

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, FEBRUARY 8, 2012, 9:00 A.M.

I. APPROVAL OF THE MINUTES

- A. APPROVAL OF THE MINUTES OF THE MEETING
OF THE BOARD OF INVESTMENTS OF JANUARY 11, 2012.

II. PUBLIC COMMENT

III. REPORT ON CLOSED SESSION ITEMS

IV. ACTION ITEMS

- A. Recommendation submitted by Christopher J. Wagner, Senior Investment Officer, Private Equity: That the Board approve the Private Equity Strategic Plan. (Memo dated February 1, 2012.)
- B. Recommendation submitted by the CEO Performance Committee:
That the Board of Retirement and the Board of Investments approve the CEO Performance Committee's salary recommendation for LACERA's Chief Executive Officer.
- C. 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 at the 13th Annual Meeting – J.P. Morgan Private Equity Group to be held on March 7 and 8, 2012 in New York City, and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated February 1, 2012.)
(Placed on the Agenda at the request of Mr. Santos.)

IV. ACTION ITEMS (Continued)

- D. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board approve attendance of Board members, and staff as designated by the Chief Executive Officer, at the 2012 Cornerstone Client Conference on May 9-11, 2012 in Alexandria, Virginia and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated January 25, 2012.)
- E. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board approve attendance of Board members, and staff as designated by the Chief Executive Officer, at Invesco's 2012 Real Estate Asia Client Conference to be held on May 22-24, 2012 in Tokyo, Japan and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated January 24, 2012.)
- F. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board approve attendance of Board members, and staff as designated by the Chief Executive Officer, at the CBRE Global Investors 2012 Global Investment Symposium on March 20-22, 2012 in Irving, Texas and approve reimbursement of all costs associated with the conference in accordance with LACERA's Education and Travel Policy. (Memo dated January 18, 2012.)
- G. Recommendation as submitted by David E. Kushner, Chief Investment Officer: That the Board ratify attendance of Chief Investment Officer, David E. Kushner, at the Information Management Network's 18th Annual International Beneficial Owners' Securities Lending Summit held in Phoenix, Arizona from January 29-31, 2012, and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated February 1, 2012.)

V. REPORTS

- A. Performance Review as of December 31, 2012
David E. Kushner, Chief Investment Officer
- B. Real Estate Performance Measurement Report 3rd Quarter 2011
Trina Sanders, Investment Officer, Real Estate
(Memo dated January 30, 2012.) (For information only.)

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V. REPORTS (Continued)

- C. Single Family Housing Program
Results of Housing Consultant RFI
John D. McClelland, Principal Investment Officer, Real Estate
(Memo dated January 27, 2012.) (For information only.)
- D. Semi-Annual Interest Crediting for Reserves as of December 31, 2011
Beulah S. Auten, Chief Financial Officer
(Memo dated January 31, 2012.) (For information only.)
- E. Proposed Ballot Initiatives
Cynthia Lau, Legislative Affairs Officer
(Memo dated January 31, 2012.) (For information only.)

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

VII. 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.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

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, FEBRUARY 8, 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
Steve Valenzuela
Carolyn Widener

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

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

Michael Herrera, Senior Staff Counsel

Christine Roseland, Staff Counsel

John Nogales, Director, Human Resources

Annette Cleary, Human Resources Analyst

John Barger, Trustee, Board of Retirement

I. APPROVAL OF THE MINUTES

A. APPROVAL OF THE MINUTES OF THE MEETING
OF THE BOARD OF INVESTMENTS OF JANUARY 11, 2012.

A motion was made by Mr. Unger, seconded by Ms. Sandoval to approve the Minutes of the January 11, 2012, meeting of the Board of Investments. The motion carried by unanimous vote.

II. PUBLIC COMMENT

Mr. John Barger addressed the Board relating to Action Item IV. B. wherein he pointed out that he, as a member of LACERA's Board of Retirement, would be supporting the CEO Compensation Committee's recommendation to adjust the CEO's compensation.

III. REPORT ON CLOSED SESSION ITEMS

None.

IV. ACTION ITEMS

A. Recommendation submitted by Christopher J. Wagner, Senior Investment Officer, Private Equity: That the Board approve the Private Equity Strategic Plan. (Memo dated February 1, 2012.)

Mr. Kushner and Mr. Wagner provided an executive summary on the proposed revisions to the Private Equity Strategic Plan. They reported that each year staff reviews LACERA's private equity investment requirements, the Strategic Plan and the private equity marketplace to

IV. ACTION ITEMS (Continued)

evaluate changes to the Strategic Plan, in light of the current investment environment.

A brief discussion followed on fee concerns and on the Private Equity Secondary Program.

A motion was made by Mr. Unger, seconded by Mr. Schneider to approve revision item Nos. 1, 2, 3, 4, and 6 to the Private Equity Strategic Plan and to approve the request to vote separately on revision item No. 5. The motion carried by unanimous vote.

A motion was made by Mr. Saladino, seconded by Mr. Unger to approve revision item No. 5, the Investment Guidelines for Private Equity Partnerships to include a Private Equity Secondary Program to the Private Equity Strategic Plan. The motion carried with Mr. Valenzuela voting no.

- B. Recommendation submitted by the CEO Performance Committee:
That the Board of Retirement and the Board of Investments approve the CEO Performance Committee's salary recommendation for LACERA's Chief Executive Officer.

John Nogales, Director, LACERA Human Resources and Annette Cleary, Sr. Human Resources Analyst, provided an executive summary on the proposed recommendation. A brief discussion followed and the Board commended the CEO Performance Committee and staff on their reports and presentation.

IV. ACTION ITEMS (Continued)

A motion to approve the recommendation was made by Mr. Valenzuela, seconded by Ms. Sandoval. The motion carried with Mr. Saladino and Chairman Santos voting no (roll call).

A second motion was made by Ms. Sandoval, seconded by Mr. Schneider, to approve March 1, 2012, as the effective date of the salary change. The motion carried unanimously (roll call).

- C. 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 at the 13th Annual Meeting – J.P. Morgan Private Equity Group to be held on March 7 and 8, 2012 in New York City, and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated February 1, 2012.) (Placed on the Agenda at the request of Mr. Santos.)

A motion to approve the recommendation was made by Ms. Sandoval, seconded by Mr. Green. The motion carried by unanimous vote.

IV. ACTION ITEMS (Continued)

- D. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board approve attendance of Board members, and staff as designated by the Chief Executive Officer, at the 2012 Cornerstone Client Conference on May 9-11, 2012 in Alexandria, Virginia and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated January 25, 2012.)

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

- E. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board approve attendance of Board members, and staff as designated by the Chief Executive Officer, at Invesco's 2012 Real Estate Asia Client Conference to be held on May 22-24, 2012 in Tokyo, Japan and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated January 24, 2012.)

A motion to approve the recommendation was made by Mr. Schneider, seconded by Ms. Sandoval.

An amendment to the motion was made to approve attendance of staff only at Invesco's 2012 Real Estate Asia Client Conference. The motion carried by unanimous vote.

IV. ACTION ITEMS (Continued)

- F. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board approve attendance of Board members, and staff as designated by the Chief Executive Officer, at the CBRE Global Investors 2012 Global Investment Symposium on March 20-22, 2012 in Irving, Texas and approve reimbursement of all costs associated with the conference in accordance with LACERA's Education and Travel Policy. (Memo dated January 18, 2012.)

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

- G. Recommendation as submitted by David E. Kushner, Chief Investment Officer: That the Board ratify attendance of Chief Investment Officer, David E. Kushner, at the Information Management Network's 18th Annual International Beneficial Owners' Securities Lending Summit held in Phoenix, Arizona from January 29-31, 2012, and approve reimbursement of all costs associated with the Conference in accordance with LACERA's Education and Travel Policy. (Memo dated February 1, 2012.)

A motion to approve the recommendation was made by Mr. Saladino, seconded by Mr. Pryor. The motion carried with Mr. Valenzuela voting no.

V. REPORTS

- A. Performance Review as of December 31, 2011
David E. Kushner, Chief Investment Officer

Mr. Kushner provided a brief overview of the fund's quarterly performance review ending December 31, 2012. He reported that the fund underperformed the Policy benchmark primarily due to underperformance in the real estate and private equity areas. Both of those asset

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V. REPORTS (Continued)

classes have a one quarter lag in the performance reporting and as a result there tends to be a catch-up, both positive and negative at some point in the future. Currently the expectation is it will be seeing write-ups, given the improvement in the capital markets. Mr. Kushner pointed out that staff would follow with an overview on the U.S., Non-U.S. Equity and Fixed Income composites, commodities, and its managers.

The U.S. Equity composite matched its index gain of 12.1% and delivered the strongest absolute return across all asset classes. LACERA's Non-U.S. Equity composite returned 3.6% and also matched its benchmark. A moderate rebound in non-U.S. markets from the previous quarter masked underlying month-to-month volatility. LACERA's Fixed Income Composite outpaced its benchmark by 60 basis points for the quarter. This was the result of outperformance by Core and Core Plus managers. LACERA's Real Estate portfolio returned 1.3% and trailed its benchmark return of 3.2% by 190 basis points. LACERA's Private Equity portfolio fell 4.1%. The result is one quarter in arrears and reflects the sharp sell-off in the market during the third quarter. LACERA's commodities composite returned 1.4%, outperforming its index return of 0.3% by 110 basis points. The composite benefited from active management of both the commodities exposure and the fixed income collateral portfolio. A brief discussion followed and the Report was received and filed.

V. REPORTS (Continued)

- B. Real Estate Performance Measurement Report 3rd Quarter 2011
Trina Sanders, Investment Officer, Real Estate
(Memo dated January 30, 2012.) (For information only.)

The Real Estate Performance Measurement Report 3rd Quarter 2011 is for information only and was received and filed.

- C. Single Family Housing Program
Results of Housing Consultant RFI
John D. McClelland, Principal Investment Officer, Real Estate
(Memo dated January 27, 2012.) (For information only.)

The Results of the Single Family Housing Program Consultant Request for Information (RFI) is for information only and was received and filed.

- D. Semi-Annual Interest Crediting for Reserves as of December 31, 2011
Beulah S. Auten, Chief Financial Officer
(Memo dated January 31, 2012.) (For information only.)

The Report on the Semi-Annual Interest Crediting for Reserves as of December 31, 2011 is for information only and was received and filed.

- E. Proposed Ballot Initiatives
Cynthia Lau, Legislative Affairs Officer
(Memo dated January 31, 2012.) (For information only.)

The proposed Ballot Initiatives are for information only and were received and filed.

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

The Board and Mr. Rademacher welcomed Ms. Widener on her appointment to the Board of Investments.

Mr. Rademacher gave an update on the California Actuarial Advisory Panel's best practices report covering actuarial valuation disclosures. In reviewing the Panel's recommendations with LACERA's consulting actuary, we found the LACERA actuarial valuation reports already satisfy the majority of recommended best practices. The LACERA consulting actuary will take into consideration the Panel's recommendations in expanding future actuarial report disclosures.

Mr. Rademacher also reported on LACERA's fiduciary obligation to notify Plan participants when anticipating a change will be made to Plan benefits. The Plan participants were provided with information on the Board's decision to change the assumed earning rate change and how this will impact benefit calculations.

Green Folder Items

1. Chief Executive Officer's Report dated February 2, 2012.
2. Copy of notification to Plan participants regarding the proposed change to the assumed earning rate.
3. Invitation to Janice Golden's Retirement Party.

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VII. ADJOURNMENT

There being no further business the meeting was adjourned at 12:35 p.m.

Diane Sandoval, Secretary

Herman Santos, Chair