



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
*BOARD OF RETIREMENT - Special Meeting*  
MINUTES

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Thursday, September 18, 2014

Chair Annette Cain-Darnes called the meeting to order at 4:15 p.m.

Trustees Present: Dale Amaral  
Annette Cain-Darnes  
George Dewey  
Liz Koppenhaver  
Elizabeth Rogers  
Donald White

Trustees Excused: Ophelia Basgal  
Keith Carson  
George Wood  
Darryl Walker (*Alternate*)  
David Safer (*Alternate*)

Staff Present: Angela Bradford, Administrative Specialist II  
Vincent Brown, Chief Executive Officer  
Betty Tse, Chief Investment Officer

Staff Excused: Margo Allen, Fiscal Services Officer  
Victoria Arruda, Human Resources Officer  
Kathy Foster, Assistant Chief Executive Officer  
Harsh Jadhav, Chief of Internal Audit  
Rose Kwong, Benefits Manager  
Sharen Stanek-Lowe, Assistant Benefits Manager  
Marguerite Malloy, Associate Counsel  
Latrena Walker, Project and Information Services Manager

**The Board intended to take action on two Investment Committee items at its regular September 18, 2014 Board meeting; however, the items were inadvertently omitted from the September 18, 2014 regular Board agenda. Therefore, the Board took action on the two Investment Committee items at this September 18, 2014 *Special* meeting of the Board of Retirement, which are as follows:**

***Investment:***

The Investment Committee was informed of the change to the search criteria (Minimum Requirements) where the numbers of years of experience for the primary Real Estate Investment Consultant assigned to ACERA's real estate portfolio was shortened from 10 years to 5 years.

**14-118**

**It was moved by Annette Cain-Darnes and seconded by Elizabeth Rogers that the Board adopt the Proposed Timeline, Search Criteria, and Evaluation Matrix for ACERA's Real Estate Consultant Search. The motion carried 6 yes (*Amaral, Cain-Darnes, Dewey, Koppenhaver, Rogers, White*), 0 no, and 0 abstentions.**

To fulfill proactively the Absolute Return Strategies subclass target of the Alternatives Portfolio, as well as the Implementation Roadmap of the 2014-15 PEARLS Investment Plan, Staff and Strategic Investment Solutions (SIS) presented a fund of accounts/funds to be managed by Lighthouse Investment Partners, LLC as a low beta/high alpha product. The proposed fund is designed to generate returns in volatile markets thereby improving the quality of the ACERA Fund returns stream. The discussion was held in two parts:

Staff and SIS explained the reasons for identifying and recommending a skilled fund of accounts/funds manager such as Lighthouse and the reasons for proposing a "Fund of One" to hold a concentrated portfolio of diversified, but "high alpha potential" sub-managers/strategies. SIS explained the importance of the high alpha/low beta combination (absolute return) fund as an integral component to the larger architecture of the ACERA Fund. Staff and SIS explained that the proposed fund is expected to have low correlation to the traditional equity and bond markets. Staff and SIS explained the projected management and incentive fees as well as the quick redemption feature of the proposed fund given its highly liquid account structure.

Representatives of Lighthouse Investment Partners, LLC described its history and philosophy, the qualifications of its staff members assigned to the proposed fund, and the scope of those staff members' portfolio management activities/experience. They explained Lighthouse's sub-manager/strategy, operational due diligence, monitoring processes, and risk management. Through real examples, they illustrated how those processes had preserved the assets of other Lighthouse-managed funds over the years.

**14-119**

**It was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Board adopt a \$100.0 million investment in the proposed fund to be managed by Lighthouse Investment Partners, LLC pending completion of legal due diligence, background investigations, and successful contract negotiation. The motion carried 6 yes (*Amaral, Cain-Darnes, Dewey, Koppenhaver, Rogers, White*), 0 no, and 0 abstentions.**

**PUBLIC INPUT**

- None

**ADJOURNMENT**

The meeting adjourned at 4:25 p.m.

Respectfully Submitted,



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Vincent P. Brown  
Chief Executive Officer

10/16/14

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Date Adopted