



December 12, 2012

To: Members of the Board of Retirement

From: Annette Cain-Darnes –Chair

Subject: Summary of the December 12, 2012 Investment Committee Meeting

The Investment Committee met on Wednesday, December 12, 2012 at 9:02 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, Keith Carson, George Dewey, Liz Koppenhaver, Elizabeth Rogers, Donald White, and George Wood. Also present was Alternate Safety member Darryl Walker. Members of the Staff present were Vincent Brown – Chief Executive Officer, Kathy Foster – Assistant Chief Executive Officer, Robert Gaumer – Chief Counsel, Harsh Jadhav – Internal Auditor, and Betty Tse – Chief Investment Officer.

ACTION ITEMS

1. Review and Discussion of ACERA's Private Equity and Alternatives Return Leading Strategies Policy (PEARLS Policy) and possible motion to recommend to the Board to adopt the Amended PEARLS Policy
 - Staff and SIS presented the Amended ACERA's PEARLS Policy
 - After discussion, Mr. George Dewey moved, seconded by Ms. Liz Koppenhaver, to recommend to the Board to adopt the amended changes to the PEARLS Policy, excluding: (a) proposed co-investment opportunities as an investment option and (b) proposed increase in staff's existing \$25 million delegated authority to make PEARLS investments. The motion passed unanimously.
2. Discussion of and Possible Motion to Recommend to the Board to Adopt the 2013 – 2014 Investment Plan for ACERA's PEARLS Portfolio
 - SIS presented the 2013 – 2014 Investment Plan for ACERA's PEARLS Portfolio. The 2013 – 2014 Investment Plan outlines the new target allocations of the PEARLS Portfolio and the annual progression towards the target allocations with an emphasis on the commitments projected to be made in 2013 and 2014 within the PEARLS Portfolio.
 - After discussion, Mr. George Dewey moved, seconded by Mr. Dale Amaral, to recommend to the Board to adopt the 2013 – 2014 Investment Plan for ACERA's PEARLS Portfolio. The motion passed unanimously.
3. Discussion of and Possible Motion to Recommend to the Board to Consent to Trust Company of the West Contract Assignment
 - After discussion, Ms. Liz Koppenhaver moved, seconded by Mr. Dale Amaral, to (a) consent to Trust Company of the West (TCW) Contract Assignment and (b) approve removal of language in the TCW contract requiring advance written consent of the Board

to authorize such assignment of contract and approve ACERA to authorize such contract assignment in the future.

INFORMATION ITEMS

1. Report on ACERA's PEARLS Investment – Other Alternative Investment
2. Semi-Annual Performance Review for the Period Ending June 30, 2012 – PEARLS
3. Quarterly Performance Review for the Third Quarter of 2012 – Equities, Fixed Income, and Real Return Pool
4. Quarterly Performance Review for the Third Quarter of 2012 – Real Estate

RECOMMENDATIONS

- The Committee recommends, and I move that the Board adopt the amended changes to the PEARLS Policy, excluding: (a) proposed co-investment opportunities as an investment option and (b) proposed increase in staff's existing \$25 million delegated authority to make PEARLS investments.
- The Committee recommends, and I move that the Board adopt the 2013 – 2014 Investment Plan for ACERA's PEARLS Portfolio.
- The Committee recommends, and I move, that the Board (a) consent to Trust Company of the West (TCW) Contract Assignment and (b) approve removal of language in the TCW contract requiring advance written consent of the Board to authorize such assignment of contract and approve ACERA to authorize such contract assignment in the future.

FUTURE DISCUSSION ITEMS

None

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

January 9, 2013 at 9:00 a.m.

ADJOURNMENT

The meeting adjourned at 11:25a.m.