



September 12, 2012

To: Members of the Board of Retirement

From: Annette Cain-Darnes –Chair

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

The Investment Committee met on Wednesday, September 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 Robert Gaumer – Chief Counsel, Harsh Jadhav – Internal Auditor, Betty Tse – Chief Investment Officer, and Latrena Walker – Project Information Services Manager.

ACTION ITEMS

1. Asset Liability Study Results and Possible Motion to Recommend to the Board to Adopt the Amended Target Asset Allocation
 - SIS presented the Asset Liability Study Results and Recommendation dated September 2012.
 - After discussion, Mr. George Dewey moved, seconded by Mr. Dale Amaral, to recommend to the Board to adopt the Amended 7¾% Mix Target Asset Allocation, specifically, 32% to US Equity, 27% to International Equity, 15% to Fixed Income, 6% to Real Estate, 15% to PEARLS, and 5% to Real Return Pool. The motion passed unanimously.
2. Discussion of and Possible Motion to Recommend to the Board to Adopt the Amended Real Estate Strategic Plan, Objectives, Policies, and Procedures
 - After discussion, the Committee requested that their comments regarding the proposed Amended Real Estate Strategic Plan, Objectives, Policies, and Procedures should be incorporated in the named policy before they take action.
 - Townsend and Staff agreed to re-schedule this item for the next Investment Committee meeting.
3. Discussion of and Possible Motion to Recommend to the Board to Adopt the 2012 – 2013 Investment Plan for ACERA's Real Estate Portfolio
 - The Committee postponed the discussion of this item to the next Investment Committee meeting.

4. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in PEARLS – Buyouts and Venture Capital
 - The representative from Warburg Pincus LLC outlined its organization, investment philosophy, strategy, process, performance objectives, and other key characteristics. He also addressed the Committee's comments and questions.
 - After discussion, Ms. Liz Koppenhaver moved, seconded by Ms. Elizabeth Rogers, to recommend to the Board the adoption of a \$50.0 million commitment to the Warburg Pincus Private Equity XI, L.P. pending completion of legal due diligence and successful contract negotiation. The motion passed unanimously.

INFORMATION ITEMS

1. Quarterly Performance Review for the Second Quarter of 2012 – Equities, Fixed Income, and Real Return Pool
2. Quarterly Performance Review for the Second Quarter of 2012 – Real Estate

RECOMMENDATIONS

The Committee recommends, and I move, that the Board adopt the Amended 7³/₄% Mix Target Asset Allocation, specifically, 32% to US Equity, 27% to International Equity, 15% to Fixed Income, 6% to Real Estate, 15% to PEARLS, and 5% to Real Return Pool.

The Committee recommends, and I move, that the Board adopt the recommendation of a \$50.0 million commitment to the Warburg Pincus Private Equity XI, L.P. pending completion of legal due diligence and successful contract negotiation.

FUTURE DISCUSSION ITEMS

None

TRUSTEE/PUBLIC INPUT

None

ESTABLISHMENT OF NEXT MEETING DATE

October 10, 2012 at 9:00 a.m.

ADJOURNMENT

The meeting adjourned at 11:44 a.m.