

AGENDA

SPECIAL MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, NOVEMBER 20, 2013, 9:00 A.M.

- I. PLEDGE OF ALLEGIANCE
- II. APPROVAL OF THE MINUTES
 - A. Approval of the Minutes of the October 9, 2013 meeting of the Board of Investments.
- III. PUBLIC COMMENT
- IV. REPORT ON CLOSED SESSION ITEMS
- V. ACTION ITEMS
 - A. Recommendation as submitted by David E. Kushner, CFA, Chief Investment Officer: That the Board adopt the attached Investment Policy Statement with the proposed revisions. (Memo dated November 10, 2013.)
 - B. 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:
 - (1) Approve a commitment of up to \$10 million to USV 2014, L.P.;
 - and (2) Approve a commitment of up to \$10 million to USV Opportunity 2014, L.P. (Memo dated November 13, 2013.)

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V. ACTION ITEMS (Continued)

- C. Recommendation as submitted by David Kushner, Chief Investment Officer: That your Board approve the proposed agenda for the Board Offsite to be held January 23, 2014. (Memo dated November 12, 2013.)
- D. Recommendation as submitted by Michael D. Herrera, Senior Staff Counsel: That your Board authorize LACERA to sign the attached letter to Congress opposing efforts to force arbitration systems in certain investor agreements and public company bylaws and to ban shareholder class actions. (Memo dated November 7, 2013.)

VI. REPORTS

- A. Actuarial Assumption Review
Gregg Rademacher, Chief Executive Officer
(Memo dated November 4, 2013.)

Milliman
Nick Collier, ASA, EA, MAAA
Mark Olleman, FSA, EA, MAAA

- B. Private Equity Education
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated November 13, 2013.)

Credit Suisse Customized Fund Investment Group (CFIG)
David Almodovar, Vice President

- C. Real Estate Performance Measurement Report 2nd Quarter 2013
John McClelland, Principal Investment Officer, Real Estate
(Memo dated November 4, 2013.)

The Townsend Group
Micolyn Magee, Principal

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I. REPORTS (Continued)

- D. LACERA Fund Quarterly Performance Review
June Kim, Principal Investment Officer, Equities
Jim Rice, Senior Investment Officer, Hedge Funds
(Memo dated November 8, 2013.)
- E. OPEB Trust Fund Quarterly Report as of September 30, 2013
Vache Mahseredjian, CFA, CAIA, FRM, ASA
Principal Investment Officer
(Memo dated November 7, 2013.) (For information only.)
- F. Institutional Shareholder Services Inc.
Dale Johnson, Investment Officer, Equities
(Memo dated November 6, 2013.) (For information only.)
- G. 2013 Enacted Investment Legislation
Cynthia Lau, Legislative Affairs Officer
(Memo dated November 4, 2013.) (For information only.)
- H. Staff Report – 2013 Enacted Retirement Legislation
Cynthia Lau, Legislative Affairs Officer
(Memo dated October 29, 2013.) (For information only.)
- I. Chief Investment Officer Personnel Evaluation
Gregg Rademacher, Chief Executive Officer
(Memo dated November 14, 2013.)

VII. EXECUTIVE SESSION

- A. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)
 - 1. Agency designated representatives:
John Nogales, Director, Human Resources

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VIII. GOOD OF THE ORDER

(For informational 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 SPECIAL MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, NOVEMBER 20, 2013, 9:00 A.M.

PRESENT: Herman B. Santos, Chair

Leonard Unger, Vice Chair

Diane Sandoval, Secretary (Left at 11:40 a.m.)

John M. Barger

David Green

Will Pryor (Left at 11:30 a.m.)

Mark J. Saladino

Michael Schneider

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

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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

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

Johanna Fontenot, Senior Staff Counsel

Michael Herrera, Senior Staff Counsel

Christine Roseland, Staff Counsel

Alyssa Giachino, Research Analyst, Unite Here Local 11

Milliman

Nick Collier, ASA, EA, MAAA

Mark Olleman, FSA, EA, MAAA

STAFF, ADVISORS, PARTICIPANTS (Continued)

Credit Suisse Customized Fund Investment Group (CFIG)
David Almodovar, Vice President

The Townsend Group
Micolyn Magee, Principal

I. PLEDGE OF ALLEGIANCE

Mr. Barger led the Board members and staff in reciting the Pledge of Allegiance.

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the October 9, 2013 meeting of the Board of Investments.

A motion to approve the Minutes of the October 9, 2013 meeting of the Board of Investments was made by Ms. Sandoval, seconded by Mr. Green. The motion carried by unanimous vote.

III. PUBLIC COMMENT

Alyssa Giachino of Unite Here, Local 11 expressed her concern relating to a labor dispute at a hotel managed by HEI Hotel and Resorts. The hotel is owned by Cornerstone Hotel Income and Equity Fund II (Chief II), in which LACERA participates as a Limited Partner.

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III. PUBLIC COMMENT (Continued)

Mr. Rubalcava of SEIU, Local 721, asked that the Board to be mindful on the effect the actuarial investment assumption has on Los Angeles County.

Santos Kreiman, Deputy Chief Executive Officer for the County of Los Angeles, asked that the Board maintain the current investment assumption policy as the Board continues to review the actuarial assumption and to be mindful on the cost impact on the County of Los Angeles in terms of lowering the investments rate.

IV. REPORT ON CLOSED SESSION ITEMS

None.

Chair Santos indicated Reports item VI. A would be handled at this time.

VI. REPORTS

- A. Actuarial Assumption Review
Gregg Rademacher, Chief Executive Officer
(Memo dated November 4, 2013.)

Milliman
Nick Collier, ASA, EA, MAAA
Mark Olleman, FSA, EA, MAAA

Mr. Rademacher introduced Nick Collier and Mark Olleman, LACERA's Plan Actuaries with the actuarial firm Milliman who are working on LACERA's

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VI. REPORTS (Continued)

Triennial Experience Study. Milliman presented an educational overview on the Study which compares recent plan experience with LACERA's plan assumptions to determine if adjustments need to be made to the economic and non-economic valuation assumptions. This Study is being conducted in advance of completing the June 30, 2013 actuarial valuation used to set employer and employee contribution rates. The actuaries discussed various assumptions with the Board in preparation for presenting the Study to the Board at its December meeting and the Report was received and filed.

Chair Santos pointed out that the Board would return to the regular order of business.

V. ACTION ITEMS

- A. Recommendation as submitted by David E. Kushner, CFA, Chief Investment Officer: That the Board adopt the attached Investment Policy Statement with the proposed revisions. (Memo dated November 10, 2013.)

Mr. Kushner provided a brief overview on the proposed revisions to the Investment Policy Statement and a discussion followed wherein the Board sought

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V. ACTION ITEMS (Continued)

clarification on concerns relating to various asset classes and the staff delegation process.

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

An amendment to the motion was made by Mr. Barger, seconded by Mr. Green to add language relating to if/and when an catastrophic emergency should occur, the Investment Policy Statement include specific delegation to LACERA's Chief Executive Officer in the absence of the Chief Investment Officer and if both are unavailable, a committee of all available Principal Investment Officers. The motion carried by unanimous vote.

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V. ACTION ITEMS (Continued)

- B. 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:
(1) Approve a commitment of up to \$10 million to USV 2014, L.P.; and (2) Approve a commitment of up to \$10 million to USV Opportunity 2014, L.P. (Memo dated November 13, 2013.)

Mr. Wagner presented a brief summary on the proposed commitments to USV 2014, L.P., and USV Opportunity 2014, L.P. A brief discussion followed on concerns relating to Union Square Ventures.

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

- C. Recommendation as submitted by David Kushner, Chief Investment Officer: That your Board approve the proposed agenda for the Board Offsite to be held January 23, 2014. (Memo dated November 12, 2013.)

Mr. Kushner provided an executive summary on the proposed 2014 Board Offsite Agenda.

A motion to approve the proposed Agenda for the 2014 Board Offsite was made by Mr. Santos, seconded by Ms. Widener. The motion carried by unanimous vote.

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V. ACTION ITEMS (Continued)

- D. Recommendation as submitted by Michael D. Herrera, Senior Staff Counsel: That your Board authorize LACERA to sign the attached letter to Congress opposing efforts to force arbitration systems in certain investor agreements and public company bylaws and to ban shareholder class actions. (Memo dated November 7, 2013.)

Mr. Herrera reported on the proposed letter to Congress opposing efforts to force arbitration systems in certain investor agreements and public company bylaws and to ban shareholder class action.

A motion to approve the recommendation was made by Ms. Widener, seconded by Mr. Unger. The motion carried with Mr. Barger voting no.

VI. REPORTS

- B. Private Equity Education
Christopher J. Wagner, Principal Investment Officer, Private Equity
(Memo dated November 13, 2013.)

Credit Suisse Customized Fund Investment Group (CFIG)
David Almodovar, Vice President

Mr. Wagner presented an educational session which covered the terms and conditions of a partnership agreement which governs the management and operation of the fund. The main objective of the session was to familiarize the

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VI. REPORTS (Continued)

Board with the key economic terms of a typical limited partnership agreement. A brief discussion followed and the Report was received and filed.

- C. Real Estate Performance Measurement Report 2nd Quarter 2013
John McClelland, Principal Investment Officer, Real Estate
(Memo dated November 4, 2013.)

The Townsend Group
Micolyn Magee, Principal

Mr. McClelland provided an executive summary on the 2013 Real Estate Performance Measurement Report for the 2nd Quarter. He reported that real estate fundamentals continue to steadily improve with rising occupancies and increasing rents in most property types; however, demand remains thin in the office sector. The current market value of LACERA's portfolio remains significantly below its pre-GVC value, notwithstanding recent value gains.

The impact of the Global Financial Crisis continues to be evident in LACERA's five-year real estate performance results. The rental rates and leasing activity for office, industrial and retail properties are also increasing modestly as

REPORTS (Continued)

the job market improves. Returns for the five-year time period are disappointing, the shorter term results are encouraging. A brief discussion followed and the Report was received and filed.

- D. LACERA Fund Quarterly Performance Review
June Kim, Principal Investment Officer, Equities
Jim Rice, Senior Investment Officer, Hedge Funds
(Memo dated November 8, 2013.)

Ms. Kim reported that this is the first production of the quarterly performance report using the reporting system and data of LACERA's new custodian, State Street. The Board provided feedback on the format of the report and items they were interested in seeing added to future reports.

A brief discussion followed and the Report was received and filed.

- E. OPEB Trust Fund Quarterly Report as of September 30, 2013
Vache Mahseredjian, CFA, CAIA, FRM, ASA
Principal Investment Officer
(Memo dated November 7, 2013.) (For information only.)

The OPEB Trust Fund Quarterly Report is for information only and was received and filed.

REPORTS (Continued)

- F. Institutional Shareholder Services Inc.
Dale Johnson, Investment Officer, Equities
(Memo dated November 6, 2013.) (For information only.)

The Report on Institutional Shareholder Services, Inc. is for information only and was received and filed.

- G. 2013 Enacted Investment Legislation
Cynthia Lau, Legislative Affairs Officer
(Memo dated November 4, 2013.) (For information only.)

The 2013 Enacted Investment Legislation Report is for information only and was received and filed.

- H. Staff Report – 2013 Enacted Retirement Legislation
Cynthia Lau, Legislative Affairs Officer
(Memo dated October 29, 2013.) (For information only.)

Staff's Report on the 2013 Enacted Retirement Legislation is for information only and was received and filed.

- I. Chief Investment Officer Personnel Evaluation
Gregg Rademacher, Chief Executive Officer
(Memo dated November 14, 2013.)

The Chief Investment Officer's Personnel Evaluation was postponed until the December 2013 meeting.

VII. EXECUTIVE SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

1. Agency designated representatives:
John Nogales, Director, Human Resources

The Board met with labor negotiators pursuant to Government Code Section 54957.6 and there is nothing to report at this time.

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

Both Messrs. Saladino and Barger reported that the Pacific Pension Institute in Beijing was extremely informative and would encourage attendance.

IX. ADJOURNMENT

There being no further business the meeting adjourned at 1:10 p.m.

Diane Sandoval, Secretary

Herman B. Santos, Chair