

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, JULY 10, 2013, 9:00 A.M.

I. PLEDGE OF ALLEGIANCE

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the June 12, 2013, meeting of the Board of Investments.

III. PUBLIC COMMENT

IV. REPORT ON CLOSED SESSION ITEMS

V. ACTION ITEMS

- A. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That your Board continue its "Support" position on amended Assembly Bill 382 relating to the Ralph M. Brown Act. (Memo dated July 1, 2013.)

VI. REPORTS

- A. Update on Custody Transition
David Kushner, CFA, Chief Investment Officer
Robert Hill, Assistant Executive Officer
(Memo dated June 26, 2013.)

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VI. REPORTS (Continued)

- B. New Equity Real Estate Separate Account Managers Presentations
Trina Sanders, Investment Officer, Real Estate
(Memo dated June 26, 2013.)

Clarion Partners

Stephen Hansen, Managing Director

Khalif Edwards, Director

Stacey Cheng, Vice President

Heitman

Pete Fawcett, Managing Director - Portfolio &
Asset Management

Steve Lieb, Senior Vice President - Asset Management

James Christensen, Vice President - Asset Management

Stockbridge

Jay Jehle, Managing Director/Portfolio Manager

Bianca Tabourn, Vice President/Associate Portfolio Manager

Sol Raso, Managing Director

- C. Potential Impact of Higher Interest Rates
Vache Mahseredjian, CFA, CAIA, FRM, ASA, Principal
Investment Officer. (Memo dated June 24, 2013.)
- D. Private Equity Performance Review
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated July 3, 2013.)
- E. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated July 3, 2013.) (For information only.)

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VI. REPORTS (Continued)

- F. Securities Lending Program Update
Vache Mahseredjian, CFA, CAIA, FRM, ASA, Principal
Investment Officer
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated July 2, 2013.) (For information only.)

- G. Western Asset Management Update
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated June 27, 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, JULY 10, 2013, 9:00 A.M.

PRESENT: Leonard Unger, Vice Chair

Diane Sandoval, Secretary

John M. Barger

David Green

Mark J. Saladino

Michael Schneider

Carolyn Widener

ABSENT: Herman B. Santos, Chair

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

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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

Cynthia Lau, Legislative Affairs Officer

Credit Suisse Customized Fund Investment Group (CFIG)

David Almodovar, Vice President

STAFF, ADVISORS, PARTICIPANTS (Continued)

Clarion Partners

Stephen Hansen, Managing Director
Khalif Edwards, Director
Stacey Cheng, Vice President

Heitman

Pete Fawcett, Managing Director - Portfolio &
Asset Management
Steve Lieb, Senior Vice President - Asset Management
James Christensen, Vice President - Asset Management

Stockbridge

Jay Jehle, Managing Director/Portfolio Manager
Bianca Tabourn, Vice President/Associate Portfolio Manager
Sol Raso, Managing Director

I. PLEDGE OF ALLEGIANCE

Vice-Chair Unger led the Board members and staff in reciting the Pledge of Allegiance.

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the June 12, 2013 Meeting of the Board of Investments.

A motion to approve the June 12, 2013, Minutes of the meeting of the Board of Investments was made by Ms. Sandoval, seconded by Mr. Saladino. The motion carried by unanimous vote.

III. PUBLIC COMMENT

Rachel Smith of the Embassy Suites Irvine and Alyssa Giachino of Unite Here, Local 11 expressed their concerns relating to a 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 Cynthia Lau, Legislative Affairs Officer: That your Board continue its “Support” position on amended Assembly Bill 382 relating to the Ralph M. Brown Act. (Memo dated July 1, 2013.)

Ms. Lau provided a brief summary on amended Assembly Bill 382 which relates to the Ralph M. Brown Act.

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

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VI. REPORTS

- A. Update on Custody Transition
David Kushner, CFA, Chief Investment Officer
Robert Hill, Assistant Executive Officer
(Memo dated June 26, 2013.)

Both Messrs. Robert Hill and David Kushner provided an update on State Street Bank's transition of LACERA's assets and banking services. A brief discussion followed.

- B. New Equity Real Estate Separate Account Managers Presentations
Trina Sanders, Investment Officer, Real Estate
(Memo dated June 26, 2013.)

Ms. Sanders reported that at the Investment Board meeting of May 8, 2013, the Board approved the selection of three Equity Real Estate Managers for its Separate Account mandates, and the Board requested that each new separate account manager make formal presentations at a later date. Ms. Sanders reported that the principals of Clarion Partners, Heitman, and Stockbridge, would give their presentations and introduced the principals.

VI. REPORTS (Continued)

Clarion Partners

Stephen Hansen, Managing Director
Khalif Edwards, Director
Stacey Cheng, Vice President

Messrs. Hansen, Edwards, and Ms. Cheng of Clarion Partners (“Clarion”) gave a presentation on Clarion’s historical background, investment strategy, and philosophy. A brief discussion followed and the Report was received and filed.

Heitman

Pete Fawcett, Managing Director - Portfolio &
Asset Management
Steve Lieb, Senior Vice President - Asset Management
James Christensen, Vice President - Asset Management

Messrs. Fawcett, Lieb, and Christensen of Heitman gave a brief overview on Heitman’s historical background, investment strategy, and philosophy. A brief discussion followed and the Report was received and filed.

Stockbridge

Jay Jehle, Managing Director/Portfolio Manager
Bianca Tabourn, Vice President/Associate Portfolio Manager
Sol Raso, Managing Director

Messrs. Jehle, Raso and Ms. Tabourn, presented an overview on Stockbridge’s historical background, investment strategy, and philosophy. A brief discussion followed and the Report was received and filed.

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VI. REPORTS (Continued)

- C. Potential Impact of Higher Interest Rates
Vache Mahseredjian, CFA, CAIA, FRM, ASA, Principal
Investment Officer. (Memo dated June 24, 2013.)

Mr. Mahseredjian provided an executive summary on the potential impact of higher interest rates. He reported that interest rates are bound to rise in the future as yields near secular lows. He also addressed concerns relating to the timing and potential magnitude of higher rates and the impact on bond market returns and forecasts in various interest rate scenarios and time horizons.

Mr. Mahseredjian reported that the forecasts used last year in LACERA's strategic asset allocation study are likely to be realized. He recommended that LACERA continue on its current path and that additional actions are not warranted at this time. A brief discussion followed and the Report was received and filed.

- D. Private Equity Performance Review
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated July 3, 2013.)

Mr. Wagner gave a presentation on the performance of the Private Equity Portfolio as of December 31, 2012, the fund's structure, returns, and its diversification.

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VI. REPORTS (Continued)

Mr. Wagner concluded with specific market indicators and a brief discussion followed. The Board commended Mr. Wagner on his Report which was received and filed.

- E. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated July 3, 2013.) (For information only.)

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

- F. Securities Lending Program Update
Vache Mahseredjian, CFA, CAIA, FRM, ASA, Principal
Investment Officer
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated July 2, 2013.) (For information only.)

The Securities Lending Program Update is for information only and was received and filed.

- G. Western Asset Management Update
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated June 27, 2013.) (For information only.)

The update on Western Asset Management is for information only and was received and filed.

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

The Board commended Vice Chair Unger on chairing the meeting.

Mr. Rademacher provided an update on the reinstatement of same sex marriages in California through the repeal of Proposition 8 and new tax reporting changes resulting from changes in DOMA. He reported LACERA is set to again recognize same sex marriages for benefit administrations and we are taking a wait-and-see strategy on tax reporting, until the IRS publishes their guidelines.

Mr. Rademacher reported on a press release, stating that CalPERS will be publishing all of their retirement data in a searchable database on line. CalPERS acknowledged that the new level of transparency would make some retirees uncomfortable and Mr. Rademacher indicated these searchable databases may be a trend of the future.

Mr. Rademacher reminded the Board that the 2014 Board Offsite will be held on January 21, 22 and 23, 2014, returning to a three day agenda format. The 22nd will be dedicated to Retiree Health Care, and focus on investments on

VI. REPORTS (Continued)

January 23rd. Based upon a survey taken by the Trustees on where to hold the Board Offsite, the Offsite will be held at the Universal Sheraton.

Mr. Kushner provided a brief update on a Bloomberg News article which stated that the Tribune Company plans to split the company and spin off its newspapers division.

Both the Board and Mr. Kushner commended and thanked the Investment staff, Systems, Legal, and Accounting Departments for their commitment, dedication and hard work on the LACERA custody transition.

Green Folder Items

1. Chief Executive Officer Reported dated July 1, 2013.
2. Copy of Bloomberg News article regarding Tribune Newspaper dated July 10, 2013.

VIII. ADJOURNMENT

There being no further the meeting adjourned at 11:55 a.m.

Diane Sandoval, Secretary

Herman B. Santos, Chair