

# AGENDA

## MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, JANUARY 9, 2013, 9:00 A.M.

- I. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)
- II. APPROVAL OF THE MINUTES
  - A. APPROVAL OF THE MINUTES OF THE MEETING OF THE BOARD OF INVESTMENTS OF DECEMBER 12, 2012.
- III. PUBLIC COMMENT
- IV. REPORT ON CLOSED SESSION ITEMS
- V. ACTION ITEMS
  - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board of Investments adopt Government Code Sections 31621.11 and 31639.26, establishing a single rate of contribution for members participating in General Plan G and Safety Plan C. (Memo dated December 24, 2012.)
  - B. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate, and Amit Aggarwal, Investment Officer, Real Estate: That the Board approve the proposed Minimum Qualifications to be utilized in the Request for Proposal (RFP) for separate account Real Estate Equity Manager(s). (Memo dated December 28, 2012.)

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V. ACTION ITEMS (Continued)

- C. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate, and Trina Sanders, Investment Officer, Real Estate: That the Board authorize an investment of up to \$100 million in the INVESCO Real Estate Asia Fund. (Memo dated December 21, 2012)
  
- D. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity: That the Board (1) Adopt the 2013 Private Equity Annual Investment Plan, and (2) Approve modifications to the Secondary Purchase Program policy for implementation in the 2013 Annual Investment Plan. (Memo dated January 2, 2013.)
  
- E. 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 2013 RFK Compass Conference in San Francisco, California on February 26, 2013, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated January 2, 2013.)

VI. REPORTS

- A. Credit Suisse Private Equity Emerging Market Presentation  
Christopher J. Wagner, Principal Investment Officer,  
Private Equity (Memo dated January 2, 2013.)

Credit Suisse  
David Almodovar, Principal  
Mina Pacheco, Director

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VI. REPORTS (Continued)

B. Riverside Capital Appreciation Fund VI  
Christopher J. Wagner, Principal Investment Officer,  
Private Equity  
(Memo dated January 2, 2013.) (For information only.)

C. Post Advisory Group  
Robert Z. Santos, Investment Officer, Fixed Income  
(Memo dated January 2, 2013) (For information only.)

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.**

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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 9, 2013, 9:00 A.M.

PRESENT: Herman B. Santos, Chair  
Diane Sandoval, Secretary  
John M. Barger  
David Green  
Will Pryor  
Mark J. Saladino  
Leonard Unger  
Carolyn Widener

ABSENT: Michael Schneider

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  
June H. Kim, Principal Investment Officer, Equities

STAFF, ADVISORS, PARTICIPANTS (Continued)

Juan Almaguer, Senior Investment Analyst, Fixed Income  
Esmeralda V. del Bosque, Senior Investment Analyst, Equities  
Dale Johnson, Senior Investment Analyst, Equities  
James Rice, CFA, Senior Investment Officer, Hedge Funds  
Robert Z. Santos, Investment Officer, Fixed Income  
Ron Senkandwa, Senior Investment Analyst, Equities  
David Simpson, Investment Officer, Private Equities  
Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity  
Robb Van Der Volgen, Chief Counsel  
Johanna Fontenot, Senior Staff Counsel  
John Harrington, Staff Counsel  
Michael Herrera, Senior Staff Counsel  
Christine Roseland, Staff Counsel  
David R. Almodovar, Vice President, Credit Suisse Securities (USA) LLC  
Blaine Meek, Coalition of County Unions

The meeting was called to order at 9:00 a.m. in the Board Room of Gateway Plaza.

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

The election of officers was conducted by Secretary Sandoval:

A. Chair of the Board

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

I. ELECTION OF OFFICERS (Continued)

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

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

B. Vice Chair of the Board

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

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

Hearing no other nominations, the nominations were closed on a motion by Mr. Saladino, second by Ms. Sandoval, and unanimously approved.

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. Unger:

Mr. Pryor

Mr. Unger

Ms. Widener

Chair Santos

Votes cast for Mr. Barger:

Mr. Saladino

Mr. Green

Mr. Barger

Secretary Sandoval

I. ELECTION OF OFFICERS (Continued)

The results for the position of Vice Chair was a tie vote. Chair Santos indicated that this vote would be taken again after the election of the position of Board Secretary.

C. Secretary of the Board of Investments

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

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

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 Mr. Unger.

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

Secretary Sandoval announced that Mr. Schneider was elected to the position of Audit Committee Member.

Secretary Sandoval re-opened the nomination for vice Chair of the Board of Investments.

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

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

I. ELECTION OF OFFICERS (Continued)

Hearing no other nominations, the nominations were closed on a motion by Mr. Saladino, second by Ms. Sandoval, and unanimously approved.

A roll call vote was once again taken for the position of Vice Chair of the Board of Investments as follows:

Votes cast for Mr. Unger:	Mr. Pryor
	Mr. Unger
	Ms. Widener
	Chair Santos
Votes cast for Mr. Barger:	Mr. Saladino
	Mr. Green
	Mr. Barger
	Secretary Sandoval

The results of the election for the position of Vice Chair was a tie vote. Chair Santos indicated this item would be handled at the next Board of Investments meeting to be held on February 13, 2013.

II. APPROVAL OF THE MINUTES

A. APPROVAL OF THE MINUTES OF THE MEETING  
OF THE BOARD OF INVESTMENTS OF DECEMBER 12, 2012.

A motion to approve the Minutes of the meeting of the Board of Investments of December 12, 2012, was made by Mr. Pryor, and seconded by Ms. Sandoval. The motion carried with Mr. Barger abstaining.

### III. PUBLIC COMMENT

Mr. Meek expressed his concern with establishing a single rate of contribution for members participating in General Plan G and Safety Plan C. He reported that the County Coalition of Unions believes member contributions are subject to collective bargaining and that LACERA action on this item violates their rights.

### IV. REPORT ON CLOSED SESSION ITEMS

None.

### V. ACTION ITEMS

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board of Investments adopt Government Code Sections 31621.11 and 31639.26, establishing a single rate of contribution for members participating in General Plan G and Safety Plan C. (Memo dated December 24, 2012.)

Mr. Rademacher provided an executive summary on the proposed adoption of Government Code Sections 31621.11 and 31639.26, establishing a single rate of contribution for members participating in General Plan G and Safety Plan C. He also reported that the adoption of a single rate structure would significantly improve LACERA's ability to deliver timely and accurate service by simplifying member account processing. A brief discussion followed on collective bargaining concerns and the contribution rate structure.

A motion was made by Chair Santos, seconded by Mr. Green, to continue this item to the next meeting of the Board of Investments, to allow the County Coalition of Unions to submit a Memorandum of Points and Authorities on collective bargaining concerns.

V. ACTION ITEMS (Continued)

Chair Santos withdrew his motion to continue this item to the next meeting of the Board of Investments, but would like to submit an amendment to the motion on the table to adopt the recommendation with a provision to allow the County Coalition of Unions and any other organization to submit their memorandum of points and authorities with a ten day deadline. After the submission of said documents the Board would then review their response.

The motion to amend was rejected by the maker of the original motion and the motion to amend dies.

A motion was made by Mr. Saladino, seconded by Ms. Sandoval, to adopt Government Code Sections 31621.11 and 31639.26, establishing a single rate of contribution for members participating in General Plan G and Safety Plan C. The motion carried with Mr. Pryor voting no.

- B. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate, and Amit Aggarwal, Investment Officer, Real Estate: That the Board approve the proposed Minimum Qualifications to be utilized in the Request for Proposal (RFP) for separate account Real Estate Equity Manager(s). (Memo dated December 28, 2012.)

Mr. Aggarwal provided a brief overview on the proposed Minimum Qualifications to be utilized in the Request for Proposal for separate account real estate Equity Manager(s). He

V. ACTION ITEMS (Continued)

reported that the primary reasons for conducting the search is to increase capacity for new investments, and to provide management flexibility. A brief discussion followed.

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

- C. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate, and Trina Sanders, Investment Officer, Real Estate: That the Board authorize an investment of up to \$100 million in the INVESCO Real Estate Asia Fund. (Memo dated December 21, 2012)

Mr. McClelland and Ms. Sanders gave a presentation on the proposed commitment to the INVESCO Real Estate Asia Fund, reporting that staff had completed an independent evaluation of said fund and that the vehicle and strategy present an attractive investment opportunity for LACERA. It was also reported that LACERA's real estate consultant, Ms. Micolyn Magee of The Townsend Group had completed an assessment of the Asia Fund, and concurred with staff's recommendation. Ms. Magee also addressed risk issues and exiting provisions on said commitment. A brief discussion followed.

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

I. ELECTION OF OFFICERS (Continued)

Chair Santos announced at this time that under the Roberts Rules of Order it is required that the election for Vice Chair continue in perpetuity until a winner is declared or a decision is made. He then asked that Secretary Sandoval re-open the nomination for Vice Chair of the Board of Investments.

B. Vice Chair of the Board

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

Mr. Barger was nominated to the position of Vice Chair of the Board of Investments by Secretary Sandoval.

Hearing no other nominations, the nominations were closed on a motion by Ms. Widener, second by Mr. Saladino, and unanimously approved.

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. Unger:

Mr. Pryor

Mr. Unger

Mr. Widener

Chair Santos

Votes cast for Mr. Barger:

Mr.Saladino

Mr.Green

Mr. Barger

Secretary Sandoval

I. ELECTION OF OFFICERS (Continued)

The result for the position of vice chair was a tie vote and has reached an impasse.

Chair Santos indicated that this vote would be taken at the next regularly scheduled meeting of the Board of Investments to be held on February 13, 2013.

V. ACTION ITEMS (Continued)

- D. Recommendation as submitted by Christopher J. Wagner, Principal, Investment Officer, Private Equity: That the Board (1) Adopt the 2013 Private Equity Annual Investment Plan, and (2) Approve modifications to the Secondary Purchase Program policy for implementation in the 2013 Annual Investment Plan. (Memo dated January 2, 2013.)

Mr. Wagner gave a presentation on the proposed 2013 Private Equity Annual Investment Plan and the proposed modifications to the Secondary Purchase Program policy for implementation in the 2013 Annual Investment Plan. The primary purpose of the Plan is to establish an appropriate commitment pace for the 2013 calendar year, identify key investment strategies, and to review and ensure appropriate diversification to private equity investment strategies, such as buyouts, venture capital and special situations.

Mr. Wagner also reported that Credit Suisse's Customized Fund Investment Group ("CFIG"), LACERA's Private Equity Advisor also reviewed the Plan, and concurs with the recommendation.

A brief discussion followed on "special situation" concerns and that this item be continued to the next regularly scheduled meeting of the Board of Investments. Mr. Kushner,

V. ACTION ITEMS (Continued)

LACERA's Chief Investment Officer asked that the Board Trustees submit their questions on clarification concerns in writing, with a copy to each of the Investment Board Trustees.

A motion to approve the recommendation was made by Mr. Pryor , seconded by Mr. Unger .

A second motion was made by Mr. Barger, seconded by Ms. Sandoval, to continue this item to the next meeting of the Board of Investments. The motion carried with Mr. Unger voting no.

- E. 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 2013 RFK Compass Conference in San Francisco, California on February 26, 2013, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated January 2, 2013.)

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

VI. REPORTS

- A. Credit Suisse Private Equity Emerging Market Presentation  
Christopher J. Wagner, Principal Investment Officer, Private Equity  
(Memo dated January 2, 2013.)

Credit Suisse  
David Almodovar, Principal  
Mina Pacheco, Director

Mr. Kushner introduced David Almodovar, Principal, and Mina Pacheco, Director, both of Credit Suisse, LACERA'S Private Equity Advisor. Ms. Pacheco gave an educational

VI. REPORTS (Continued)

presentation on opportunities in the Private Equity Emerging Markets, covering various elements, such as where the emerging markets are, why invest in emerging markets private equity, the challenges and strategies. A. brief discussion followed and the Report was received and filed.

- B. Riverside Capital Appreciation Fund VI  
Christopher J. Wagner, Principal Investment Officer,  
Private Equity  
(Memo dated January 2, 2013.) (For information only.)

The memorandum on Riverside Capital Appreciation Fund VI is for information only and was received and filed.

- C. Post Advisory Group  
Robert Z. Santos, Investment Officer, Fixed Income  
(Memo dated January 2, 2013) (For information only.)

The memorandum on Post Advisory Group is for information only and was received and filed.

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

Mr. Rademacher offered a warm welcome to Mr. Barger on his appointment to the Board of Investments. He also reminded the Board of the 2013 Offsite scheduled to be held on January 22 and 23, 2013, and to please RSVP with the Board Secretary.

The Board congratulated and welcomed Mr. Barger on his appointment to the Board of Investments. The Board also commended staff on their reports and presentations.

Green Folder Items

1. Chief Executive Officer's Reported dated January 2, 2013.

VIII. ADJOURNMENT

There being no further business the meeting adjourned at 12:15 p.m.

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Diane Sandoval, Secretary

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Herman B. Santos, Chair