

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
SPECIAL BOARD MEETING OF MAY 2, 2013

The Board of Fire and Police Pension Commissioners of the City of Los Angeles met at the LACERS Board Room, located at the Los Angeles Times Building, 202 W. First Street, Suite 500, Los Angeles 90012 on Thursday, May 2, 2013.

COMMISSIONERS PRESENT: Dean Hansell, President
 Ruben Navarro, Vice President
 George Aliano
 Sam Diannitto
 Gregory Lippe
 Wayne Moore
 Raúl Pérez
 Belinda Vega
 Robert von Voigt

DEPARTMENT OF FIRE AND
POLICE PENSIONS: William Raggio, Interim General Manager
 Joseph Salazar, Assistant General Manager
 Tom Lopez, Chief Investment Officer
 Stephanie Clements, Chief Management Analyst
 Barbara Nobregas, Commission Executive Assistant

CITY ATTORNEY'S OFFICE: Alan Manning, Assistant City Attorney
 Jim Napier, Deputy City Attorney

President Hansell called the Special meeting to order at 9:35 a.m. All of the above-listed Commissioners were present at the start of the meeting.

1. CONSIDERATION AND POSSIBLE ACTION REGARDING SELECTION OF INTERIM GENERAL MANAGER, OR EXTENSION OF APPOINTMENT OF INTERIM GENERAL MANAGER

Ms. Myo Thedar, Senior Management Analyst II, Administrative Operations Division was before the Board.

Commissioner von Voigt moved to approve the staff recommendation, option 1, seconded by Commissioner Diannitto.

Commissioner Lippe introduced another candidate for the position of Interim General Manager who is from the City family – Mr. Ray Ciranna, who currently works at the City Administrative Officer’s office (CAO).

Commissioner Diannitto stated that he agreed with Commissioner Lippe’s philosophy but the opportunity should be extended to well-qualified people on staff or from LACERS staff.

The Board Members stated their opinions on the issue.

Commissioner Lippe provided a brief summary of Mr. Ciranna’s experience.

Commissioner Navarro stated that it was unfair to the elected members of the Board to bring in a candidate to fill the position of Interim General Manager when the elected members had no prior knowledge of this action or the work history of the person.

The Board Members stated their opinion on selecting another Interim General Manager.

President Hansell stated that his understanding is to vote for an Interim General Manager today. We would then go through an accelerated process to select a permanent General Manager. The topic of a permanent selection will come back to the Board later and he would coordinate closely with the Mayor’s Office.

Commissioner Navarro again voiced his concern asking if President Hansell was comfortable selecting an Interim General Manager without prior conversations, without an interview, and based solely on Mr. Ciranna’s current job position?

President Hansell stated based on his background, yes. He concurred with Commissioner Vega on moving forward. He believed the sentiment of the Board was the need to act quickly on the selection of a permanent General Manager.

Commissioner Navarro again stated his concerns. He believed that taking a recommendation from another Board Member, versus having prior information distributed to the whole Board was a violation of Board Members’ fiduciary responsibility because the elected members do not have any information about Mr. Ciranna.

Mr. Ken Buzzell, Director, Los Angeles Retired Fire & Police Association, Inc. gave a public comment.

Mr. Paul M. Weber, Treasurer, Los Angeles Police Protective League gave a public comment.

President Hansell stated that Mr. Raggio’s appointment expires next week on May 6, 2013 and a decision has to be made today.

Mr. Alan Manning, Assistant City Attorney clarified what would be retroactive is the City Council’s approval. If the Board does not make a decision selecting an Interim General Manager today, there would be no one

sitting at the General Manager Chair, and there would be no one to sign documents after May 6, 2013. There is nothing in the City Charter that covers the situation of the absence of a General Manager and who would fill the position instead.

Commissioner Navarro believed this is a Brown Act violation. He received an email from the City, Mr. Miguel Santana, CAO, announcing that Mr. Ciranna has been appointed as Interim General Manager of LAFPP early this morning before the meeting.

Mr. Alan Manning clarified Proposition 162 and violations of the Brown Act.

Ms. Maggie Whelan, General Manager of the Personnel Department stated that the Department has to have someone in place (Interim General Manager) as of May 6, 2013. The option then may be discussed related to the permanent General Manager position. Ms. Whelan answered the Board's questions.

The Board Members continued to discuss of the issue.

Commissioner Navarro agreed with the other elected Board Members if the selection goes forward in this manner, the appointed Board members are truly drawing a line, the appointed against the elected. All we are asking for is transparency, all we are asking for is the ability to interview the man, to see what other options we have. It is unfair.

Commissioner Diannitto stated he believed this situation has been scripted.

Commissioner Vega stated that Commissioner Lippe has offered to provide the biography for Mr. Ciranna for the Commissioners who have iPads and the selection is for an Interim position.

MOTION

Commissioner von Voigt moved that the Board:

- 1) Approve extending the appointment of William S. Raggio as the Los Angeles Fire and Police Pensions Interim General Manager until the sooner of (i) City Council confirmation of a permanent General Manager and job offer acceptance, or (ii) November 5, 2013; and
- 2) Authorize the President of the Board to communicate today's action to the Office of the Mayor and City Council, seconded by Commissioner Diannitto and failed by the following votes: ayes, Commissioners Aliano, Diannitto, Navarro, and von Voigt – 4; nays, Commissioners Lippe, Moore, Pérez, Vega, and President Hansell – 5.

Commissioner Lippe moved to approve Mr. Raymond P. Ciranna as Interim General Manager, seconded by Commissioner Moore.

Commissioner Navarro moved to table the issue of approving Mr. Raymond P. Ciranna as Interim General Manager, seconded by Commissioner von Voigt.

Commissioner Navarro voiced his concerns and suggested having a Special Meeting on May 6, 2013 to discuss the issue.

Ms. Corina Lee, Vice President of the Los Angeles Police Protective League asked that the City Attorney clarify the Los Angeles City Charter Section 508a. Her understanding is that Section 508a does not apply to the General Manager of the Department and there is no expiration date.

Mr. Alan Manning stated that the Los Angeles City Charter Section 508 and Section 1108 interprets that the Board is the appointing authority for the General Manager. The City Attorney's interpretation is that this Board has the authority to make temporary appointments. Our interpretation is that a temporary appointment is for a maximum of six months unless it is extended under Section 508c.

Commissioner Navarro suggested having a Special Meeting. We do not have to appoint an Interim if we continue with Mr. Raggio. The Board is not committed to six months. To vet this process properly, we meet on May 16th and do the right thing by allowing the entire Board to hear Mr. Ciranna's qualifications. He asked for the ability to have the process transparent.

President Hansell stated the current motion is to select another Interim General Manager until the sooner of one of two things occurs, either City Council confirms a permanent General Manager, and job offer acceptance, or until November 5, 2013, six months. It is within the Board's power to amend the motion to add a third condition which would be to appoint the Interim General Manager until the sooner of those two or until the Board appoints another Interim General Manager.

Mr. Alan Manning stated it would be unnecessary. If the Board appointed someone temporarily, the Board can reconsider and appoint another person.

MOTION

Commissioner Navarro moved to table the issue of approving Mr. Raymond P. Ciranna as Interim General Manager until the next regular Board meeting, seconded by Commissioner von Voigt and failed by the following votes: ayes, Commissioners Aliano, Diannitto, Navarro, and von Voigt – 4; nays, Commissioners Lippe, Moore, Pérez, Vega, and President Hansell – 5.

Commissioner Moore called for the previous question.

Commissioner Aliano moved to amend the motion to select Mr. Joseph Salazar as Interim General Manager.

President Hansell consulted with the City Attorney regarding Commissioner Aliano's amendment was in order.

The Board recessed at 10:32 a.m. and reconvened at 10:50 a.m.

Mr. Alan Manning stated that Commissioner Aliano's motion is not an amendment but a new motion and is out of order.

The City Attorney affirmed that the Board was allowed to go into closed session to question Mr. Raymond Ciranna, as asked by President Hansell.

Commissioner Navarro suggested that the Board remain in open session.

RESOLUTION 13158

Commissioner Lippe moved that the Board go into closed session, which motion was seconded by Commissioner Moore, and approved by the following vote: ayes, Commissioners Lippe, Moore, Pérez, Vega, and President Hansell – 5; nays, Commissioners Aliano, Diannitto, Navarro, and von Voigt – 4.

The Board proceeded in closed session.

Upon reconvening in open session, President Hansell stated the Board did not take an action in closed session.

Mr. Raymond P. Ciranna provided his work history and experience.

President Hansell stated the responsibilities of the Interim General Manager.

Mr. Raymond P. Ciranna answered the Board's questions.

President Hansell said he would place on the next Board meeting agenda a discussion on the process and action on the process but not the selection of an Interim General Manager. The Board will want to know if Mr. Ciranna wants the position of permanent General Manager by the next Board meeting.

RESOLUTION 13159

Commissioner Lippe moved that the Board:

- 1) Select another Interim General Manager, Mr. Raymond P. Ciranna, to serve until the sooner of (i) City Council confirmation of a permanent General Manager and job offer acceptance, or (ii) November 5, 2013; and
- 2) Authorize the President of the Board to communicate today's action to the Office of the Mayor and the City Council, which motion was seconded by Commissioner Moore, and approved by the following vote: ayes, Commissioners Lippe, Moore, Navarro, Pérez, Vega, and von Voigt and President Hansell – 7; nays, Commissioners Aliano and Diannitto – 2.

President Hansell commended Mr. William Raggio for serving as Interim General Manager, and his loyalty to the Fund and the Board.

Commissioner von Voigt left the board room for the remainder of the meeting at 12:15 p.m.

2. DISCUSSION OF FUND OF FUNDS MANAGERS AND POSSIBLE BOARD ACTION

Messrs. Tom Lopez, Chief Investment Officer and Derek Niu, Investment Officer II were before the Board. The board report was approved without discussion.

RESOLUTION 13160

Commissioner Navarro moved that the Board Issue a Request for Information (RFI) for domestic equity managers of emerging managers, which motion was seconded by Commissioner Moore, and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Moore, Navarro, Pérez, Vega, and President Hansell – 8; nays, none.

3. DISCUSSION OF COMMODITIES AND HEDGE FUNDS AS ASSET CLASSES AND POSSIBLE BOARD ACTION

Messrs. Tom Lopez and Derek Niu were before the Board.

Commissioner Diannitto moved to approve the staff recommendation, seconded by Commissioner Aliano.

President Hansell discussed his preference to keep Hedge Funds and gave examples of other organizations that have Hedge Funds.

Commissioner Navarro summarized the sentiments of the Ad Hoc Managers Fees Committee in regards to the recommendation.

Board Members stated their opinions on the issue.

Commissioner Navarro suggested amending the recommendation to reduce asset allocation but to keep the Hedge Fund Bridgewater account.

Mr. Tom Lopez stated he would prefer to keep the Bridgewater account.

MOTION

Commissioner Pérez moved to table the issue until May 16, 2013, which was seconded by Commissioner Vega and failed by the following vote: ayes, Commissioners Pérez, Vega, and President Hansell – 3; nays,

Commissioners Aliano, Diannitto, Lippe, Moore, and Navarro – 5.

The Board further discussed the issue.

Commissioner Pérez asked the Board to consider a second amendment to the motion to reduce Hedge Funds from 4% of the asset allocation to 2% and to verify if there are other Hedge Funds that should not be cut from the portfolio.

Mr. Tom Lopez stated he envisioned returning to the Board with an array of alternatives. The Board is changing the asset allocation of the Fund which becomes complicated.

As makers of the motion, Commissioners Diannitto and Aliano confirmed that they would accept the amendment to keep the Bridgewater Fund.

Mr. Alan Manning stated that Commissioner Pérez's amendment to reduce the asset allocation of Hedge Funds from 4% to 2% is an alternative motion, not an amendment to the main motion.

The Board discussed reducing the allocation to Hedge Funds and clarification of the motion.

RESOLUTION 13161

Commissioner Diannitto moved that the Board eliminate the hedge fund asset class in the Fund's portfolio, with the exception of the Bridgewater account, which motion was seconded by Commissioner Aliano, and approved by the following vote: ayes, Commissioners Aliano, Diannitto, Lippe, Moore, Navarro, – 5; nays, Commissioners Pérez, Vega, and President Hansell – 3.

Commissioner Aliano left the board room for the remainder of the meeting at 12:39 p.m.

RESOLUTION 13162

Commissioner Pérez moved to table the remainder of the items on the staff recommendation, which motion was seconded by Commissioner Vega, and approved by the following vote: ayes, Commissioners Diannitto, Lippe, Moore, Navarro, Pérez, Vega, and President Hansell – 7; nays, none.

The Special Meeting recessed at 12:40 p.m. and reconvened at 1:33 p.m.

Messrs. Tom Lopez and Derek Niu were before the Board discussing the issue.

RESOLUTION 13163

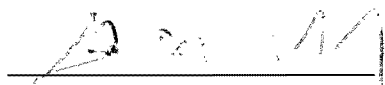
Commissioner Moore moved that the Board:

1. Review the allocation to commodities, consider restructuring the allocation to achieve lower fees and examine classifying commodities investments as sub-categories of other asset classes; and,
2. Review the Fund's current asset allocation and consider changes to it, which was seconded by Commissioner Navarro and approved by the following vote: ayes, Commissioners Lippe, Moore, Navarro, Pérez, Vega, and President Hansell – 6; nays, none.

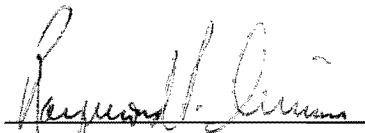
4. PUBLIC COMMENTS

There were no public comments.

The meeting adjourned at 1:35 p.m.



President


Secretary