



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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March 12, 2014

To: Members of the Board of Retirement

From: Annette Cain-Darnes –Chair

Subject: Summary of the March 12, 2014 Investment Committee Meeting

The Investment Committee met on Wednesday, March 12, 2014 at 9:31 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, George Dewey, Elizabeth Rogers, Donald White and George Wood. Also present was Alternate Retired member David Safer. Members of the Staff present were Vincent Brown – Chief Executive Officer, Margo Allen – Fiscal Services Officer, Harsh Jadhav – Chief of Internal Audit, Marguerite Malloy – Associate Counsel, Susan Weiss –Associate Counsel, and Betty Tse – Chief Investment Officer.

ACTION ITEM

1. Discussion of and Possible Motion to Recommend to the Board to Adopt the 2014 – 2015 Investment Plan for ACERA's PEARLS Portfolio
 - SIS's Faraz Shooshani presented the 2014 – 2015 Investment Plan for ACERA's PEARLS Portfolio. As compared to the previous Plan, the new Plan moderates new allocations (in dollars) to private equity and increases the allocation (in dollars) to Alternatives at a slightly faster pace
 - After discussion, Trustee George Dewey moved, seconded by Trustee George Wood, to recommend to the Board to adopt the 2014 – 2015 Investment Plan for ACERA's PEARLS Portfolio.
 - The motion carried 6 yes (Amaral, Cain-Darnes, Dewey, Rogers, Safer, and Wood), 0 no, and 0 abstention.

2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Amended ACERA Proxy Voting Guidelines and Procedures
 - ISS and Staff recommended updates to the ACERA Proxy Voting Guidelines to reflect current proxy voting issues by aligning with the ISS Benchmark Proxy Voting Policy. ISS's representatives described enhancements to sections on election of directors, proxy voting disclosure, and executive and director compensation.
 - After discussion, Trustee George Dewey moved, seconded by Trustee George Wood, to recommend to the Board to adopt an amended ACERA Proxy Voting Guidelines and Procedures.
 - The motion carried 7 yes (Amaral, Cain-Darnes, Dewey, Rogers, Safer, White, and Wood), 0 no, and 0 abstention.

INFORMATION ITEMS

1. Report on the Status of ACERA's Private Equity and Alternatives Return Leading Strategies Policy (PEARLS Policy)
 - SIS and Staff reviewed the PEARLS Policy and proposed no changes to the Policy.
2. Education: Introduction to Portfolio Overlay Strategies
 - SIS's Patrick Thomas gave the presentation offering an overview of portfolio overlay strategies and the ways investors employ such strategies. He also said that SIS and Staff intend to conduct an informal search to find the top overlay strategy providers for consideration by the Committee.
3. Quarterly Performance Review for the Fourth Quarter of 2013 – Equities, Fixed Income, and Real Return Pool
 - ACERA's total Fund returned 6.0 % (gross) in the fourth quarter of 2013 and 20.2% for the whole year.
 - As of 12/31/2013, the market value of the total Fund was over \$6.6 billion.
 - For the quarter, ACERA's U.S. equity, international equity, fixed income, and real return pool asset classes returned 10.0%, 5.7%, 0.8%, and -0.7% (gross), respectively.
4. Quarterly Performance Review for the Fourth Quarter of 2013 – Real Estate
 - ACERA's real estate portfolio returned 3.4% (gross) for Q4 2013 and 14.2% for the whole year.
 - As of 12/31/13, the total market value of ACERA's real estate portfolio was about \$427.7 million; approximately 6.4% of ACERA's total Fund.

RECOMMENDATIONS

- The Committee recommends, and I move that the Board adopt the 2014 – 2015 Investment Plan for ACERA's PEARLS Portfolio.
- The Committee recommends, and I move that the Board adopt the amended ACERA Proxy Voting Guidelines and Procedures.

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

April 9, 2014 at 9:30 a.m.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

1. Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to Government Code §54956.9 (1 case)

**RECONVENE INTO OPEN SESSION TO REPORT ANY ACTION TAKEN IN
CLOSED EXECUTIVE SESSION**

The Committee reconvened into open session at 11:25 a.m. and announced the following action was taken:

The Investment Committee voted to recommend to the Board of Retirement, that the Board of Retirement instruct staff to issue an RFP to identify a Real Estate Investment Consultant.

Motion moved by Trustee Dewey.

Seconded by Trustee Wood.

Votes: Yes: Trustees Amaral, Cain-Darnes, Dewey, Rogers, Safer, and Wood.

No- None.

Abstentions- None.

ADJOURNMENT

The meeting adjourned at 11:58 a.m.