Kleinick, Police Service Pensioner, is to be paid to his former spouse, Wende J. Kleinick, effective February 1, 2020. Ms. Kleinick will receive cost of living adjustments.

SERVICE PENSION – TIER 5 – 2

Police

John J. Catalano	Police Officer III	Eff:	01-19-20	23	Years	307	Days
Robert M. Weise	Lieutenant I	Eff:	01-19-20	20	Years	86	Days

SERVICE PENSION/DROP – TIER 3 – 1

Police

Mary J. Culpepper	Detective II	Eff:	12-10-19	30	Years	3	Days
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SERVICE PENSION/DROP – TIER 5 – 3

Police

Raphael E. Ferrer	Police Officer II	Eff:	01-08-20	25	Years	168	Days
Angelica G. Romeral	Detective III	Eff:	12-09-19	26	Years	1	Day
Everardo F. Trujillo	Police Officer III	Eff:	11-12-19	25	Years	0	Days