

**AMENDED  
AGENDA**

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

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

I. APPROVAL OF THE MINUTES

- A. APPROVAL OF THE MINUTES OF THE MEETING  
OF THE BOARD OF INVESTMENTS OF MARCH 14, 2012.

II. PUBLIC COMMENT

III. REPORT ON CLOSED SESSION ITEMS

IV. ACTION ITEMS

- A. Recommendation as submitted by Vache Mahseredjian, CFA, CAIA, ASA,  
Principal Investment Officer and Ruwen Liu, Senior Investment Analyst:  
Authorize Staff to:
1. Modify Neuberger Berman contract to invest directly with Gresham as  
commodities advisor rather than as sub-advisor. Neuberger Berman will  
continue to manage the fixed income collateral.
  2. Revise PIMCO investment guidelines to reduce the proportion of risk  
attributable to bonds, while increasing the portion attributable to  
commodities. Overall risk level will be unchanged.
  3. Change PIMCO's fee structure from performance-based to asset-based.  
(Memo dated April 4, 2012.)
- B. Recommendation as submitted by John McClelland, Principal Investment Officer,  
Real Estate: Provide Staff with direction on what steps to take with regard to  
LACERA's investment in Cornerstone Hotel Income and Equity Fund II. (Memo  
dated April 3, 2012.)

IV. ACTION ITEMS (Continued)

- C. Recommendation as submitted by William Pryor, Chair, Corporate Governance Committee: That your Board adopt LACERA's Revised Non-U.S. Proxy Voting Guidelines. (Memo dated March 28, 2012.)
- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board ratify attendance by Board member Michael Schneider at the IMN 2012 Spring Investment Summit held on March 25 and 26, 2012, San Diego, California and approve reimbursement of all conference fees and travel costs associated with conference attendance according to LACERA's Education and Travel Policy. (Memo dated April 3, 2012.)
- E. 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 Trustee Leadership Forum for Retirement Security at the Harvard Kennedy School, Hauser Center on May 30 and 31, 2012, in Boston, Massachusetts and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 4, 2012.)
- F. **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 Principles for Responsible Investment (PRI) Annual Summit, on June 28 and 29, 2012, Rio de Janeiro, Brazil and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 6, 2012.)**

V. REPORTS

- A. Professional Service Contracts  
Robert R. Hill, Assistant Executive Officer  
(Memo dated April 3, 2012.) (For information only.)
- B. Cash Manager Request for Information – Update  
Vache Mahseredjian, CFA, CAIA, ASA, Principal Investment Officer  
(Memo dated March 30, 2012.) (For information only.)

V. REPORTS (Continued)

- C. Corporate Governance Quarterly Review  
Volume 7, Issue #4: October 1, 2011 – December 31, 2011  
Dale Johnson, Senior Investment Analyst  
(Memo dated March 30, 2012.) (For information only.)
- D. Annual Securities Litigation Report  
Michael D. Herrera, Senior Staff Counsel  
(Memo dated April 3, 2012.) (For information only.)

VI. EXECUTIVE SESSION

- A. 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)
- B. Pursuant to Government Code Section 54957  
Public Employee Performance Evaluation

Title: Chief Executive Officer

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

VIII. 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, APRIL 11, 2012, 9:00 A.M.

PRESENT: Herman B. Santos, Chair  
Leonard Unger, Vice Chair  
David Green  
Will Pryor  
Mark J. Saladino  
Michael Schneider  
Steve Valenzuela  
Carolyn Widener

ABSENT: Diane Sandoval, Secretary

STAFF, ADVISORS, PARTICIPANTS

Gregg Rademacher, Chief Executive Officer  
Robert Hill, Assistant Executive Officer  
John J. Popovich, Assistant Executive Officer  
David E. Kushner, Chief Investment Officer

STAFF, ADVISORS, PARTICIPANTS (Continued)

John D. McClelland, Principal Investment Officer, Real Estate

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

Michael Herrera, Senior Staff Counsel

Christine Roseland, Staff Counsel

Thomas Walsh, President of Unite Here Local 11

Alyssa Giachino, Research Analyst of Unite Here Local 11

I. APPROVAL OF THE MINUTES

A. APPROVAL OF THE MINUTES OF THE MEETING  
OF THE BOARD OF INVESTMENTS OF MARCH 14, 2012.

A motion was made by Mr. Unger, seconded by Mr. Green to approve the Minutes of the March 14, 2012, meeting of the Board of Investments. The motion carried by unanimous vote.

II. PUBLIC COMMENT

Thomas Walsh, President of Unite Here Local 11 and Alyssa Giachino, Research Analyst of Unite Here Local 11 expressed to the Board the union's concerns relating to a labor dispute at a hotel managed by HEI Hotel & Resorts. The hotel is owned by Cornerstone Hotel Income and Equity Fund II (Chief II), in which LACERA participates as a Limited Partner. They asked that the Board follow-up and help reach an amicable resolution to the dispute.

III. REPORT ON CLOSED SESSION ITEMS

None.

IV. ACTION ITEMS

A. Recommendation as submitted by Vache Mahseredjian, CFA, CAIA, ASA, Principal Investment Officer and Ruwen Liu, Senior Investment Analyst:  
Authorize Staff to:

1. Modify Neuberger Berman contract to invest directly with Gresham as commodities advisor rather than as sub-advisor. Neuberger Berman will continue to manage the fixed income collateral.

IV. ACTION ITEMS (Continued)

2. Revise PIMCO investment guidelines to reduce the proportion of risk attributable to bonds, while increasing the portion attributable to commodities. Overall risk level will be unchanged.
3. Change PIMCO's fee structure from performance-based to asset-based. (Memo dated April 4, 2012.)

Chair Santos reported that Action Item A. is removed from the Agenda at the request of Staff.

- B. Recommendation as submitted by John McClelland, Principal Investment Officer, Real Estate: Provide Staff with direction on what steps to take with regard to LACERA's investment in Cornerstone Hotel Income and Equity Fund II. (Memo dated April 3, 2012.)

Mr. McClelland provided a brief overview on LACERA's historical background in the hospitality sector and LACERA's investment in Cornerstone Hotel Income and Equity Fund II. A brief discussion followed.

A motion was made by Mr. Green, seconded by Mr. Santos, to ask Cornerstone to appear before the Board to answer questions posed by the Board. The motion carried by unanimous vote.

IV. ACTION ITEMS (Continued)

- C. Recommendation as submitted by William Pryor, Chair, Corporate Governance Committee: That your Board adopt LACERA's Revised Non-U.S. Proxy Voting Guidelines. (Memo dated March 28, 2012.)

A motion was made by Mr. Pryor, seconded by Mr. Santos, to adopt LACERA's Revised Non-U.S. Proxy Voting Guidelines. The motion carried by unanimous vote.

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board ratify attendance by Board member Michael Schneider at the IMN 2012 Spring Investment Summit held on March 25 and 26, 2012, San Diego, California and approve reimbursement of all conference fees and travel costs associated with conference attendance according to LACERA's Education and Travel Policy. (Memo dated April 3, 2012.)

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

- E. 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 Trustee Leadership Forum for Retirement Security at the Harvard Kennedy School, Hauser Center on May 30 and 31, 2012, in Boston, Massachusetts and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 4, 2012.)

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

IV. ACTION ITEMS (Continued)

- F. 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 Principles for Responsible Investment (PRI) Annual Summit, on June 28 and 29, 2012, Rio de Janeiro, Brazil and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 6, 2012.)

Mr. Saladino commented that the conference is scheduled to follow immediately after another approved conference at the same hotel.

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

At this time Chair Santos reported that the Board would handle a request made by the Legal Office to add to the Agenda pursuant to Section 54954.2(b)(2) of the Ralph M. Brown Act, a closed session item, matter of potential litigation. Section 54954.2(b)(2) allows the Board to take action on items not on the posted agenda when the Board finds the following: (1) There is a need to take immediate action, and (2) the need to take immediate action came to LACERA's attention after the agenda was posted.

IV. ACTION ITEMS (Continued)

- G. Recommendation as submitted by Michael D. Herrera, Senior Staff Counsel:  
(1) Make the two findings referred to hereinabove; and (2) Add a closed session item to the Agenda to meet with Legal Counsel to discuss One Case of Anticipated Litigation Pursuant to California Government Code Section 54945.9(c). (Memo dated April 10, 2012.)

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

V. REPORTS

- A. Professional Service Contracts  
Robert R. Hill, Assistant Executive Officer  
(Memo dated April 3, 2012.) (For information only.)

The Professional Service Contracts Report is for information only and was received and filed.

- B. Cash Manager Request for Information – Update  
Vache Mahseredjian, CFA, CAIA, ASA, Principal Investment Officer  
(Memo dated March 30, 2012.) (For information only.)

The update on the Cash Manager Request is for Information only and was received and filed.

- C. Corporate Governance Quarterly Review  
Volume 7, Issue #4: October 1, 2011 – December 31, 2011  
Dale Johnson, Senior Investment Analyst  
(Memo dated March 30, 2012.) (For information only.)

The Corporate Governance Quarterly Review Volume 7, Issue #4: October 1, 2011 – December 31, 2011 is for information only and was received and filed.

V. REPORTS (Continued)

- D. Annual Securities Litigation Report  
Michael D. Herrera, Senior Staff Counsel  
(Memo dated April 3, 2012.) (For information only.)

The Annual Securities Litigation Report is for information only and was received and filed.

Mr. Valenzuela left at 11:05 a.m.

VI. EXECUTIVE SESSION

- A. 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)

- B. Conference with Legal Counsel – Anticipated Litigation  
(Subdivision (c) of California Government Code Section 54956.9)

1. Initiation of litigation pursuant to subdivision (c) of California Government Code Section 54956.9: One potential case.

- C. Pursuant to Government Code Section 54957  
Public Employee Performance Evaluation

Title: Chief Executive Officer

The Board met in closed session with legal counsel pursuant to Subdivisions (a) and (c) of California Government Code Section 54956.9 who provided an update on the FX Analytics litigation and an anticipated litigation matter respectively, and also met in closed session pursuant to California Government Code Section 54957 in the matter of a Public Employee Performance Evaluation. There is nothing further to report at this time.

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

Mr. Rademacher reminded the Board of the upcoming annual Budget hearings which will be held on May 16, 2012, following the Board of Investments meeting and on May 23, 2012, at 9:00 a.m.

The Board extended their congratulations to Mr. Kushner on his election to a directorship to the Council of Institutional Investors.

VIII. ADJOURNMENT

There being no further business the meeting adjourned at 12:25 p.m.

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Diane Sandoval, Secretary

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Herman B. Santos, Chair