
SPECIAL AGENDA

BOARD OF FIRE AND POLICE PENSION **COMMISSIONERS**

June 25, 2015
8:30 a.m.

Los Angeles Times Building
202 W. First Street, Suite 500
Los Angeles, CA 90012

Commissioner Diannitto will participate telephonically from
4612 El Reposo Drive, Los Angeles, CA 90065

An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address, and present the completed card(s) to the commission executive assistant. Speaker cards are available at the commission executive assistant's desk.

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed at the office of the Los Angeles Fire and Police Pension System (LAFPP), located at 360 East 2nd Street, 4th Floor, Los Angeles, California 90012, or by clicking on LAFPP's website at www.lafpp.com, or at the scheduled meeting. Non-exempt writings that are distributed to the Board or Committee at a scheduled meeting may be viewed at that meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the commission executive assistant, at (213) 978-4555 or by e-mail at barbara.nobregas@lafpp.com.

Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the Department of Fire and Police Pensions, (213) 978-4545 voice or (213) 978-4455 TDD.

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

B. REPORTS TO THE BOARD

REVIEW OF 2015 PRIVATE EQUITY AND COMMODITIES INVESTMENT ACTIVITY BY PORTFOLIO ADVISORS, LLC

C. CLOSED SESSION ITEMS FOR POSSIBLE BOARD ACTION

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

D. ITEMS FOR BOARD ACTION

[PRESENTATIONS BY FINALIST CANDIDATES FOR THE SMALL CAP AND MICRO CAP DOMESTIC EQUITY EMERGING MANAGER SEARCH AND POSSIBLE BOARD ACTION](#)

Channing Capital Management, LLC
Elk Creek Partners, LLC
Granite Investment Partners
Pacific Ridge Capital Partners, LLC
PHOCAS Financial

DISCUSSION/SELECTION



DEPARTMENT OF FIRE AND POLICE PENSIONS

360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JUNE 25, 2015 **ITEM:** D

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: PRESENTATIONS BY FINALIST CANDIDATES FOR THE SMALL CAP AND MICRO CAP DOMESTIC EQUITY EMERGING MANAGER SEARCH AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board interview the five finalist emerging managers making presentations today, and select two of the firms to manage small cap and/or micro cap domestic equities for the Fund.

BACKGROUND

The Board approved a search for emerging managers of small cap and micro cap domestic equity at the meeting of June 5, 2014. After subsequent approval of the minimum qualifications (MQs) and the Request for Proposals (RFP) the search opened on September 29, 2014 and closed on November 14, 2014.

RFP responses were received for 89 small cap and 22 micro cap products. Failure to meet the minimum qualifications eliminated 12 of the small cap and 2 of the micro cap products. Quantitative screens eliminated another 58 small cap and 9 micro cap products. The resulting 19 small cap and 11 micro cap products advanced to semifinalist status and qualitative evaluation of each firm commenced. Comprehensive desk reviews were conducted by RVK and Staff, and 9 firms (offering 8 small cap products and 4 micro cap products) were selected for conference calls. Conference calls were conducted the weeks of May 25 and June 1. RVK and Staff discussed with the investment team and management of each firm its investment philosophy and process, its resources and such other factors of the firm's approach, structure and management as would help illuminate its particular capabilities. Following the calls, RVK and Staff discussed and agreed on 5 emerging small and micro cap firms to presentation to the Board.

On June 18, 2015 the Board approved RVK and Staff's recommendation of firms to interview (Attachment I).

DISCUSSION

The five firms presenting today and the order of presentation are as follows:

- Channing Capital Management, LLC (Channing) – small cap
- Elk Creek Partners, LLC (Elk Creek) – small cap
- Granite Investment Partners (Granite) – micro cap
- Pacific Ridge Capital Partners, LLC (Pacific Ridge) – micro cap
- PHOCAS Financial (PHOCAS) – small cap

The presentation materials submitted by each of the firms are also provided (Attachments II-VI).

A brief summary of the firms' product and fees are below:

Firm Name	Asset Class	AUM - Product	Fees
Channing	Small Cap - Value	\$1,470M	First \$20M – 100 bps, next \$10M – 90 bps
Elk Creek	Small Cap - Growth	\$505M	First \$50M – 100bps
Granite	Micro Cap - Equity	\$99M	First \$25M – 90 bps, next \$25M – 90 bps
Pacific Ridge	Micro Cap - Value	\$168M	125 bps
PHOCAS	Small Cap - Value	\$805M	First \$50M – 100 bps

Staff has budgeted 25 minutes for each presentation, followed by 5 minutes for question and answer by the Board. The actual timing is at the Board's discretion.

This report was prepared by:

Rick Rogers
Investment Officer

RPC:TL:RR

Attachment I – RVK Emerging Manager – Fixed Income Finalists Recommendation
Attachment II – Channing Presentation Materials
Attachment III – Elk Creek Presentation Materials
Attachment IV – Granite Presentation Materials
Attachment V – Pacific Ridge Presentation Materials
Attachment VI – PHOCAS Presentation Materials