

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, JUNE 12, 2013, 9:00 A.M.

- I. PLEDGE OF ALLEGIANCE
- II. APPROVAL OF THE MINUTES
 - A. Approval of the Minutes of the May 8, 2013 Meeting of the Board of Investments.
- III. PUBLIC COMMENT
- IV. REPORT ON CLOSED SESSION ITEMS
- V. ACTION ITEMS
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board adopt the LACERA Fiscal Year 2013-2014 Administrative and Retiree Healthcare Benefits Budgets. (Memo dated May 29, 2013.)
 - B. Recommendation as submitted by the Travel Policy Committee: That your Board adopt the changes shown on the attached draft Education and Travel Policy, with the changes to become effective July 1, 2013. (Memo dated May 30, 2013.)

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V. ACTION ITEMS (Continued)

- C. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity, and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to €150 million (approximately \$197 million) to CVC Capital Partners VI, L.P. (Memo dated June 5, 2013.)
- D. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and David E. Simpson, CFA, Investment Officer, Private Equity: That your Board Approve a commitment of up to \$150 million to Carlyle Partners VI, L.P. (Memo dated June 5, 2013.)
- E. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity: That your Board approve a commitment of up to \$100 million to Insignia Capital Partners, L.P. (Memo dated June 5, 2013.)
- F. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate: That your Board Adopt the 2013-2014 Real Estate Investment Plan as presented. (Memo dated May 31, 2013.)
- G. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board direct Staff to continue to monitor performance of Cornerstone Real Estate Advisers in accordance with LACERA's Real Estate Objectives, Policies and Procedures. (Memo dated May 13, 2013.)

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V. ACTION ITEMS (Continued)

- H. Recommendation as submitted by David E. Kushner, Chief Investment Officer: That your Board (1) Cancel the July 10, 2013 meeting; and (2) Reschedule the November 13, 2013, Board of Investments meeting to November 20, 2013 at 9:00 a.m. (Memo dated June 6, 2013.)

- I. 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 2013 Colombia Capital Projects & Infrastructure Summit to be held on October 2 and 3, 2013 at the JW Marriott Hotel in Bogota, Colombia and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.) (Placed on the Agenda at the request of Chair Santos.

- J. 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 Latin Market Chilean Investors 2013 Forum at the Ritz-Carlton Hotel, in Santiago, Chile on August 19 and 20, 2013, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.) (Placed on the Agenda at the request of Chair Santos.)

- K. 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 2013 AIF Midwest Forum at the Standard Club on June 18, 2013 in Chicago, Illinois, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.) (Placed on the Agenda at the request of Mr. Barger.)

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V. ACTION ITEMS (Continued)

- L. 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 Managed Funds Association 2013 Forum on June 19 and 20, 2013 at the Four Seasons, Chicago, Illinois and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.) (Placed on the Agenda at the Request of Mr. Barger.)

- M. 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 Wurts 2013 Associates Client Summit to be held at the Westin, Seattle, Washington, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 5, 2013.) Placed on the Agenda at the request of Mr. Barger.)

VI. REPORTS

- A. Private Equity Education
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated June 5, 2013.)

- B. Private Equity Performance Review
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated June 5, 2013.)

- C. 2013 First Quarter Hedge Fund Performance Report
James Rice, CFA, Senior Investment Officer

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VI. REPORTS (Continued)

- D. Potential Impact of Higher Interest Rates
Vache Mahseredjian, CFA, CAIA, FRM, ASA
Principal Investment Officer (Memo dated June 4, 2013.)
- E. Opportunistic Fixed Income Manager Search Update 2
Robert Z. Santos, Investment Officer, Fixed Income
Esmeralda Del Bosque, Senior Investment Analyst, Fixed Income
(Memo dated May 30, 2013.) (For information only.)
- F. Corporate Governance Quarterly Review
Volume 9, Issue #1: January 1, 2013 k- March 31, 2013
Dale Johnson, Investment Officer
(Memo dated June 6, 2013.) (For information only.)
- G. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer, Private Equity
(For information only.) (Memo dated June 5, 2013.)

VII. EXECUTIVE SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED
LITIGATION (Subdivision (c) of California Government Code
Section 54956.9).

- 1. One potential case.

VIII. GOOD OF THE ORDER

(For discussion purposes only.)

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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, JUNE 12, 2013, 9:00 A.M.

PRESENT: Herman B. Santos, Chair

Leonard Unger, Vice Chair

Diane Sandoval, Secretary

John M. Barger

Mark J. Saladino

Michael Schneider

Carolyn Widener

ABSENT: David Green

Will Pryor

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

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STAFF, ADVISORS, PARTICIPANTS (Continued)

Vache Mahseredjian, CFA, Principal Investment Officer

Christopher J. Wagner, Principal Investment Officer, Private Equity

June H. Kim, Principal Investment Officer, Equities

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

Michael Herrera, Senior Staff Counsel

Christine Roseland, Senior Staff Counsel

Cynthia Lau, Legislative Affairs Officer

Credit Suisse Customized Fund Investment Group (CFIG)

David Almodovar, Vice President

STAFF, ADVISORS, PARTICIPANTS (Continued)

The Townsend Group
Micolyn Magee, Principal

I. PLEDGE OF ALLEGIANCE

Chair Santos led the Board members and staff in reciting the Pledge of Allegiance.

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the May 8, 2013 Meeting of the Board of Investments.

A motion was made by Ms. Sandoval, seconded by Mr. Unger to approve the May 8, 2013, Minutes of the meeting of the Board of Investments. The motion carried by unanimous vote.

III. PUBLIC COMMENT

Michael Weinberg, a representative of Occupy Democracy; Joe Kahraman of the Newspaper Guild; Anjuli Kroheim, a representative of Common Cause; Christian Esperias, a representative of Courage Campaign; Maddie Gavel-Briggs and Patrick Briggs of All Saints Pasadena, Common Cause and Occupy Democracy; and Liz Amsden, expressed their concerns relating to the possible sale

III. PUBLIC COMMENT (Continued)

of the Tribune Company and the Los Angeles Times to the Koch Brother and that LACERA advise its investment managers to reject any sale to the Koch Brothers.

Liberty Johnson; Jorge Luna; Elvia Toscano; and Rachele Smith of the Embassy Suites, Irvine and Alyssa Giachino, of Unite Here, Local 11 expressed their concerns relating to labor dispute at a hotel managed by HEI Hotel and Resorts. They asked that the Board follow-up and help reach an amicable resolution to the dispute. The hotel is owned by Cornerstone Hotel Income and Equity Fund II (Chief II), in which LACERA participates as a Limited Partner.

IV. REPORT ON CLOSED SESSION ITEMS

None.

V. ACTION ITEMS

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board adopt the LACERA Fiscal Year 2013-2014 Administrative and Retiree Healthcare Benefits Budgets. (Memo dated May 29, 2013.)

A motion to adopt the LACERA Fiscal Year 2013-2014 Administrative and Retiree Healthcare Benefits Budgets was made by Mr. Saladino, seconded by Mr. Unger. The motion carried by unanimous vote.

V. ACTION ITEMS (Continued)

- B. Recommendation as submitted by the Travel Policy Committee: That your Board adopt the changes shown on the attached draft Education and Travel Policy, with the changes to become effective July 1, 2013. (Memo dated May 30, 2013.)

A motion to adopt the changes to the Education and Travel Policy to become effective July 1, 2013, was made by Ms. Widener, seconded by Ms. Sandoval. The motion carried by unanimous vote.

Chair Santos indicated that Item A. of VI. Reports would be handled at this time.

VI. REPORTS

- A. Private Equity Education
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated June 5, 2013.)

Mr. Wagner reported the Board would receive five educational sessions on the Private Equity asset class, the first of which would be held today and the remaining four to be held over the following four Board meetings. LACERA's staff and private equity consultant, David Almodovar of Credit Suisse Customized Fund Investment Group (CFIG), CFIG presented Session 1, which covered an overview of the Private Equity asset class, how Private Equity works, why invest

VI. REPORTS (Continued)

in Private Equity, and the challenges of investing in the asset class. The session concluded with a review of the operational roles and responsibilities of the Board, Staff, and consultant in executing the work within the asset class. A brief discussion followed and the Report was received and filed.

Chair Santos indicated V. Action Items C. would be handled at this time, returning to the regular order of business.

V. ACTION ITEMS

- C. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity, and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to €150 million (approximately \$197 million) to CVC Capital Partners VI, L.P. (Memo dated June 5, 2013.)

Ms. Tilaye presented a brief summary on the proposed commitment to CVC Capital Partners VI, L.P.

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

V. ACTION ITEMS (Continued)

- D. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and David E. Simpson, CFA, Investment Officer, Private Equity: That your Board Approve a commitment of up to \$150 million to Carlyle Partners VI, L.P. (Memo dated June 5, 2013.)

Mr. Simpson provided a brief overview on the proposed commitment to Carlyle Partners.

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

- E. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity: That your Board approve a commitment of up to \$100 million to Insignia Capital Partners, L.P. (Memo dated June 5, 2013.)

Mr. Wagner provided a brief summary on the proposed commitment to Insignia Capital Partners and a brief discussion followed on the due diligence process.

A motion to approve the recommendation as amended was made by Mr. Barger, seconded by Ms. Sandoval that staff provide a report on the terms of the Partnership Agreement. The motion carried by unanimous vote.

V. ACTION ITEMS (Continued)

- F. Recommendation as submitted by John D. McClelland, Principal Investment Officer, Real Estate: That your Board Adopt the 2013-2014 Real Estate Investment Plan as presented. (Memo dated May 31, 2013.)

Mr. McClelland provided an executive summary on the proposed 2013-2014 Real Estate Investment Plan.

A motion to Adopt the 2013-2014 Real Estate Investment Plan was made by Mr. Barger, seconded by Ms. Sandoval. The motion carried by unanimous vote.

- G. Recommendation as submitted by John McClelland, Principal Investment Officer: That your Board direct Staff to continue to monitor performance of Cornerstone Real Estate Advisers in accordance with LACERA's Real Estate Objectives, Policies and Procedures. (Memo dated May 13, 2013.)

Mr. McClelland presented a brief summary on Cornerstone's performance and assessment according to LACERA's Real Estate Objective, Policies and Procedures. A brief discussion followed on leverage concerns.

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

V. ACTION ITEMS (Continued)

- H. Recommendation as submitted by David E. Kushner, Chief Investment Officer: That your Board (1) Cancel the July 10, 2013 meeting; and (2) Reschedule the November 13, 2013, Board of Investments meeting to November 20, 2013 at 9:00 a.m. (Memo dated June 6, 2013.)

The motion for items (1) and (2) of the recommendation were taken separately as follows:

A motion that the Meeting of the Board of Investments be held on July 10, 2013 was made by Mr. Schneider, seconded by Ms. Sandoval. The motion carried with Ms. Widener abstaining.

A motion to reschedule the November 13, 2013 Board of Investments meeting to November 20, 2013 was made by Mr. Saladino, seconded by Mr. Barger. The motion carried by unanimous vote.

- I. 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 2013 Colombia Capital Projects & Infrastructure Summit to be held on October 2 and 3, 2013 at the JW Marriott Hotel in Bogota, Colombia and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.)

V. ACTION ITEMS (Continued)

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

- J. 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 Latin Market Chilean Investors 2013 Forum at the Ritz-Carlton Hotel, in Santiago, Chile on August 19 and 20, 2013, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.)

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

- K. 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 2013 AIF Midwest Forum at the Standard Club on June 18, 2013 in Chicago, Illinois, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.)

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

V. ACTION ITEMS (Continued)

- L. 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 Managed Funds Association 2013 Forum on June 19 and 20, 2013 at the Four Seasons, Chicago, Illinois and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 3, 2013.)

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

- M. 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 Wurts 2013 Associates Client Summit to be held at the Westin, Seattle, Washington, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated June 5, 2013.)

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

VI. REPORTS

At this time a motion was made by Mr. Saladino, seconded by Mr. Barger to handle Reports, Items B and D at the July 10, 2013 Investment Board meeting and handle Item D. at the August 14, 2013 Investment Board meeting. The motion carried by unanimous vote.

- B. Private Equity Performance Review
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated June 5, 2013.)
- C. 2013 First Quarter Hedge Fund Performance Report
James Rice, CFA, Senior Investment Officer
- D. Potential Impact of Higher Interest Rates
Vache Mahseredjian, CFA, CAIA, FRM, ASA
Principal Investment Officer (Memo dated June 4, 2013.)
- E. Opportunistic Fixed Income Manager Search Update 2
Robert Z. Santos, Investment Officer, Fixed Income
Esmeralda Del Bosque, Senior Investment Analyst, Fixed Income
(Memo dated May 30, 2013.) (For information only.)

The Update 2 on the Opportunistic Fixed Income Manager Search is for information only and was received and filed.

VI. REPORTS (Continued)

- F. Corporate Governance Quarterly Review
Volume 9, Issue #1: January 1, 2013 - March 31, 2013
Dale Johnson, Investment Officer
(Memo dated June 6, 2013.) (For information only.)

The Corporate Governance Quarterly Review, Volume 9, Issue #1: January 1, 2013 - March 31, 2013 is for information only and was received and filed.

- G. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer, Private Equity
(For information only.) (Memo dated June 5, 2013.)

The Private Equity Performance Report is for information only and was received and filed.

At this time Chair Santos reported Good of the Order would be handled at this time with Executive Session to follow.

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

Mr. Rademacher reported that he, along with the investment staff, met with The New America Alliance trade group and enjoyed a very candid discussion.

Mr. Kushner commended Mr. Mahseredian who received the Financial Risk Manager (“FRM”) Certification. He also provided an update on the bank custody transition which is on track with a June 30, 2013 cut-over.

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

Mr. Kushner reminded the Board that an educational session on Hedge Funds would is scheduled to be held on June 19, 2013.

VII. EXECUTIVE SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED
LITIGATION (Subdivision (c) of California Government Code
Section 54956.9).

1. One potential case.

Mr. Herrera reported that the Board met with counsel in Executive Session pursuant to Subdivision (c) of the California Government Code Section 54945.9 on one potential case and gave direction to counsel with regard to join in an action overseas.

IX. ADJOURNMENT

There being no further business the meeting adjourned at 12:45 p.m.

Diane Sandoval, Secretary

Herman B. Santos, Chair