

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

WEDNESDAY, JANUARY 11, 2012, 9:00 A.M.

- I. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF THE MINUTES
 - A. APPROVAL OF THE MINUTES OF THE MEETING OF THE BOARD OF INVESTMENTS OF DECEMBER 14, 2011.
- IV. PUBLIC COMMENT
- V. REPORT ON CLOSED SESSION ITEMS
- VI. ACTION ITEMS
 - A. Recommendation as submitted by John Nogales, Director Human Resources: That your Board amend LACERA's section of the County Personnel Code to require the Retirement Administrator's approval of salary step advancements for Tier II MAPP participants. (Memo dated January 4, 2012.)
 - B. Discussion and possible action regarding the Board's position on travel to the State of Arizona. (Memo dated January 5, 2012.)
 - C. Recommendation as submitted by Vache Mahseredjian, Principal Investment Officer and Robert Z. Santos, Investment Officer, Fixed Income: Reclassify PENN Capital Management from emerging manager to manager and retain them at the current level of assets, pending a review of the fixed income structure later this year. (Memo dated January 4, 2012.)

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VI. ACTION ITEMS (Continued)

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board approve attendance of Board members, and staff as designated by the Chief Executive Officer to attend the 5th Annual Pension Trustee Round Up on February 27 and 28, 2012 at the LAX Westin Hotel in Los Angeles, California, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated January 5, 2012.) (Placed on the Agenda at the request of Mr. Santos.)

VII. REPORTS

- A. Emerging Fixed Income Manager Program Review
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated January 4, 2012.)
- B. Active Emerging Markets Equity Manager Search
June Kim, Senior Investment Officer, Equities
(Memo dated January 3, 2012.) (For information only.)

VIII. EXECUTIVE SESSION

- A. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency designated representatives: John Nogales

- B. Conference with Legal Counsel - Existing Litigation
(Subdivision (a) of California Government Code Section 54956.9)

1. FX Analytics v. Bank of New York Mellon Corp.
Court Case No. 11-CV-05683 (JCS)

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IX. GOOD OF THE ORDER
(For discussion purposes only.)

X. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

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MINUTES OF THE MEETING OF THE BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101
WEDNESDAY, JANUARY 11, 2012, 9:00 A.M.

PRESENT: Herman B. Santos, Chair

Leonard Unger, Vice Chair

Diane Sandoval, Secretary

David Green

Will Pryor

Mark J. Saladino

Michael Schneider

ABSENT: Steve Valenzuela

STAFF, ADVISORS, PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

Janice Golden, Assistant Executive Officer

David E. Kushner, Chief Investment Officer

John D. McClelland, Principal Investments Officer, Real Estate

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STAFF, ADVISORS, PARTICIPANTS (Continued)

Vache Mahseredjian, CFA, Principal Investment Officer

Christopher J. Wagner, Senior Investment Officer, Private Equity

June H. Kim, Senior Investment Officer, Equities

James Rice, CFA, Senior Investment Officer

Robert Z. Santos, Investment Officer, Fixed Income

Juan Almaguer, Senior Investment Analyst

Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity

Esmeralda Vita del Bosque, Senior Investment Analyst, Equities

Dale Johnson, Senior Investment Analyst, Equities

Robb Van Der Volgen, Chief Counsel

Earl Buehner, Senior Staff Counsel

Johanna Fontenot, Senior Staff Counsel

Michael Herrera, Senior Staff Counsel

Christine Roseland, Staff Counsel

John Nogales, Director, Human Resources

Draza Mrvichin, Labor Relations Consultant

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I. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)

The election of officers was conducted by Secretary Santos:

A. Chair of the Board of Investments

Mr. Santos was nominated to the position of Chair of the Board of Investments by Mr. Green.

Hearing no other nominations the nominations were closed on a motion by Mr. Pryor, seconded by Mr. Saladino, and unanimously approved.

The Board congratulated Mr. Santos on his election to position of Chair of the Board of Investments.

B. Vice Chair of the Board of Investments

Mr. Schneider was nominated to the position of Vice Chair of the Board of Investments by Ms. Sandoval.

Mr. Unger was nominated to the position of Vice Chair of the Board of Investments by Mr. Santos.

Hearing no other nominations the nominations were closed on a motion by Mr. Saladino, seconded by Mr. Pryor, and unanimously approved.

I. ELECTION OF OFFICERS (Continued)

A roll call vote was taken for the position of Vice Chair of the Board of Investments with the following results:

Votes cast for Mr. Schneider:	Mr. Saladino
	Ms. Sandoval
	Mr. Schneider
Votes cast for Mr. Unger:	Mr. Green
	Mr. Pryor
	Mr. Santos
	Mr. Unger

Chair Santos announced that Mr. Unger was elected to the position of Vice-Chair of the Board of Investments.

C. Secretary of the Board of Investments

Ms. Sandoval was nominated to the position of Secretary of the Board of Investments by Mr. Schneider.

Hearing no other nominations the nominations were closed on a motion by Mr. Pryor, seconded by Mr. Saladino, and unanimously approved.

I. ELECTION OF OFFICERS (Continued)

Chair Santos announced that Ms. Sandoval was elected to the position of Secretary of the Board of Investments.

D. Audit Committee Member

Mr. Schneider was nominated to the position of Audit Committee Member by Ms. Sandoval.

Hearing no other nominations the nominations were closed on a motion by Mr. Unger, seconded by Mr. Saladino, and unanimously approved.

Chair Santos announced that Mr. Schneider was elected to the position of Audit Committee Member.

II. PLEDGE OF ALLEGIANCE

Chairman Santos led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF THE MINUTES

A. APPROVAL OF THE MINUTES OF THE MEETING
OF THE BOARD OF INVESTMENTS OF DECEMBER 14, 2011.

A motion was made by Mr. Saladino, seconded by Mr. Pryor to approve the Minutes of the meeting of the Board of Investment of December 14, 2011. The motion carried by unanimous vote.

IV. PUBLIC COMMENT

None.

V. REPORT ON CLOSED SESSION ITEMS

None.

VI. ACTION ITEMS

A. Recommendation as submitted by John Nogales, Director Human Resources: That the Board amend LACERA's section of the County Personnel Code to require the Retirement Administrator's approval of salary step advancements for Tier II MAPP participants. (Memo dated January 4, 2012.)

A motion to approve the recommendation was made by Mr. Saladino, seconded by Mr. Pryor. The motion carried by unanimous vote.

VI. ACTION ITEMS (Continued)

- B. Discussion and possible action regarding the Board's position on travel to the State of Arizona. (Memo dated January 5, 2012.)

Mr. Van Der Volgen provided a brief summary on the proposed Immigration State Policy adopted by Arizona SB 1070 and pointed out that said enforcement of much of much of the statute has been enjoined by a federal court in Arizona and has been accepted for review by the U.S. Supreme Court. He reported that before the Board considers **a policy limiting travel to Arizona, they should weigh how such a policy may limit the ability for the plan to conduct its business.** A brief discussion followed with Mr. Unger requesting that the Board re-agendize the matter after the U.S. Supreme Court renders its decision regarding Arizona SB 1070.

A motion was made by Mr. Unger, seconded by Mr. Santos to agendize this item after the U.S. Supreme Court has ruled on the validity of SB1070. The motion carried by unanimous vote.

VI. ACTION ITEMS (Continued)

Chair Santos reported that item A. of VII. Reports would be handled at this time.

VII. REPORTS

- A. Emerging Fixed Income Manager Program Review
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated January 4, 2012.)

Robert Santos provided an executive summary on the Emerging Fixed Income Manager Program (the Program) and reported that the Program continues to provide solid performance results. Since inception through November 2011, the Program generated 93basis points gross and 65 basis points net of fees of excess return versus its custom benchmark. These returns exceed Staff's performance expectation of 60 basis points, net-of-fees. Over the Program's 10 year history, two investment managers were promoted and awarded larger mandates, with one termination. These events created three vacancies and were filled in 2005 with the hiring of Pugh, Dolan and PENN. GW, one of the original firms hired in 2001, remains in the Program. Each of the existing firms within the Program, continue

VII. REPORTS (Continued)

to perform well and staff continues to be pleased. A brief discussion followed and the Report was received and filed.

Chairman Santos pointed out that VI. Action Item C. would be handled at this time.

VI. ACTION ITEMS

- C. Recommendation as submitted by Vache Mahseredjian, Principal Investment Officer and Robert Z. Santos, Investment Officer, Fixed Income: Reclassify PENN Capital Management from emerging manager to manager and retain them at the current level of assets, pending a review of the fixed income structure later this year. (Memo dated January 4, 2012.)

Robert Santos presented a brief overview on the proposed recommendation of reclassifying PENN's emerging manager status to manager and retain them at

VI. ACTION ITEMS (Continued)

the current level of assets, pending a review of the fixed income structure later this year. A brief discussion followed.

A motion to approve the recommendation was made by Mr. Schneider, seconded by Mr. Santos. The motion carried by unanimous vote.

VI. ACTION ITEMS (Continued)

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members, and staff as designated by the Chief Executive Officer to attend the 5th Annual Pension Trustee Round Up on February 27 and 28, 2012 at the LAX Westin Hotel in Los Angeles, California, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated January 5, 2012.) (Placed on the Agenda at the request of Mr. Santos.)

A motion to approve the recommendation was made by Mr. Pryor, seconded by Mr. Santos . The motion carried by unanimous vote.

VII. REPORTS

- B. Active Emerging Markets Equity Manager Search
June Kim, Senior Investment Officer, Equities
(Memo dated January 3, 2012.) (For information only.)

Chairman Santos indicated that item IX. Good of the Order would be handled at this time, with Executive Session to follow.

IX. GOOD OF THE ORDER
(For discussion purposes only.)

Mr. Rademacher congratulated the newly elected officers and reminded the Board of the Board Offsite to be held on January 24 and 25, 2012, encouraging the Board to attend both days. The Board welcomed the new Investment Board Trustees and newly elected Officers.

VIII. EXECUTIVE SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency designated representatives: John Nogales
Director, Human Resources

The Board met in closed session pursuant to Government Code Section 54957.6, and met with labor negotiators who provided an update on a labor matter. There is nothing further to report at this time.

B. Conference with Legal Counsel - Existing Litigation
(Subdivision (a) of California Government Code Section 54956.9)

1. FX Analytics v. Bank of New York Mellon Corp.
Court Case No. 11-CV-05683 (JCS)

The Board met in closed session with legal counsel pursuant to Subdivision (a) of California Government Code Section 54956.9 who provided an update on the FX Analytics matter. There is nothing further to report at this time.

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Green Folder Items

1. Chief Executive Officer's Report dated January 5, 2011.

X. ADJOURNMENT

There being no further business, the meeting adjourned at 11:40 a.m.

Diane Sandoval, Secretary

Herman B. Santos, Chair