

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

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

- I. PLEDGE OF ALLEGIANCE
- II. APPROVAL OF THE MINUTES
  - A. APPROVAL OF THE MINUTES OF THE MEETING OF THE BOARD OF INVESTMENTS OF JUNE 13, 2012.
- III. PUBLIC COMMENT
- IV. REPORT ON CLOSED SESSION ITEMS
- V. ACTION ITEMS
  - A. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: Approve a commitment of up to \$100 million to Wayzata Opportunities Fund III, L.P. (Memo dated July 2, 2012.)
  - B. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: Approve a commitment of up to \$75 million to Clearlake Capital Partners III, L.P. (Memo dated July 3, 2012.)
  - C. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate: That your Board authorize Staff to reallocate real estate investment allocations during the fiscal year 2012-2013 as follows: (1) Up to \$150 million of capital allocated for equity investments may be moved between core, value-add and high-return risk categories; and (2) Up to \$50 million of capital allocated for debt investments may be moved between separate account managers. (Memo dated June 29, 2012.)

V. ACTION ITEMS (Continued)

- D. "Discussion and possible action regarding the Board's position on travel to the State of Arizona." (Memo dated June 29, 2012.)
- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board ratify attendance by Board member David Green at the RFK Compass Conference held on June 26-28, 2012 at Hyannis Port, Massachusetts; and approve reimbursement of all conference fees and travel costs associated with conference attendance according to LACERA's Education and Travel Policy. (Memo dated July 3, 2012.)

VI. REPORTS

- A. Manager Reviews – Dodge & Cox and Pacific Investment Management Company (PIMCO)  
Robert Z. Santos, Investment Officer, Fixed Income  
(Memo dated June 28, 2012)

Dodge & Cox  
Kent E. Radspinner, CFA, Vice President

PIMCO  
Julie A. Meggers, CFA, Executive Vice President and Account Manager

- B. David Kushner, CFA, Chief Investment Officer  
Request for Quotes for Custody Consultant  
(Memo dated June 29, 2012.) (For information only.)
- C. Delta Asset Management Personnel Update  
June Kim, Principal Investment Officer, Equities  
Esmeralda V. del Bosque, Senior Investment Analyst, Equities  
(Memo dated July 2, 2012.) (For information only.)
- D. Amended Assembly Bill 1320 – Taxpayer Adverse Risk Prevention Account  
Cynthia Lau, Legislative Affairs Officer  
(Memo dated Jun 20, 2012) (For information only.)

VII. 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 (WHA)

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

IX. 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, JULY 11, 2012, 9:00 A.M.

PRESENT: Herman B. Santos, Chair (Left at 11:05 a.m.)

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

JJ Popovich, Assistant Executive Officer

David E. Kushner, Chief Investment Officer

John D. McClelland, Principal Investment Officer, Real Estate

Vache Mahseredjian, CFA, Principal Investment Officer

Christopher J. Wagner, Principal Investment Officer, Private Equity

STAFF, ADVISORS, PARTICIPANTS (Continued)

June H. Kim, Principal 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 W. Buehner, Senior Staff Counsel

Johanna Fontenot, Senior Staff Counsel

Michael Herrera, Senior Staff Counsel

Christine Roseland, Staff Counsel

Alyssa Giachino, Research Analyst  
Unite Here Local 11

Dodge & Cox  
Kent E. Radspinner, CFA, Vice President

PIMCO  
Julie A. Meggers, CFA, Executive Vice President & Account Manager

I. PLEDGE OF ALLEGIANCE

Mr. Schneider led the Board Members and staff in reciting the Pledge of Allegiance.

II. APPROVAL OF THE MINUTES

A. APPROVAL OF THE MINUTES OF THE MEETING  
OF THE BOARD OF INVESTMENTS OF JUNE 13, 2012.

A motion was made by  
Ms. Sandoval, seconded by  
Mr. Green to approve the  
Minutes of the June 13, 2012,  
meeting. The motion carried by  
unanimous vote.

III. PUBLIC COMMENT

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.

IV. REPORT ON CLOSED SESSION ITEMS

None.

V. ACTION ITEMS

- A. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: Approve a commitment of up to \$100 million to Wayzata Opportunities Fund III, L.P. (Memo dated July 2, 2012.)

Ms. Tilaye provided a brief overview on the proposed commitment to Wayzata Opportunities Fund III, L.P. A brief discussion followed, with emphasis on the fee structure and that Credit Suisse, the portfolio manager, be present when a commitment is presented before the Board.

V. ACTION ITEMS (Continued)

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

- B. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: Approve a commitment of up to \$75 million to Clearlake Capital Partners III, L.P. (Memo dated July 3, 2012.)

Mr. Wagner provided a brief overview on the proposed commitment to Clearlake Capital Partners III, L.P. and a brief discussion followed.

A motion to approve the recommendation was made by Mr. Valenzuela, seconded by Mr. Pryor. The motion carried unanimously.

- C. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate: That your Board authorize Staff to reallocate real estate investment allocations during the fiscal year 2012-2013 as follows: (1) Up to \$150 million of capital allocated for equity investments may be moved between core, value-add and high-return risk categories; and (2) Up to \$50 million of capital allocated for debt investments may be moved between separate account managers. (Memo dated June 29, 2012.)

Mr. McClelland gave a presentation on the Real Estate Investment Plan's Delegation of Authority and the proposed authorization to staff to reallocate of real estate investment allocations during the fiscal year 2012-2013. A brief discussion followed and the Board commended staff on their report.

V. ACTION ITEMS (Continued)

A motion to approve the recommendation was made by Mr. Valenzuela, seconded by Ms. Sandoval. The motion carried unanimously.

- D. "Discussion and possible action regarding the Board's position on travel to the State of Arizona." (Memo dated June 29, 2012.)

Mr. Van Der Volgen summarized the current status of Arizona's Senate Bill 1070, and a brief discussion followed.

A motion was made by Mr. Valenzuela, seconded by Mr. Santos, that Board take a position to restrict travel to Arizona by LACERA staff and Board members except for those circumstances determined to be in the best interest of the fund as determined by the CEO and to monitor and protect LACERA's investments in Arizona. The motion carried with Ms. Sandoval, and Messrs. Schneider and Saladino voting no.

- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board ratify attendance by Board member David Green at the RFK Compass Conference held on June 26-28, 2012 at Hyannis Port, Massachusetts; and approve reimbursement of all conference fees and travel costs associated with conference attendance according to LACERA's Education and Travel Policy. (Memo dated July 3, 2012.)

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

VI. REPORTS

- A. Manager Reviews – Dodge & Cox and Pacific Investment Management Company (PIMCO)  
Robert Z. Santos, Investment Officer, Fixed Income  
(Memo dated June 28, 2012)

Dodge & Cox  
Kent E. Radspinner, CFA, Vice President

Robert Santos introduced the representative of Dodge & Cox, Mr. Kent Radspinner, CFA and Vice President who followed with a presentation on the fund's performance, investment philosophy, process and outlook.

Dodge & Cox was founded in 1930, is an employee-owned firm and is based in San Francisco, California. They began managing a core fixed income mandate for LACERA in March 1997. Their recent performance has been disappointing; however their longer term results are very strong. Dodge & Cox's performance since inception has exceeded LACERA's performance objective for this mandate, earning 65 basis points annualized, net-of-fees above the Barclays Aggregate. A brief discussion followed on fee concerns and the Report was received and filed.

PIMCO  
Julie A. Meggers, CFA, Executive Vice President and Account Manager

Robert Santos introduced the representative of PIMCO, Ms. Julie Meggers, CFA, Executive Vice President and Account Manager who followed with a presentation on the fund's performance, investment philosophy and process.

VI. REPORTS (Continued)

PIMCO is a subsidiary of Allianz, a global financial services company and was founded in 1971. They are based in Newport Beach, California. PIMCO began managing a core plus fixed income mandate for LACERA in March 2004. Their recent performance has been disappointing, but PIMCO is currently LACERA's best-performing core plus fixed income manager since inception in March of 2004, earning 80 basis points annualized, net-of-fees, above the Barclays Aggregate. A brief discussion followed and the Report was received and filed.

- B. David Kushner, CFA, Chief Investment Officer  
Request for Quotes for Custody Consultant  
(Memo dated June 29, 2012.) (For information only.)

The Request for Quotes for Custody Consultant is for information only and was received and filed.

- C. Delta Asset Management Personnel Update  
June Kim, Principal Investment Officer, Equities  
Esmeralda V. del Bosque, Senior Investment Analyst, Equities  
(Memo dated July 2, 2012.) (For information only.)

The Delta Asset Management Personnel Update is for information only and was received and filed.

- D. Amended Assembly Bill 1320 – Taxpayer Adverse Risk Prevention Account  
Cynthia Lau, Legislative Affairs Officer  
(Memo dated Jun 20, 2012) (For information only.)

The Amended Assembly Bill 1320 is for information only and was received and filed.

Chair Santos left at 11:05 a.m. and Vice Chair Unger chaired the meeting until its adjournment.

VII. 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 (WHA)

The Board met in executive session to discuss the matter of FX Analytics v. Bank of New York Mellon Corp. The Board gave direction to staff in regard to this matter and there is nothing further to report at this time.

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

Mr. Rademacher provided a brief update on the Public Employees Pension Committee's proposed pension reform.

The Board commended staff on their reports and presentations.

Green Folder Items

1. Chief Executive Officer's Report dated July 5, 2012.
2. Memo from Alicia Loza, Board of Investments Secretary, dated July 10, 2012, regarding the correct RFK Compass Conference Agenda.
3. Memo dated July 2, 2012, from John D. McClelland, Principal Investment Officer, Real Estate, regarding Capri Capital Partners.
4. Memo dated July 6, 2012, from John D. McClelland, Principal Investment Officer, Real Estate, regarding the sale of RREEF by Deutsche Bank.

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IX. ADJOURNMENT

There being no further business the meeting adjourned at 11:25 p.m.

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Diane Sandoval, Secretary

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Herman B. Santos, Chair