



October 10, 2012

To: Members of the Board of Retirement

From: Annette Cain-Darnes –Chair

**Subject: Summary of the October 10, 2012 Investment Committee Meeting**

The Investment Committee met on Wednesday, October 10, 2012 at 9:18 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, 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 Kathy Foster – Assistant Chief Executive Officer, Robert Gaumer – Chief Counsel, Harsh Jadhav – Internal Auditor, and Betty Tse – Chief Investment Officer.

### **ACTION ITEMS**

1. Discussion of and Possible Motion to Recommend to the Board to Adopt the Amended Real Estate Strategic Plan, Objectives, Policies and Procedures
  - Staff recommended revisions to the text of and exhibits to the Strategic Plan for clarity and alignment of the Strategic Plan with those of the other asset class policies used in ACERA's Fund. Townsend and SIS concurred.
  - After discussion, Mr. George Dewey moved, seconded by Ms. Liz Koppenhaver to recommend to the Board to adopt the Amended Real Estate Strategic Plan, Objectives, Policies and Procedures. The motion passed unanimously.
2. Discussion of and Possible Motion to Recommend to the Board to Adopt the 2012 – 2013 Investment Plan for ACERA's Real Estate Portfolio
  - Townsend presented the 2012 – 2013 Investment Plan for ACERA's real estate portfolio.
  - After discussion, Mr. George Dewey moved, seconded by Mr. George Wood, to recommend to the Board to adopt the 2012 – 2013 Investment Plan for ACERA's Real Estate Portfolio. The motion passed unanimously.
3. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA's Real Estate Portfolio
  - The representatives from Heitman Capital Management, LLC outlined its organization, investment philosophy, strategy, process, performance objectives, and other key characteristics. They also addressed the Committee's comments and questions.
  - After discussion, Ms. Liz Koppenhaver moved, seconded by Mr. Donald White, to recommend to the Board the adoption of a \$40.0 million commitment to the Heitman

America Real Estate Trust, L.P., pending completion of legal due diligence and successful contract negotiation. The motion passed unanimously.

4. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA's Real Estate Portfolio

- The representatives from UBS Realty Investors LLC outlined its organization, investment philosophy, strategy, process, performance objectives, and other key characteristics. They also addressed the Committee's comments and questions.
- After discussion, Mr George Dewey moved, seconded by Mr. Dale Amaral, to recommend to the Board the adoption of a \$40.0 million commitment to the UBS Trumbull Property Fund, pending completion of legal due diligence and successful contract negotiation. The motion carried 7 yes, 0 no, and 1 abstention (Mr. Donald White).

**INFORMATION ITEMS**

1. Report on the meeting date of November 2012 Investment Committee Meeting

**RECOMMENDATIONS**

The Committee recommends, and I move, that the Board adopt the Amended Real Estate Strategic Plan, Objectives, Policies and Procedures.

The Committee recommends, and I move, that the Board adopt the 2012 – 2013 Investment Plan for ACERA's Real Estate Portfolio.

The Committee recommends, and I move, that the Board adopt the recommendation of a \$40.0 million commitment to the Heitman America Real Estate Trust, L.P., pending completion of legal due diligence and successful contract negotiation.

The Committee recommends, and I move, that the Board adopt the recommendation of a \$40.0 million commitment to the UBS Trumbull Property Fund, pending completion of legal due diligence and successful contract negotiation.

**FUTURE DISCUSSION ITEMS**

None

**TRUSTEE/PUBLIC INPUT**

None

**ESTABLISHMENT OF NEXT MEETING DATE**

November 8, 2012 at 9:00 a.m.

**ADJOURNMENT**

The meeting adjourned at 11:19 a.m.