

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
SPECIAL BOARD MEETING OF NOVEMBER 6, 2014

The Ad Hoc Emerging Investment Managers Committee and members of 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, November 6, 2014.

COMMITTEE

MEMBERS PRESENT: Ruben Navarro, Chair
Carl Cade, Vice Chair
Belinda Vega

COMMITTEE MEMBER

ABSENT: George Aliano

OTHER BOARD MEMBERS:

Cielo Castro
Pedram Salimpour
Corinne Tapia
Robert von Voigt

AD HOC COMMITTEE

SUPPORT STAFF: Tom Lopez, Chief Investment Officer

DEPARTMENT OF FIRE AND

POLICE PENSIONS: William Raggio, Executive Officer
Tom Lopez, Chief Investment Officer
Joseph Salazar, Assistant General Manager
Barbara Nobregas, Commission Executive Assistant

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

The Ad Hoc Emerging Investment Managers Committee will be noted as a Special Board meeting since there was a quorum of the Board was present. Chair Navarro called the meeting to order at 8:31 a.m. All of the above-listed Committee members were present at the start of the meeting with the exception of Commissioners Tapia and Salimpour who arrived at 8:40 a.m. and 8:51 a.m., respectively.

1. **DISCUSSION OF CONDUCTING AN ADDITIONAL DIRECT HIRE EMERGING MANAGER SEARCH FOR A LARGE CAP EQUITY MANAGER AND POSSIBLE COMMITTEE ACTION**

Mr. Tom Lopez, Chief Investment Officer stated that Commissioner Navarro proposed that the Board add an additional search to the current line of emerging managers searches. Currently, there are searches for a fixed income manager and small cap/micro cap manager. Commissioner Navarro proposed since we no longer have the domestic large cap equities emerging manager fund of fund that we conduct a direct hire search in that area. There is a current allocation of \$100M to use for direct searches. Commissioner Navarro proposed that we stay within the \$100M budget. By making the account sizes smaller, we can hire more managers. It is possible to budget across the \$100M for three searches if the Board approves.

Commissioner Navarro stated his reasons for adding a search for a large cap manager. He stated that it is the largest pool of emerging managers.

Commissioner Cade stated his opinion on the issue. He was interested in continuing a broader discussion about alpha. He preferred to have guidance from the CIO and RV Kuhns regarding the issue, and setting up a structure for emerging managers to succeed.

Mr. Lopez suggested performing a wide search and limiting the minimum requirements of the search to create a large pool of candidates where we might find some types of managers that we do not already have.

Ms. Rebecca Gratsinger, CEO and Senior Consultant from RV Kuhn stated that she agreed with Mr. Lopez on conducting a wide search. She further discussed the process of the screening the pool of managers.

Mr. Lopez stated that this search for a large cap emerging manager would not affect the other two emerging manager searches that are currently taking place.

MOTION

Commissioner Vega moved that the Ad Hoc Committee recommend that the Board release a Request For Proposal for direct hire, large cap equity emerging managers, and divide the \$100M allocation equally among the three emerging manager searches, seconded by Commissioner Cade and approved by the following vote: ayes, Commissioners Cade, Vega, and Chair Navarro – 3; nays, none.


2. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

There were no public comments.

The Committee adjourned at 8:53 a.m.



Chair



Secretary