Governance Committee Agenda

REGULAR MEETING **TUESDAY, JULY 10, 2018** **TIME: 9:00 A.M.** **MEETING LOCATION:** LACERS Ken Spiker Boardroom 202 West First Street, Suite 500 Los Angeles, CA 90012-4401	Chairperson: Nilza R. Serrano Committee Members: Elizabeth L. Greenwood Vacant Position Manager-Secretary: Neil M. Guglielmo Executive Assistant: Erin Knight (Acting) Legal Counselor: City Attorney's Office Retirement Services Division Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

II. APPROVAL OF MINUTES FOR THE GOVERNANCE COMMITTEE MEETING OF FEBRUARY 27, 2018, AND POSSIBLE COMMITTEE ACTION

III. TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S GOVERNING STATUTES AND POSSIBLE COMMITTEE ACTION

IV. TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S STATEMENT OF DUTIES AND RESPONSIBILITIES AND POSSIBLE COMMITTEE ACTION

V. DISCUSSION OF INVESTMENT IN ALMANAC REALTY SECURITIES VI, L.P. AND POSSIBLE COMMITTEE ACTION

VI. OTHER BUSINESS

VII. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling.

VIII. ADJOURNMENT

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

SPECIAL MEETING **TUESDAY, JULY 10, 2018** **TIME: 9:00 A.M.** **MEETING LOCATION:** LACERS Ken Spiker Boardroom 202 West First Street, Suite 500 Los Angeles, CA 90012-4401 Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.	President: Cynthia M. Ruiz Vice President: Michael R. Wilkinson Commissioners: Elizabeth L. Greenwood Sandra Lee Nilza R. Serrano Sung Won Sohn Vacant Position Commissioner – Elect: Elizabeth Lee Manager-Secretary: Neil M. Guglielmo Executive Assistant: Erin Knight (Acting) Legal Counsel: City Attorney's Office Retirement Services Division

I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

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VI. OTHER BUSINESS

VII. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling.

VIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
GOVERNANCE COMMITTEE
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

LACERS Ken Spiker Boardroom
202 West First Street, Suite 500
Los Angeles, California

Agenda of: July 10, 2018
Item No: II

February 27, 2018

1:20 p.m.

PRESENT:	Chairperson:	Nilza R. Serrano
	Committee Members:	Jaime L. Lee
	Manager-Secretary:	Lita Payne
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Alan Manning
ABSENT:	Committee Member:	Elizabeth L. Greenwood

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION – Chairperson Serrano asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response and no public comment cards were received.

II

APPROVAL OF MINUTES FOR THE GOVERNANCE COMMITTEE MEETING OF JANUARY 24, 2017 AND POSSIBLE COMMITTEE ACTION – A Motion to approve the Minutes as presented was moved by Committee Member Lee, seconded by Chairperson Serrano, and adopted by the following vote: Committee Member Lee and Chair Serrano - Ayes, 2; Nays, None.

III

PROPOSED REVISIONS TO THE LACERS GOVERNANCE COMMITTEE CHARTER AND POSSIBLE COMMITTEE ACTION – Edeliza Fang, Senior Management Analyst II with Administrative Services Division presented this item to the Committee. A Motion was moved by Committee Member Lee, seconded by Chair Serrano, and adopted by the following vote: Ayes, Committee Member Lee, and Chair Serrano -2; Nays, None.

IV

TRIENNIAL REVIEW OF THE BOARD GOVERNANCE AND ADMINISTRATIVE POLICIES AND POSSIBLE COMMITTEE ACTION – Edeliza Fang, Senior Management Analyst II with Administrative Services Division presented this item to the Committee. A Motion was moved by Committee Member Lee, seconded by Chair Serrano, and adopted by the following vote: Ayes, Committee Member Lee, and Chair Serrano -2; Nays, None.

V

OTHER BUSINESS – There was no further business discussed.

VI

NEXT MEETING – The next Committee Meeting is not yet scheduled.

VII

ADJOURNMENT – There being no further business before the Committee the discussion ended at 1:28 p.m.

Nilza R. Serrano
Chairperson

Lita Payne
Manager-Secretary

LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

Report to Governance Committee

Agenda of: **JULY 10, 2018**

From: Neil M. Guglielmo, General Manager

Lita Payne

ITEM: **III**

SUBJECT: **TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S GOVERNING STATUTES AND POSSIBLE COMMITTEE ACTION**

Recommendation

That the Committee consider the proposed revisions to the LACERS Board Policy, Section 2.0: Governing Statutes of the Board.

Discussion

As a best practice, LACERS performs a comprehensive review of its Board Governance Policies every three years. In March 2018, the Board adopted the Governance Committee's recommended schedule of review for the Board Governance and Administrative Policies of the LACERS Board Manual. Staff conducts the review of each section of the Board Manual and brings forth sections under the purview of respective committees, and subsequently to the Board, that need to be updated or revised based on changes in applicable laws or standards of practice. To date, the Governance Committee Charter has been reviewed and its updates adopted by the Board.

Staff completed their review of the Governing Statutes section of the Board Manual. There were no significant issues that arose since its last revision that would necessitate major revisions to the section. As such, only minor updates and revisions were made to the document. The proposed changes include the addition of the affirmation of Subsection 2.1 – Los Angeles City Charter, Section 1106 and Subsection 2.2 – California Constitution Article XVI, Section 17 since no content revisions are required. Additional changes include technical corrections and content updates to Subsection 2.3 – General Laws, specifically the update of the Executive Directives information; Subsection 2.4 – Standards of Practice to include new Governmental Accounting Standards (GASB) requirements; and, Subsection 2.5 – Key Documents by Reference to add the date of the next management audit.

Upon the Committee's finalization of the proposed revised Governing Statutes section of the Board Governance Statement, it will be presented to the Board for further consideration and approval.

Strategic Plan Impact Statement

The review of the Board Governance Statement of the LACERS Board Manual conforms with the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

This report was prepared by Edeliza Fang, Senior Management Analyst, Administrative Services Division.

NMG:TB:DWN:EF

ATTACHMENTS: A) Governing Statutes Section – Redline Version
B) Governing Statutes Section – Clean Version

Section 2.0 GOVERNING STATUTES

2.1 Los Angeles City Charter, Section 1106

Added to Board Governance Statement on May 14, 2013; Affirmed: July 10, 2018

Pursuant to the City Charter and consistent with Article XVI, Section 17 of the California Constitution, and other governing laws, the Board has responsibility for the following:

a) **Administration of the Pension or Retirement System.** Have sole and exclusive responsibility to administer its system for the following purposes:

(1) to provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
(2) to minimize City contributions; and
(3) to defray the reasonable expenses of administering the system.

The duty to system participants and their beneficiaries shall take precedence over any other duty.

b) **Assets.** Have sole and exclusive fiduciary responsibility over the assets of its system which are held in trust for the exclusive purposes of:

(1) providing benefits to system participants and their beneficiaries; and
(2) defraying the reasonable expenses of administering the system.

c) **Prudent Person Standard**. Discharge its duties with respect to its system with the care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

d) **Investments**. Diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(1) ***Investment Statement.*** The board of each pension and retirement system shall adopt a statement of investment objectives and policies for the system. The statement shall include at least the desired rate of return and acceptable levels of risk for each asset class, asset allocation goals, guidelines for the delegation of authority, and information of the types of reports to be used to evaluate investment performance. At least annually, the board shall review the statement and change or reaffirm it. After each annual review, the board shall forward the statement to the Mayor and Council for informational purposes.

(2) ***Performance Evaluation***. At least annually, the board of each pension and retirement system shall retain an outside performance evaluation firm to calculate the returns on all of the system investments.

e) **Actuarial Services**. Have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of its systems in accordance with recognized actuarial methods.

f) **Rules and Regulations**. Have the power to adopt any rules, regulations, or forms it deems necessary to carry out its administration of a pension or retirement system or assets under its control.

Section 2.0 GOVERNING STATUTES

2.2 California Constitution Article XVI, Section 17

Added to Board Governance Statement on May 14, 2013; Affirmed: July 10, 2018

Key sections:

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

a. The retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary responsibility over the assets of the public pension or retirement system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.
b. The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.
c. The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
d. The members of the retirement board of a public pension or retirement system shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.
e. The retirement board of a public pension or retirement system, consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.
f. The Legislature may by statute continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board pursuant to this section.

2.3 General Laws

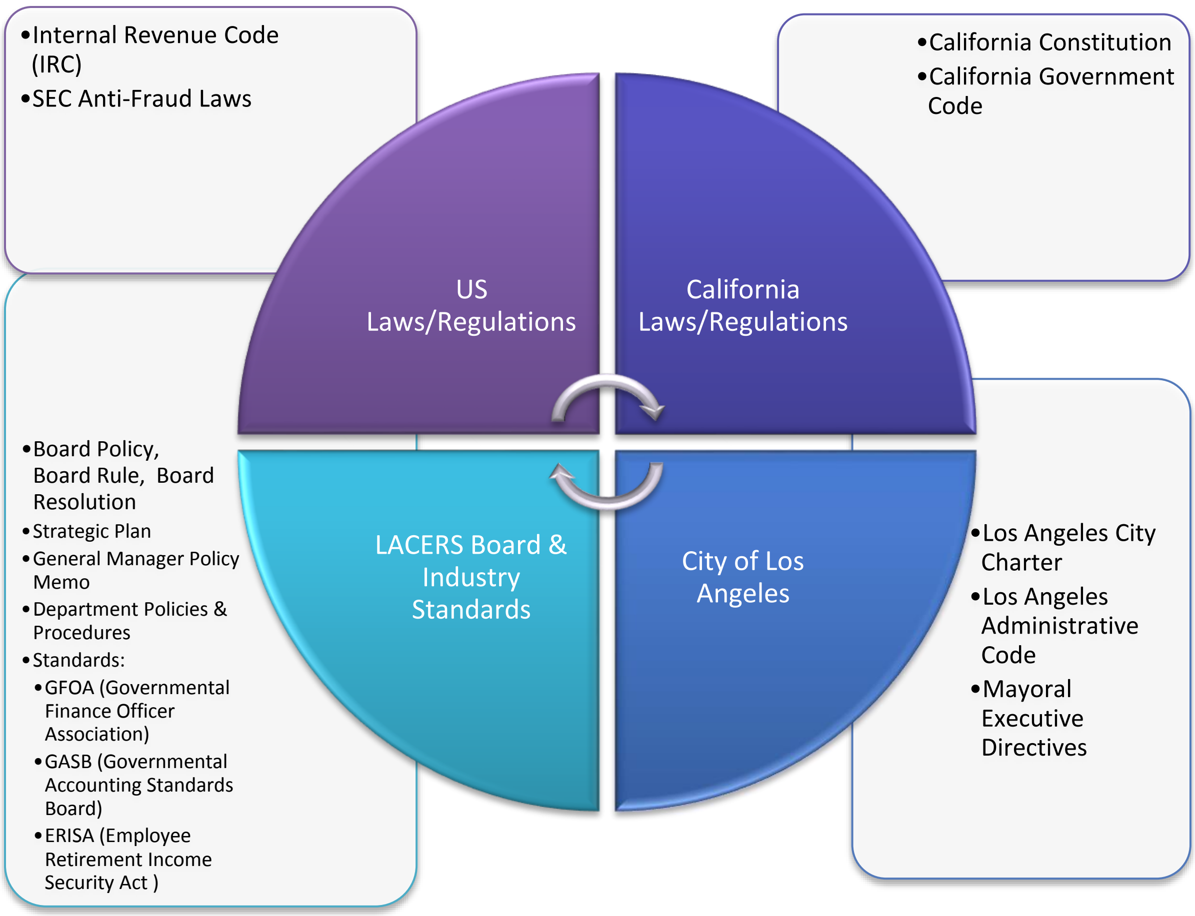
Added to Board Governance Statement on May 14, 2013; Revised: July 10, 2018

LACERS is one of a handful of California systems which are governed by its own City Charter and not State statutes.*~~.~~ The Los Angeles City Charter along with the California Constitution, as described in the preceding sections, establish the governing provisions for the retirement system. However there are other laws and regulations which apply to various aspects of LACERS administration. Information provided in this section is meant to be introductory and not exhaustive. ~~Consult the City Attorney f~~For citation of specific laws, it is advised that the City Attorney be consulted.

Section 2.0 GOVERNING STATUTES

Public retirement boards are responsible for the oversight of the system's administration, including ensuring compliance with the following:

- Federal laws and regulations (primarily those administered by the Internal Revenue Service and the US Treasury Department)
- State and local laws and regulations
- Industry standards, such as those set forth for accounting, financial reporting, and actuarial valuations, and
- The system's own strategic plan; policies, rules, and procedures.



*Note: Key California public pension laws include:

1. California Public Employees Retirement Law ("PERL") – Applicable to CalPERS, CalSTRS, but not the UC Regents
2. County Employee Retirement Law ("CERL") – Applicable to 20 county public employee retirement systems in California
3. California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA applies to all California systems except those under their own city or county charter. Effective January 1, 2013, PEPRA implements significant public pension reform in efforts to reduce the cost of the public employee pension benefits.

While private sector pensions are subject solely to federal regulation under ERISA (Employee Retirement Income Security Act of 1974)*, government pension plans are governed through state and local statutes. As such, governmental plans must comply with applicable state and local constitutional and statutory requirements and case law; in addition to federal tax qualification laws; and governmental accounting and reporting standards. [http://wikipension.com/wiki/Public_retirement_system_organizations_and_governing_bodies]

Section 2.0 GOVERNING STATUTES

Federal Laws and Regulations

Governmental plans are subject to federal regulations relating to Federal tax qualification, enforced by the U.S. Treasury Department and the Internal Revenue Service; and anti-fraud laws promulgated by the U.S. Securities and Exchange Commission (SEC).

Internal Revenue Code

LACERS, like most governmental retirement systems, have been established and maintained as qualified governmental retirement plan under the Internal Revenue Code ("IRC" or "Code") § 401(a). Ensuring compliance with 401(a) qualification requirements protects the favorable tax treatment for members' benefits under this status.

The laws/regulations that most commonly affect defined benefit (DB) pension plans include:

- IRC 401(a)(17): qualified DB plans must use pay that is the smaller of actual pensionable pay versus a dollar limit (called the 401(a)(17) limit) that changes yearly
- IRC 415: qualified DB plans must limit the dollar amount of the benefit paid from the plan under certain circumstances
- Non discrimination rules: IRC 410(b), IRC 401(a)(4), IRC 401(a)(26) Broadly speaking, forbids qualified DB plans from giving large amount of benefit to highly compensated employees
- Rules on distributions: lump sum must be no smaller than the lump sum calculated using mandated mortality and interest rate (IRC 417(e)), spouse consent necessary for any non joint and survivor form of benefit (joint and survivor percent must be 50% or larger)
- Rules against assignment, garnishment
- Top heavy rules (IRC 416): benefits for all non highly compensated employees must be increased if the benefits for highly compensated employees are too large

~~[http://en.wikipedia.org/wiki/Defined_benefit_pension_plan]~~https://www.irs.gov/pub/irs-pdf/p7002.pdf

Federal Securities Laws

Federal Securities Laws require adequate compliance policies and procedures to prevent wrongdoing in their money management functions. While public pension funds are exempt from most of the federal securities laws governing other money managers, they are not exempt from important anti-fraud provisions that prohibit insider trading and other manipulative and dishonest behavior. When public pension funds come into possession of material non-public information, they must have safeguards specifically designed to prevent the misuse of inside information, and avoid any personal gain from such transactions.
[http://www.sec.gov/news/press/2008/2008-35.htm]

State Laws and Regulations

Article XVI of the California State Constitution (aka "Proposition 162" or "The California Pension Protection Act of 1992")

The California Pension Protection Act of 1992 amended Section 17 of Article XVI of the California State Constitution and made several changes to California's public retirement systems; the Act:

Section 2.0 GOVERNING STATUTES

- Provided the authority for the board of each public pension system to administer the system's assets and actuarial function
- Established that each public pension board is to make providing benefits to members and beneficiaries its' highest priority
- Set forth the conditions under which the terms and conditions for board membership may change; no changes may be made unless a majority of voters in the jurisdiction of the retirement system in question approve.

California State Constitution, Article 1 §9

California case law recognizes that public pension rights are governed by statute and not contract principles. "A public employee's pension constitutes an element of compensation, and a vested contractual right to pension benefits accrues upon acceptance of employment. Such a pension right may not be destroyed, once vested, without impairing a contractual obligation of the employing public entity [Gutierrez v. Board of Retirement, 72 Cal Rptr 2d 837(1998); Betts v. Board of Admin., 582 P.2d 614 (Cal. 1978)].
http://www.nasra.org/content.asp?contentid=59

California Government Code Section 7500-7514.5

Various provisions are contained in this section including: enabling the State Controller to gather information to compare and evaluate the financial condition of pension systems and to make such comparisons and evaluations; requiring the availability of direct deposit to members; enacting the California Actuarial Advisory Panel; addressing divestiture of plan assets; restricting use of placement agents; prohibiting lobbying within two years of leaving a retirement system; permitting purchase of fiduciary liability insurance; requiring an annual financial audit.

City Laws and Regulations

Charter of the City of Los Angeles

Statutes establishing the authority assigned to LACERS are contained in the City Charter.

The City Charter has two volumes. The first volume establishes governance of the City, establishing departments, their assignments and authorities. The second volume establishes the employment provisions for the management of City employees, assignment of their civil service rights, and benefits including pension benefits.

Los Angeles Administrative Code (LAAC)

The benefits promised to LACERS members by the City are detailed in the LAAC. The LAAC is the guiding document for staff to determine such ~~things~~matters as the City's contribution, member's contribution, eligibility for membership in LACERS for Tier 1 and Tier ~~2~~3, calculation of the service retirement, rules on spousal/domestic partner benefits, the disability benefit, service purchase rules, reciprocal benefits with other retirement systems; and parameters of optional programs such as the Limited Term Retirement Plan, larger annuity program, family death benefit plan.

Section 2.0 GOVERNING STATUTES

Generally the LAAC provides detailed provisions to accompany the broader Charter provisions. City Charter provisions may only be changed by the voters while the LAAC is revised through ordinances adopted by the City Council and Mayor. The LAAC describes the powers and duties of the City Council and Mayor, and the various categories of Departments and their authorities. It contains general provisions applicable to the operation of all departments including the Governmental Ethics Ordinance, provisions on finance, purchasing, contracting, and records.

Executive Directives

Through Executive Directives, the Mayor directs City Department actions in a variety of topic areas including guidance on City employee actions; participation in efforts to promote Mayoral goals such as emergency planning/coordination; improving traffic, census counts, sustainability practices, gender equity; to supporting the bike plan, good food purchases, homeless strategy, and business inclusion.

LACERS Policies and Rules

Board Policies

The Board adopts policies to ensure consistent treatment of a particular matter in a direction stated by the Board.

Board Rules

The Board will adopt rules when the statutes or laws are unclear or silent, and consistency is required; or when designated by statute that the Board adopt rules and regulations for a specified program.

Board Resolutions

Board resolutions serve to document a specific decision of the Board in a standalone document.

In accordance with LAAC Sec. 21.16, "The powers conferred upon each board shall be exercised by order or resolution adopted by a majority of its members and recorded in the minutes with the ayes and noes at length. Such action shall be attested by the signatures of the President or Vice-President, or two members of the board, and by the signature of the Secretary of the board."

Strategic Plan

The Strategic Plan documents the Board's long-term goals for the System and sets the priority and direction for which the Board, staff, and key consultants should strive. In accordance with the Board's Strategic Planning Policy, progress on the accomplishment of the plan is analyzed and reported to the Board annually, and a comprehensive review of the plan is conducted triennially.

General Manager Policy Memos

The General Manager will issue policy memos to instruct staff on various matters.

Department Policies and Procedures

Section 2.0 GOVERNING STATUTES

Department policies and procedures are established and updated regularly to ensure that all staff will perform functions uniformly and for a consistent purpose.

2.4 Standards of Practice

Added to Board Governance Statement on May 14, 2013; Revised: July 10, 2018

LACERS acknowledges that the following entities establish sound professional standards and that LACERS is not necessarily required to follow these standards of practice but will endeavor to meet these standards when in the best interest of LACERS members.

Governmental Accounting Standards Board (GASB)

GASB is an independent, non-governmental organization whose purpose is to establish standards and guidelines for state and local government accounting principles. GASB issues Statements of Governmental Accounting Standards for the purpose of providing taxpayers, legislators, municipal bond analysts, and others with information that is useful to their decision-making process regarding governmental entities. LACERS complies with GASB ~~issues accounting~~ standards governing how public pension assets and liabilities are measured and reported.

~~Under the new standards issued in 2012, LACERS' will have new disclosure and note requirements as well as needing to provide supplemental information in their accounting and financial reporting documents. The new standards will have greater impact on the City who will be required to report the amount of unfunded pension obligations in their balance sheets. The liability that must be recognized, the "net pension obligation," is the total pension liability less the amount of plan assets formally set aside for payment of benefits as of the reporting date.~~

Government Finance Officers Association (GFOA)

The goal of GFOA is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

LACERS adheres to GFOA guidelines in preparation of its annual Comprehensive Financial Report. LACERS will also monitor GFOA issued policy statements which establish best practice standards in such areas as: asset allocation, member communications, retiree health benefits, pension fund risk, retirement plan design, system governance, and investment policies.

Employee Retirement Income Security Act of 1974

Private sector plans are governed by the Employee Retirement Income Security Act (ERISA) of 1974. While ERISA requirements are not applicable to plans of state and local government, LACERS recognizes ERISA standards as a high standard and will endeavor to meet ERISA standards when possible. ERISA, rooted in the principles of trust law, governs the fiduciary conduct and reporting requirements of private sector employee benefits plans through a system

of exclusively Federal rights and remedies. It also contains provisions governing employee benefit plans that preempt state laws.
[http://en.wikipedia.org/wiki/Defined_benefit_pension_plan]

2.5 Key Documents by Reference

Added to Board Governance Statement on May 14, 2013; Addendum - September 23, 2014; Revised: July 10, 2018

The following are considered key documents whose guidelines/rules apply to LACERS. These documents are incorporated into the manual only by reference. An introduction to the documents is provided below and a full copy is available to the Board on the Board website and by request.

Board Procedural Rules

"Brown Act"

The Ralph M. Brown Act is California's open meeting law. The law's intent is to promote transparency and public access to government by requiring that the deliberations and actions of public bodies be conducted openly.

This law prohibits such acts as Board members having discussions of a quorum of the Board without public notice and public access; as well as having serial discussions which are conducted outside of a public meeting.

Governmental Ethics

State - California Political Reform Act of 1974 – "Form 700" Filing

Because LACERS Trustees make decisions on investment of fund assets, you are placed in a special category by the California Government Code Section 87200-87210. As an "87200 filer" you must disclose certain financial interests that may pose a potential conflict between your personal interests and your public duties.

LACERS Trustees must file a "California Form 700" by April and October of each year.

- **California Fair Practices Act**
  ~~http://www.fppc.ca.gov/index.php?id=51~~http://www.fppc.ca.gov/the-law.html

- **California Fair Political Practices Commission (FPPC) Webpage**
  http://www.fppc.ca.gov/

City of Los Angeles - Governmental Ethics Ordinance

The Governmental Ethics Ordinance overlay California state law, but imposes various additional provisions and restrictions on City officials and employees. Among these are a ban on use of resources for private benefit; misuse of position and resources; the disclosure of economic interests by City officials; and restrictions on gifts, outside income, honorariums for making speeches, post employment lobbying, and political activities.

Section 2.0 GOVERNING STATUTES

LACERS Trustees must file a City addendum to their California Form 700, known as the City Ethics Commission Form 11. This form helps Trustees comply with the additional requirements under the City's Governmental Ethics Ordinance.

- **Governmental Ethics Ordinance (February 2014)**
  http://ethics.lacity.org/PDF/laws/law_geo_february2014.pdf

- **City Ethics Commission – Governmental Ethics Webpage**
  ~~http://ethics.lacity.org/govethics/~~https://ethics.lacity.org/ethics/commissioners/

City of Los Angeles Code of Ethics

All City Officials and employees must abide by this Code of Ethics.

- **City Code of Ethics** (August 23, 1979)
  http://ethics.lacity.org/PDF/MayorExecDir/CityCodeofEthics.pdf

- **Mayoral Executive Directive 1 – Ethics in Government** (October 20, 2005)
  http://ens.lacity.org/mayor/villaraigosa/mayorvillaraigosa331283115_07032013.pdf

- **Mayoral Executive Directive 7 – Governmental Ethics: Departmental Liaison, Training, and Compliance** (July 12, 2006)
  http://ens.lacity.org/mayor/villaraigosa/mayorvillaraigosa331283121_07122006.pdf

Financial and Funding Reports

Comprehensive Annual Financial ~~Annual~~ Report (~~CFAR~~CAFR)

As a means to demonstrate LACERS' commitment to transparency, LACERS annually produces a ~~CFAR~~CAFR which presents a broad view of our financial condition including the System's financial statements, investment performance results, and actuarial valuations for retirement and health benefits.

The report is prepared in conformance with accounting principles generally accepted in the United States, the reporting guidelines set forth by the Government Accounting Standards Board (GASB), and the Los Angeles City Charter.

Actuarial Valuations for Retirement and Health Benefits (Annual)

An actuarial valuation can be thought of as a financial check-up for a pension or retiree health benefit plan. It measures current costs and contribution requirements to determine how much employers and employees should contribute to maintain appropriate benefit funding progress. The primary purpose of a valuation is to determine how much employers and employees should contribute to the plan during the upcoming year. The second key purpose of a valuation is to determine the plan's funding progress by examining how the plan's assets compare with its liabilities.

Section 2.0 GOVERNING STATUTES

The LACERS Board selects the actuary to perform the actuarial studies; approves the actuarial methodologies and certain key assumptions; and monitors the funded status for both retirement benefits and health care benefits.

Actuarial Experience Study (Triennial)

The purpose of an experience study is to compare the actual experience of the system against the current assumptions and to recommend new actuarial assumptions if necessary. The study reviews retirement rates, termination rates, mortality rates and rates of salary increase.

LACERS Benefits

Summary Plan Description

A Summary Plan Description is a document written for plan members which contains a comprehensive summary of a retirement plan, including the terms and conditions of participation.

LACERS~~'~~ prepares and distributes to members separate ~~s~~Summary P~~p~~lan D~~d~~escriptions for Tier 1 members and Tier ~~2~~3 members.

Audit Reports

Annual Financial Audit

Each year an external auditor retained by the Board will conduct a financial audit of the System in accordance with standards promulgated by the American Institute of Certified Public Accountants (AICPA). An external audit report provides assurances to the Board that LACERS' accounting records are complete and in adherence ~~with~~to generally accepted accounting principles, industry standards and regulatory requirements.

Actuarial Audit

Every five to seven years, the Board may direct an audit of our actuarial findings. A second actuarial firm is retained to validate the results of the retirement and health benefits valuations conducted by the consulting actuary, and to ensure the reasonableness of the underlying actuarial assumptions and the actuarial cost method utilized in performing such actuarial valuations.

City's Management Audit

Pursuant to City Charter Section 1112, the Los Angeles City Controller, the Office of the Mayor, and the Los Angeles City Council jointly cause, once every five years, a management audit to be conducted of LACERS by an independent qualified management auditing firm. ~~The first such~~ ~~m~~Management audit reports ~~was~~were issued in 2007~~,~~ and~~ a second management audit report is scheduled~~ in 2013. The next management audit is expected to be conducted in 2019.

The management audit report provides insight into perceived strengths and weaknesses of the pension system in comparison to industry best practices from the management audit firm's perspective.

Section 2.0 GOVERNING STATUTES

2.1 Los Angeles City Charter, Section 1106

Added to Board Governance Statement on May 14, 2013; Affirmed: July 10, 2018

Pursuant to the City Charter and consistent with Article XVI, Section 17 of the California Constitution, and other governing laws, the Board has responsibility for the following:

a) **Administration of the Pension or Retirement System.** Have sole and exclusive responsibility to administer its system for the following purposes:

(1) to provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
(2) to minimize City contributions; and
(3) to defray the reasonable expenses of administering the system.

<u>The duty to system participants and their beneficiaries shall take precedence over any other duty.</u>

b) **Assets.** Have sole and exclusive fiduciary responsibility over the assets of its system which are held in trust for the exclusive purposes of:

(1) providing benefits to system participants and their beneficiaries; and
(2) defraying the reasonable expenses of administering the system.

c) **Prudent Person Standard**. Discharge its duties with respect to its system with the care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

d) **Investments**. Diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(1) ***Investment Statement.*** The board of each pension and retirement system shall adopt a statement of investment objectives and policies for the system. The statement shall include at least the desired rate of return and acceptable levels of risk for each asset class, asset allocation goals, guidelines for the delegation of authority, and information of the types of reports to be used to evaluate investment performance. At least annually, the board shall review the statement and change or reaffirm it. After each annual review, the board shall forward the statement to the Mayor and Council for informational purposes.

(2) ***Performance Evaluation***. At least annually, the board of each pension and retirement system shall retain an outside performance evaluation firm to calculate the returns on all of the system investments.

e) **Actuarial Services**. Have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of its systems in accordance with recognized actuarial methods.

f) **Rules and Regulations**. Have the power to adopt any rules, regulations, or forms it deems necessary to carry out its administration of a pension or retirement system or assets under its control.

Section 2.0 GOVERNING STATUTES

2.2 California Constitution Article XVI, Section 17

Added to Board Governance Statement on May 14, 2013; Affirmed: July 10, 2018

Key sections:

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

a. The retirement board of a public pension or retirement system shall have the <u>sole and exclusive</u> fiduciary responsibility over the assets of the public pension or retirement system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.
b. The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement <u>board's duty to its participants and their beneficiaries shall take precedence over any other duty</u>.
c. The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a <u>prudent person</u> acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
d. The members of the retirement board of a public pension or retirement system shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.
e. The retirement board of a public pension or retirement system, consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.
f. The Legislature may by statute continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board pursuant to this section.

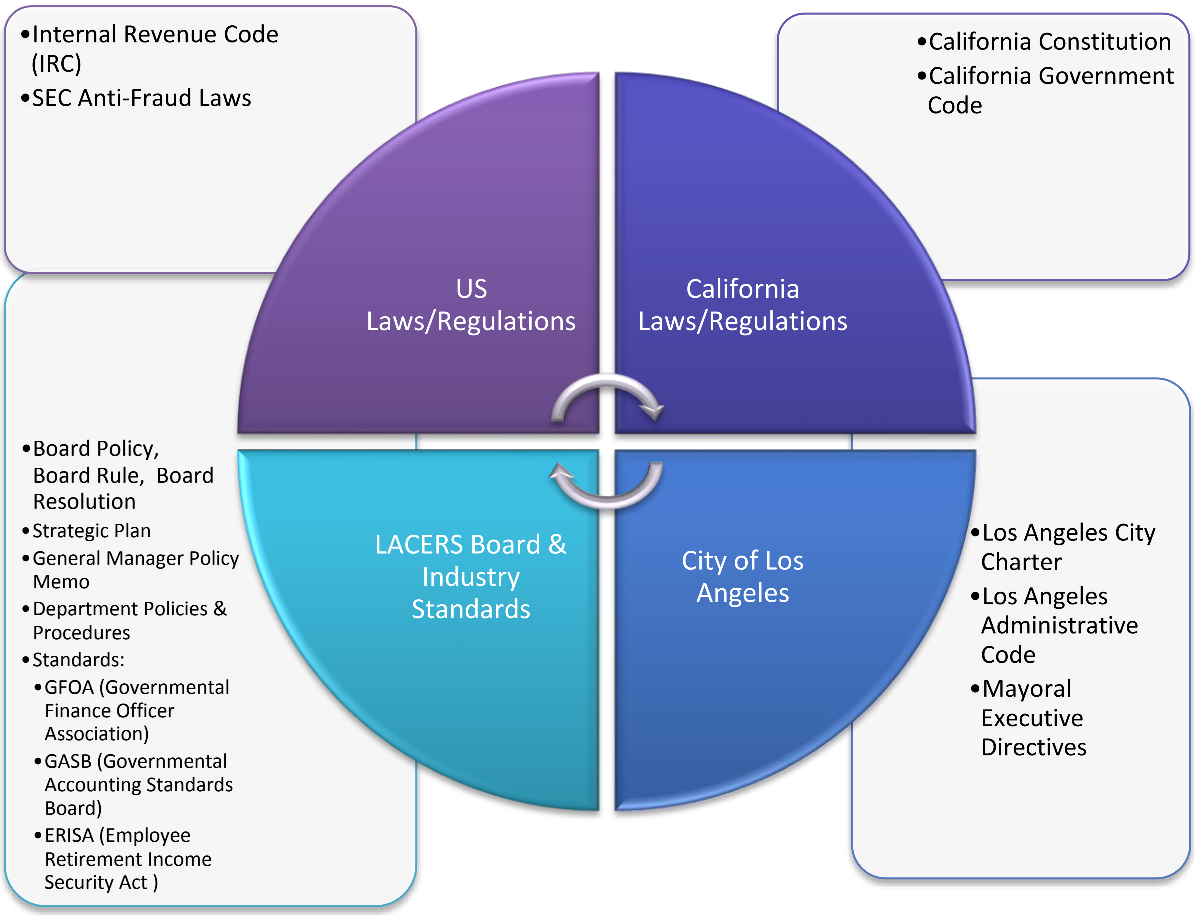
2.3 General Laws

Added to Board Governance Statement on May 14, 2013; Revised: July 10, 2018

LACERS is one of a handful of California systems which are governed by its own City Charter and not State statutes.* The Los Angeles City Charter along with the California Constitution, as described in the preceding sections, establish the governing provisions for the retirement system. However there are other laws and regulations which apply to various aspects of LACERS administration. Information provided in this section is meant to be introductory and not exhaustive. For citation of specific laws, it is advised that the City Attorney be consulted.
Public retirement boards are responsible for the oversight of the system's administration, including ensuring compliance with the following:

Section 2.0 GOVERNING STATUTES

- Federal laws and regulations (primarily those administered by the Internal Revenue Service and the US Treasury Department)
- State and local laws and regulations
- Industry standards, such as those set forth for accounting, financial reporting, and actuarial valuations, and
- The system's own strategic plan; policies, rules, and procedures.



*Note: Key California public pension laws include:

1. California Public Employees Retirement Law ("PERL") – Applicable to CalPERS, CalSTRS, but not the UC Regents
2. County Employee Retirement Law ("CERL") – Applicable to 20 county public employee retirement systems in California
3. California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA applies to all California systems except those under their own city or county charter. Effective January 1, 2013, PEPRA implements significant public pension reform in efforts to reduce the cost of the public employee pension benefits.

While private sector pensions are subject solely to federal regulation under ERISA (Employee Retirement Income Security Act of 1974)*, government pension plans are governed through state and local statutes. As such, governmental plans must comply with applicable state and local constitutional and statutory requirements and case law; in addition to federal tax qualification laws; and governmental accounting and reporting standards.

Section 2.0 GOVERNING STATUTES

Federal Laws and Regulations

Governmental plans are subject to federal regulations relating to Federal tax qualification, enforced by the U.S. Treasury Department and the Internal Revenue Service; and anti-fraud laws promulgated by the U.S. Securities and Exchange Commission (SEC).

Internal Revenue Code

LACERS, like most governmental retirement systems, have been established and maintained as qualified governmental retirement plan under the Internal Revenue Code ("IRC" or "Code") § 401(a). Ensuring compliance with 401(a) qualification requirements protects the favorable tax treatment for members' benefits under this status.

The laws/regulations that most commonly affect defined benefit (DB) pension plans include:

- IRC 401(a)(17): qualified DB plans must use pay that is the smaller of actual pensionable pay versus a dollar limit (called the 401(a)(17) limit) that changes yearly
- IRC 415: qualified DB plans must limit the dollar amount of the benefit paid from the plan under certain circumstances
- Non discrimination rules: IRC 410(b), IRC 401(a)(4), IRC 401(a)(26) Broadly speaking, forbids qualified DB plans from giving large amount of benefit to highly compensated employees
- Rules on distributions: lump sum must be no smaller than the lump sum calculated using mandated mortality and interest rate (IRC 417(e)), spouse consent necessary for any non joint and survivor form of benefit (joint and survivor percent must be 50% or larger)
- Rules against assignment, garnishment
- Top heavy rules (IRC 416): benefits for all non highly compensated employees must be increased if the benefits for highly compensated employees are too large
  https://www.irs.gov/pub/irs-pdf/p7002.pdf

Federal Securities Laws

Federal Securities Laws require adequate compliance policies and procedures to prevent wrongdoing in their money management functions. While public pension funds are exempt from most of the federal securities laws governing other money managers, they are not exempt from important anti-fraud provisions that prohibit insider trading and other manipulative and dishonest behavior. When public pension funds come into possession of material non-public information, they must have safeguards specifically designed to prevent the misuse of inside information, and avoid any personal gain from such transactions.
[http://www.sec.gov/news/press/2008/2008-35.htm]

State Laws and Regulations

Article XVI of the California State Constitution (aka "Proposition 162" or "The California Pension Protection Act of 1992")

The California Pension Protection Act of 1992 amended Section 17 of Article XVI of the California State Constitution and made several changes to California's public retirement systems; the Act:

- Provided the authority for the board of each public pension system to administer the system's assets and actuarial function

Section 2.0 GOVERNING STATUTES

- Established that each public pension board is to make providing benefits to members and beneficiaries its' highest priority
- Set forth the conditions under which the terms and conditions for board membership may change; no changes may be made unless a majority of voters in the jurisdiction of the retirement system in question approve.

California State Constitution, Article 1 §9

California case law recognizes that public pension rights are governed by statute and not contract principles. "A public employee's pension constitutes an element of compensation, and a vested contractual right to pension benefits accrues upon acceptance of employment. Such a pension right may not be destroyed, once vested, without impairing a contractual obligation of the employing public entity [Gutierrez v. Board of Retirement, 72 Cal Rptr 2d 837(1998); Betts v. Board of Admin., 582 P.2d 614 (Cal. 1978)].
http://www.nasra.org/content.asp?contentid=59

California Government Code Section 7500-7514.5

Various provisions are contained in this section including: enabling the State Controller to gather information to compare and evaluate the financial condition of pension systems and to make such comparisons and evaluations; requiring the availability of direct deposit to members; enacting the California Actuarial Advisory Panel; addressing divestiture of plan assets; restricting use of placement agents; prohibiting lobbying within two years of leaving a retirement system; permitting purchase of fiduciary liability insurance; requiring an annual financial audit.

<u>City Laws and Regulations</u>

Charter of the City of Los Angeles

Statutes establishing the authority assigned to LACERS are contained in the City Charter.

The City Charter has two volumes. The first volume establishes governance of the City, establishing departments, their assignments and authorities. The second volume establishes the employment provisions for the management of City employees, assignment of their civil service rights, and benefits including pension benefits.

Los Angeles Administrative Code (LAAC)

The benefits promised to LACERS members by the City are detailed in the LAAC. The LAAC is the guiding document for staff to determine such matters as the City's contribution, member's contribution, eligibility for membership in LACERS for Tier 1 and Tier 3, calculation of the service retirement, rules on spousal/domestic partner benefits, the disability benefit, service purchase rules, reciprocal benefits with other retirement systems; and parameters of optional programs such as the Limited Term Retirement Plan, larger annuity program, family death benefit plan.

Generally the LAAC provides detailed provisions to accompany the broader Charter provisions. City Charter provisions may only be changed by the voters while the LAAC is revised through ordinances adopted by the City Council and Mayor. The LAAC describes the powers and duties of the City Council and Mayor, and the various categories of Departments and their authorities.

Section 2.0 GOVERNING STATUTES

It contains general provisions applicable to the operation of all departments including the Governmental Ethics Ordinance, provisions on finance, purchasing, contracting, and records.

Executive Directives

Through Executive Directives, the Mayor directs City Department actions in a variety of topic areas including guidance on City employee actions; participation in efforts to promote Mayoral goals such as emergency planning/coordination; improving traffic, census counts, sustainability practices, gender equity; to supporting the bike plan, good food purchases, homeless strategy, and business inclusion.

LACERS Policies and Rules

Board Policies

The Board adopts policies to ensure consistent treatment of a particular matter in a direction stated by the Board.

Board Rules

The Board will adopt rules when the statutes or laws are unclear or silent, and consistency is required; or when designated by statute that the Board adopt rules and regulations for a specified program.

Board Resolutions

Board resolutions serve to document a specific decision of the Board in a standalone document.

In accordance with LAAC Sec. 21.16, “The powers conferred upon each board shall be exercised by order or resolution adopted by a majority of its members and recorded in the minutes with the ayes and noes at length. Such action shall be attested by the signatures of the President or Vice-President, or two members of the board, and by the signature of the Secretary of the board.”

Strategic Plan

The Strategic Plan documents the Board’s long-term goals for the System and sets the priority and direction for which the Board, staff, and key consultants should strive. In accordance with the Board’s Strategic Planning Policy, progress on the accomplishment of the plan is analyzed and reported to the Board annually, and a comprehensive review of the plan is conducted triennially.

General Manager Policy Memos

The General Manager will issue policy memos to instruct staff on various matters.

Department Policies and Procedures

Department policies and procedures are established and updated regularly to ensure that all staff will perform functions uniformly and for a consistent purpose.

Section 2.0 GOVERNING STATUTES

2.4 Standards of Practice

Added to Board Governance Statement on May 14, 2013; Revised: July 10, 2018

LACERS acknowledges that the following entities establish sound professional standards and that LACERS is not necessarily required to follow these standards of practice but will endeavor to meet these standards when in the best interest of LACERS members.

Governmental Accounting Standards Board (GASB)

GASB is an independent, non-governmental organization whose purpose is to establish standards and guidelines for state and local government accounting principles. GASB issues Statements of Governmental Accounting Standards for the purpose of providing taxpayers, legislators, municipal bond analysts, and others with information that is useful to their decision-making process regarding governmental entities. LACERS complies with GASB standards governing how public pension assets and liabilities are measured and reported.

Government Finance Officers Association (GFOA)

The goal of GFOA is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

LACERS adheres to GFOA guidelines in preparation of its annual Comprehensive Financial Report. LACERS will also monitor GFOA issued policy statements which establish best practice standards in such areas as: asset allocation, member communications, retiree health benefits, pension fund risk, retirement plan design, system governance, and investment policies.

Employee Retirement Income Security Act of 1974

Private sector plans are governed by the Employee Retirement Income Security Act (ERISA) of 1974. While ERISA requirements are not applicable to plans of state and local government, LACERS recognizes ERISA standards as a high standard and will endeavor to meet ERISA standards when possible. ERISA, rooted in the principles of trust law, governs the fiduciary conduct and reporting requirements of private sector employee benefits plans through a system of exclusively Federal rights and remedies. It also contains provisions governing employee benefit plans that preempt state laws.
[http://en.wikipedia.org/wiki/Defined_benefit_pension_plan]

2.5 Key Documents by Reference

Added to Board Governance Statement on May 14, 2013; Addendum - September 23, 2014; Revised: July 10, 2018

The following are considered key documents whose guidelines/rules apply to LACERS. These documents are incorporated into the manual only by reference. An introduction to the documents is provided below and a full copy is available to the Board on the Board website and by request.

Section 2.0 GOVERNING STATUTES

Board Procedural Rules

"Brown Act"

The Ralph M. Brown Act is California's open meeting law. The law's intent is to promote transparency and public access to government by requiring that the deliberations and actions of public bodies be conducted openly.

This law prohibits such acts as Board members having discussions of a quorum of the Board without public notice and public access; as well as having serial discussions which are conducted outside of a public meeting.

Governmental Ethics

State - California Political Reform Act of 1974 – "Form 700" Filing

Because LACERS Trustees make decisions on investment of fund assets, you are placed in a special category by the California Government Code Section 87200-87210. As an "87200 filer" you must disclose certain financial interests that may pose a potential conflict between your personal interests and your public duties.

LACERS Trustees must file a "California Form 700" by April and October of each year.

- **California Fair Practices Act**
  http://www.fppc.ca.gov/the-law.html
- **California Fair Political Practices Commission (FPPC) Webpage**
  http://www.fppc.ca.gov/

City of Los Angeles - Governmental Ethics Ordinance

The Governmental Ethics Ordinance overlay California state law, but imposes various additional provisions and restrictions on City officials and employees. Among these are a ban on use of resources for private benefit; misuse of position and resources; the disclosure of economic interests by City officials; and restrictions on gifts, outside income, honorariums for making speeches, post employment lobbying, and political activities.

LACERS Trustees must file a City addendum to their California Form 700, known as the City Ethics Commission Form 11. This form helps Trustees comply with the additional requirements under the City's Governmental Ethics Ordinance.

- **Governmental Ethics Ordinance (February 2014)**
  http://ethics.lacity.org/PDF/laws/law_geo_february2014.pdf

- **City Ethics Commission – Governmental Ethics Webpage**
  https://ethics.lacity.org/ethics/commissioners/

City of Los Angeles Code of Ethics

All City Officials and employees must abide by this Code of Ethics.

Section 2.0 GOVERNING STATUTES

- **City Code of Ethics** (August 23, 1979)
  http://ethics.lacity.org/PDF/MayorExecDir/CityCodeofEthics.pdf

- **Mayoral Executive Directive 1 – Ethics in Government** (October 20, 2005)
  http://ens.lacity.org/mayor/villaraigosa/mayorvillaraigosa331283115_07032013.pdf

- **Mayoral Executive Directive 7 – Governmental Ethics: Departmental Liaison, Training, and Compliance** (July 12, 2006)
  http://ens.lacity.org/mayor/villaraigosa/mayorvillaraigosa331283121_07122006.pdf

Financial and Funding Reports

Comprehensive Annual Financial Report (CAFR)

As a means to demonstrate LACERS' commitment to transparency, LACERS annually produces a CAFR which presents a broad view of our financial condition including the System's financial statements, investment performance results, and actuarial valuations for retirement and health benefits.

The report is prepared in conformance with accounting principles generally accepted in the United States, the reporting guidelines set forth by the Government Accounting Standards Board (GASB), and the Los Angeles City Charter.

Actuarial Valuations for Retirement and Health Benefits (Annual)

An actuarial valuation can be thought of as a financial check-up for a pension or retiree health benefit plan. It measures current costs and contribution requirements to determine how much employers and employees should contribute to maintain appropriate benefit funding progress. The primary purpose of a valuation is to determine how much employers and employees should contribute to the plan during the upcoming year. The second key purpose of a valuation is to determine the plan's funding progress by examining how the plan's assets compare with its liabilities.

The LACERS Board selects the actuary to perform the actuarial studies; approves the actuarial methodologies and certain key assumptions; and monitors the funded status for both retirement benefits and health care benefits.

Actuarial Experience Study (Triennial)

The purpose of an experience study is to compare the actual experience of the system against the current assumptions and to recommend new actuarial assumptions if necessary. The study reviews retirement rates, termination rates, mortality rates and rates of salary increase.

Section 2.0 GOVERNING STATUTES

LACERS Benefits

Summary Plan Description

A Summary Plan Description is a document written for plan members which contains a comprehensive summary of a retirement plan, including the terms and conditions of participation.

LACERS prepares and distributes to members separate Summary Plan Descriptions for Tier 1 members and Tier 3 members.

Audit Reports

Annual Financial Audit

Each year an external auditor retained by the Board will conduct a financial audit of the System in accordance with standards promulgated by the American Institute of Certified Public Accountants (AICPA). An external audit report provides assurances to the Board that LACERS' accounting records are complete and in adherence to generally accepted accounting principles, industry standards and regulatory requirements.

Actuarial Audit

Every five to seven years, the Board may direct an audit of our actuarial findings. A second actuarial firm is retained to validate the results of the retirement and health benefits valuations conducted by the consulting actuary, and to ensure the reasonableness of the underlying actuarial assumptions and the actuarial cost method utilized in performing such actuarial valuations.

City's Management Audit

Pursuant to City Charter Section 1112, the Los Angeles City Controller, the Office of the Mayor, and the Los Angeles City Council jointly cause, once every five years, a management audit to be conducted of LACERS by an independent qualified management auditing firm. Management audit reports were issued in 2007 and in 2013. The next management audit is expected to be conducted in 2019.

The management audit report provides insight into perceived strengths and weaknesses of the pension system in comparison to industry best practices from the management audit firm's perspective.

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Governance Committee

Lita Payne

From: Neil M. Guglielmo, General Manager

Agenda of: **JULY 10, 2018**

ITEM: **IV**

SUBJECT: **TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S STATEMENT OF DUTIES AND RESPONSIBILITIES AND POSSIBLE COMMITTEE ACTION**

Recommendation

That the Committee consider the proposed revisions to the LACERS Board Policy, Section 3.0: Duties and Responsibilities of the Board.

Discussion

Every three years, LACERS performs a comprehensive review of its Board Governance and Administrative Policies as a best practice. This review considers whether there has been any change in applicable laws or standards of practice relative to the Board policies, and whether any issues have arisen in the past three years, that would suggest a need for revision. In March 2018, the Board adopted the Governance Committee's recommended schedule of review for the Board Policies, with an expected completion of the end of the calendar year 2018.

Staff completed their review of the Board's Statement of Duties and Responsibilities section of the Board Manual. The proposed changes include technical corrections and content updates to Subsection 3.1 – Board's Role to revise the Waiver of Recourse information; Subsection 3.3 – Commitment of a LACERS Board Member to revise the Board meeting duration; and Subsection 3.5 – Committee Structure to add the Investment Committee and to update Committee member names. Other changes include the addition of the affirmation of Subsection 3.2 – General Manager, and Subsection 3.4 – Committee Protocol since no content revisions are required.

The remaining subsections of the Duties and Responsibilities section were not reviewed as they do not fall under the purview of the Governance Committee. The Audit Committee Charter (Subsection 3.6.1) and the Internal Audit Charter (Subsection 3.6.2) will be reviewed by the Audit Committee. The Benefits Administration Committee Charter (Subsection 3.7) will be reviewed by the Benefits Administration Committee.

Upon the Committee's finalization of the proposed revised Duties and Responsibilities section of the Board Governance Statement, it will be presented to the Board for further consideration and approval.

Strategic Plan Impact Statement

The review of the Board Governance Statement of the LACERS Board Manual conforms with the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

This report was prepared by Edeliza Fang, Senior Management Analyst, Administrative Services Division.

NMG:TB:DWN:EF

ATTACHMENTS: A) Duties and Responsibilities Section – Redline Version
B) Duties and Responsibilities Section – Clean Version

Section 3.0 DUTIES AND RESPONSIBILITIES

3.1 The Board's Role

Revised: May 14, 2013; February 25, 2014; Revised: July 10, 2018

All authority granted by statute in Article XVI, Section 17 of the California State Constitution, by Article XI of the City Charter and Administrative Code provisions of the City of Los Angeles, to the Board of Administration, is retained, except as delegated by specific resolution. Consistent with its fiduciary role as Trustee of the Fund, the Board's principal role is to proactively manage the delivery of benefits and investment of trust assets for the exclusive benefit of its members and beneficiaries. The Board will establish policies and procedures to ensure LACERS is appropriately governed and managed to meet its fiduciary obligations.

The Board's role is to:

A. Develop and Adopt Policies

1. Set the long-term strategic direction through the adoption of a strategic plan and set an annual business plan for LACERS through the adoption of the annual budget, focusing on the goals of LACERS against which its performance is measured and monitored.

2. Set policies for LACERS, which include:
   a) A statement of investment objectives and policies for the system, inclusive of the desired rate of return, acceptable levels of risk for each asset class, asset allocation goals, guidelines for delegation of authority, and evaluation of investment performance.
   b) An Actuarial Funding Policy, inclusive of the Actuarial Cost Method, Asset Smoothing Method, and Amortization Policy.
   c) Board Governance policies, inclusive of clearly defined roles, responsibilities and permissible conduct of the key players; a Committee structure with charters defining their roles and responsibilities; and an educational and travel policy for Board and staff.
   d) Board rules and regulations necessary to carry out the administration of the System or assets under its control

3. Select, regularly evaluate, and, if necessary, take disciplinary action against the General Manager.

4. Delegate execution of established Board policy and strategic objectives to the General Manager and through him/her re-delegation to the employees of LACERS.

B. Review and Evaluate Performance

1. Monitor organizational performance and regularly review results as compared to:
   a) LACERS mission/vision statement
   b) Strategic plan and other long-range goals
   c) Annual business plans
   d) Performance measures that include external as well as internal measures

2. Monitor investment performance and regularly review results as compared to benchmarks.

3. Monitor Actuarial Services, including:
   - Review, approve, and monitor actuarial data and assumptions.

Section 3.0 DUTIES AND RESPONSIBILITIES

- Periodically review the services of the actuary and conduct an actuarial audit when the retained actuary has provided consecutive service for more than six years, or as reasonably determined.

C. Risk Control

1. Ensure the integrity of the financial control and reporting system.

2. Oversee all audits, including approval of the outside financial auditor, the annual internal audit plan, and provide that financial controls and reporting systems are set forth.

3. Review and consider the purchase of fiduciary liability insurance, to provide an optional layer of liability protection for Board Members and others acting in a capacity of Fiduciary to the LACERS trust in the event of legal claim(s) that the Trustee(s) have not fulfilled their fiduciary duty in any action or decision. The purchase of the policy will result in a cost to the System to cover the premium and a personal cost to the Trustee ~~in form of a~~to cover the waiver of recourse annual premium~~of approximately $50 per year~~ which cannot be advanced by the Trust Fund in accordance with Government Code Section 7511.

D. Other Board Responsibilities

1. At all times meet high ethical standards.

2. Organize the Board of Administration; organize its Committees; and approve charters and delegations to Committees and the General Manager.

3. Periodically evaluate the Board, its performance, and take any steps necessary to improve Board operations.

4. Set the Board agenda by identifying, articulating, prioritizing, and scheduling matters the Board will regularly address.

   a) Identify benchmarks that trigger Board review.
   b) Identify information needs and determine how, when, and in what form information is to be delivered to Board Members so as to enable the Board to meets its responsibilities, having regard for time available.

5. Be primarily responsible and accountable to members and their beneficiaries, ensuring the System provides strong member relations and effective communications. Be responsive to inquiries of member representative organizations, and the public. Work collaboratively with stakeholders with oversight responsibilities for the Retirement System including the Plan sponsor, the Internal Revenue Service, and other governmental entities.

6. Provide for the election of employee and retired representatives on the Board.

7. Conduct member hearings and decide appeals.

8. The Board is responsible for creating and maintaining an atmosphere that encourages frank and collegial discussions both at the Board and Committee level and as between

the Board and management. The Board strives to achieve a governing style that emphasizes:

- Strategic leadership
- Outward vision
- Focus on the future
- Proactivity
- Encouragement of collegiality
- Respect for diversity in viewpoints
- Governance by consensus
- A partnership with LACERS management
- Ethical conduct of Board business to avoid even the appearance of impropriety.

- The Board establishes and communicates Board policies and priorities, and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole and by individual Board Members to live by the policies articulated herein and to govern with excellence.

3.2 General Manager

Revised: May 14, 2013; Revised February 25, 2014; Affirmed: July 10, 2018

Board/General Manager Relationship

The Board has delegated to the General Manager the responsibility for the administration and management of the System. Policy and direction set by the Board is implemented through the General Manager so that a strong relationship between the Board and General Manager, and clear delineation of authority is critical to the accomplishments of the Board's objectives.

General Manager Authority

The Board has delegated to the General Manager responsibility for the administration and management of the System consistent with Board delegation of authority. This includes broad responsibility for the following:

- Employing, training, developing, supervising, monitoring, and evaluating senior managers and staff. This may include succession planning for senior managers.
- Preparing and monitoring the annual administrative expense budget.
- Governmental affairs/media relations – The General Manager is authorized to work directly with the City executive and legislative branches as well as respond to public records requests, keeping the Members of the Board informed during the General Manager's Report. The Board President retains authority as the Board's spokesperson.
- Actuarial valuations and studies – To the extent budgeted, the General Manager may direct actuarial services necessary for the administration of the System.

The General Manager's duties are defined by the Board and include the following:

Section 3.0 DUTIES AND RESPONSIBILITIES

- With advice and counsel from the Board, achieve the long-term policies and strategic objectives established for the System by the Board, including as necessary:
  - Determine the appropriate methods for attaining the Board-established policies and strategic objectives.
  - Direct LACERS employees in furtherance of those objectives.
  - Ensure that management activities and decisions are within Board-approved policies.
  - Represent LACERS, or designate other staff representatives, to outside parties and organizations.
  - Provide leadership to LACERS employees by promoting conduct which emulates the Department's Guiding Principles.
  - Act as the liaison for communications and information flow between the Board and LACERS employees.
  - Provide annual goals of the General Manager which augment those in the Strategic Plan, if any, to be presented to the Board on or preceding the General Manager's annual evaluation, upon request.

3.3 Commitment of a LACERS Board Member

Affirmed: July 10, 2018

Members of the Board of Administration have a fiduciary responsibility to act solely for the exclusive benefit of members and beneficiaries with a secondary duty to minimize contributions of the employers. All responsibilities must be fulfilled in a cost effective and efficient manner.

Members function as part of a seven-member Board consisting of four appointed and three elected members.

The Board is required by the Administrative Code to meet twice per month. These meetings generally occur on the second and fourth Tuesday of each month and may last between ~~two~~one and four hours.

Committee meetings may last between one and two hours. Depending on the nature of the Committee assignment, meetings may be regular monthly meetings or on an as-needed (Ad Hoc) basis addressing single issues.

- Advanced preparation for the meetings is imperative. Depending on the Committee assignment, preparation can require between one and eight hours.
- Education is a fiduciary responsibility and is strongly encouraged. In-house seminars and outside conferences are available for this purpose. The time commitment for education is usually five days per year.

Section 3.0 DUTIES AND RESPONSIBILITIES

- Most meetings take place during normal business hours, Monday through Friday; however, some travel and conferences take place over weekends.
- Members are expected to attend all regularly scheduled Board and Committee meetings. If a Board Member's attendance becomes sporadic, the Member should strongly consider resigning from the Board for the benefit of the members they have vowed to serve.

3.4 Committee Protocol

Revised: September 10, 2013; Affirmed: July 10, 2018

There are two types of ordinary committees, standing and ad hoc, to which the Board may refer or commit matters under consideration. A standing committee is expected to have a continuing existence, whereas an ad hoc committee is expected to cease to exist upon completion of the submittal of a final report.

1. Standing and ad hoc Committees shall be established by a majority vote of the Board.
2. Committee Chairs and Members shall be appointed by the President or Acting President of the Board.
3. Committees shall each have three Members.
4. Committee Members shall serve from the time they are designated until their successors have been designated, and may be removed or replaced by the President or Acting President by his/her own act.
5. Committees shall operate under Robert's Rules of Order unless otherwise specified by statute or Board action.
6. Committees shall adhere to the same public notification and meeting requirements as the Board.
7. Committee meetings shall be called by the Committee Chair.
8. Committee agenda topics shall be set by the Committee Chair, but the Committee Chair shall take as an agenda item any matter submitted by two Committee Members.
9. Committee meetings shall be open to all Board Members; however, only Committee Members may vote.
10. Ad hoc committees shall not be established for a matter that falls within the purview of a standing committee.
11. Committees shall receive such assignments as fall within their Charter.
12. Committees shall communicate with the Board in the form of report(s) to the Board, offering recommendations and discussion upon referred matters for the Board's consideration.
13. Ad hoc committees shall cease to exist upon submittal of the final report to the Board.

3.5 Committee Structure

Updated: June 9, 2015; Revised: July 10, 2018

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
COMMITTEE STRUCTURE FOR FISCAL YEAR ~~2014-15~~2018-19

STANDING COMMITTEES*	
Audit Vacant, Chair Cynthia M. Ruiz Vacant	**Benefits Administration** Michael R. Wilkinson, Chair Cynthia M. Ruiz Nilza R. Serrano
Governance Nilza R. Serrano, Chair Elizabeth L. Greenwood Vacant	**Investment** Sung Won Sohn, Chair Nilza R. Serrano Vacant

~~STANDING COMMITTEES*~~		
Audit	**Benefits Administration**	**Governance**
~~William J. Briggs II~~Vacant, Chair ~~Elma Duke~~Nilza R. Serrano ~~Rick Rogers~~Vacant	Michael R. Wilkinson, Chair ~~Rick Rogers~~Cynthia Ruiz Nilza R. Serrano	~~Elizabeth L. Greenwood~~Nilza R. Serrano, Chair ~~Jaime L. Lee~~Elizabeth L. Greenwood ~~Nilza R. Serrano~~Vacant

*Standing Committees remain in existence for the life of the establishing Board.

AD HOC COMMITTEE ON CYBER SECURITY*
Michael R. Wilkinson, Chair Elizabeth L. Greenwood Cynthia M. Ruiz~~William J. Briggs, II~~ ~~Rick Rogers~~

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Section 5.0 OTHER

*Ad Hoc Committees cease to exist upon completion of the submittal of a final report.

Section 3.0 DUTIES AND RESPONSIBILITIES

3.1 The Board's Role

Revised: May 14, 2013; February 25, 2014; Revised: July 10, 2018

All authority granted by statute in Article XVI, Section 17 of the California State Constitution, by Article XI of the City Charter and Administrative Code provisions of the City of Los Angeles, to the Board of Administration, is retained, except as delegated by specific resolution. Consistent with its fiduciary role as Trustee of the Fund, the Board's principal role is to proactively manage the delivery of benefits and investment of trust assets for the exclusive benefit of its members and beneficiaries. The Board will establish policies and procedures to ensure LACERS is appropriately governed and managed to meet its fiduciary obligations.

The Board's role is to:

A. Develop and Adopt Policies

1. Set the long-term strategic direction through the adoption of a strategic plan and set an annual business plan for LACERS through the adoption of the annual budget, focusing on the goals of LACERS against which its performance is measured and monitored.

2. Set policies for LACERS, which include:
   a) A statement of investment objectives and policies for the system, inclusive of the desired rate of return, acceptable levels of risk for each asset class, asset allocation goals, guidelines for delegation of authority, and evaluation of investment performance.
   b) An Actuarial Funding Policy, inclusive of the Actuarial Cost Method, Asset Smoothing Method, and Amortization Policy.
   c) Board Governance policies, inclusive of clearly defined roles, responsibilities and permissible conduct of the key players; a Committee structure with charters defining their roles and responsibilities; and an educational and travel policy for Board and staff.
   d) Board rules and regulations necessary to carry out the administration of the System or assets under its control

3. Select, regularly evaluate, and, if necessary, take disciplinary action against the General Manager.

4. Delegate execution of established Board policy and strategic objectives to the General Manager and through him/her re-delegation to the employees of LACERS.

B. Review and Evaluate Performance

1. Monitor organizational performance and regularly review results as compared to:
   a) LACERS mission/vision statement
   b) Strategic plan and other long-range goals
   c) Annual business plans
   d) Performance measures that include external as well as internal measures

2. Monitor investment performance and regularly review results as compared to benchmarks.

3. Monitor Actuarial Services, including:
   - Review, approve, and monitor actuarial data and assumptions.

Section 3.0 DUTIES AND RESPONSIBILITIES

- Periodically review the services of the actuary and conduct an actuarial audit when the retained actuary has provided consecutive service for more than six years, or as reasonably determined.

C. Risk Control

1. Ensure the integrity of the financial control and reporting system.

2. Oversee all audits, including approval of the outside financial auditor, the annual internal audit plan, and provide that financial controls and reporting systems are set forth.

3. Review and consider the purchase of fiduciary liability insurance, to provide an optional layer of liability protection for Board Members and others acting in a capacity of Fiduciary to the LACERS trust in the event of legal claim(s) that the Trustee(s) have not fulfilled their fiduciary duty in any action or decision. The purchase of the policy will result in a cost to the System to cover the premium and a personal cost to the Trustee to cover the waiver of recourse annual premium which cannot be advanced by the Trust Fund in accordance with Government Code Section 7511.

D. Other Board Responsibilities

1. At all times meet high ethical standards.

2. Organize the Board of Administration; organize its Committees; and approve charters and delegations to Committees and the General Manager.

3. Periodically evaluate the Board, its performance, and take any steps necessary to improve Board operations.

4. Set the Board agenda by identifying, articulating, prioritizing, and scheduling matters the Board will regularly address.

   a) Identify benchmarks that trigger Board review.
   b) Identify information needs and determine how, when, and in what form information is to be delivered to Board Members so as to enable the Board to meets its responsibilities, having regard for time available.

5. Be primarily responsible and accountable to members and their beneficiaries, ensuring the System provides strong member relations and effective communications. Be responsive to inquiries of member representative organizations, and the public. Work collaboratively with stakeholders with oversight responsibilities for the Retirement System including the Plan sponsor, the Internal Revenue Service, and other governmental entities.

6. Provide for the election of employee and retired representatives on the Board.

7. Conduct member hearings and decide appeals.

8. The Board is responsible for creating and maintaining an atmosphere that encourages frank and collegial discussions both at the Board and Committee level and as between

the Board and management. The Board strives to achieve a governing style that emphasizes:

- Strategic leadership
- Outward vision
- Focus on the future
- Proactivity
- Encouragement of collegiality
- Respect for diversity in viewpoints
- Governance by consensus
- A partnership with LACERS management
- Ethical conduct of Board business to avoid even the appearance of impropriety.

- The Board establishes and communicates Board policies and priorities, and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole and by individual Board Members to live by the policies articulated herein and to govern with excellence.

3.2 General Manager

Revised: May 14, 2013; Revised February 25, 2014; Affirmed: July 10, 2018

Board/General Manager Relationship

The Board has delegated to the General Manager the responsibility for the administration and management of the System. Policy and direction set by the Board is implemented through the General Manager so that a strong relationship between the Board and General Manager, and clear delineation of authority is critical to the accomplishments of the Board's objectives.

General Manager Authority

The Board has delegated to the General Manager responsibility for the administration and management of the System consistent with Board delegation of authority. This includes broad responsibility for the following:

- Employing, training, developing, supervising, monitoring, and evaluating senior managers and staff. This may include succession planning for senior managers.
- Preparing and monitoring the annual administrative expense budget.
- Governmental affairs/media relations – The General Manager is authorized to work directly with the City executive and legislative branches as well as respond to public records requests, keeping the Members of the Board informed during the General Manager's Report. The Board President retains authority as the Board's spokesperson.
- Actuarial valuations and studies – To the extent budgeted, the General Manager may direct actuarial services necessary for the administration of the System.

Section 3.0 DUTIES AND RESPONSIBILITIES

The General Manager's duties are defined by the Board and include the following:

- With advice and counsel from the Board, achieve the long-term policies and strategic objectives established for the System by the Board, including as necessary:
    - Determine the appropriate methods for attaining the Board-established policies and strategic objectives.
    - Direct LACERS employees in furtherance of those objectives.
    - Ensure that management activities and decisions are within Board-approved policies.
    - Represent LACERS, or designate other staff representatives, to outside parties and organizations.
    - Provide leadership to LACERS employees by promoting conduct which emulates the Department's Guiding Principles.
    - Act as the liaison for communications and information flow between the Board and LACERS employees.
    - Provide annual goals of the General Manager which augment those in the Strategic Plan, if any, to be presented to the Board on or preceding the General Manager's annual evaluation, upon request.

3.3 Commitment of a LACERS Board Member

Affirmed: July 10, 2018

Members of the Board of Administration have a fiduciary responsibility to act solely for the exclusive benefit of members and beneficiaries with a secondary duty to minimize contributions of the employers. All responsibilities must be fulfilled in a cost effective and efficient manner.

Members function as part of a seven-member Board consisting of four appointed and three elected members.

The Board is required by the Administrative Code to meet twice per month. These meetings generally occur on the second and fourth Tuesday of each month and may last between one and four hours.

Committee meetings may last between one and two hours. Depending on the nature of the Committee assignment, meetings may be regular monthly meetings or on an as-needed (Ad Hoc) basis addressing single issues.

- Advanced preparation for the meetings is imperative. Depending on the Committee assignment, preparation can require between one and eight hours.

- Education is a fiduciary responsibility and is strongly encouraged. In-house seminars and outside conferences are available for this purpose. The time commitment for education is usually five days per year.

Section 3.0 DUTIES AND RESPONSIBILITIES

- Most meetings take place during normal business hours, Monday through Friday; however, some travel and conferences take place over weekends.

- Members are expected to attend all regularly scheduled Board and Committee meetings. If a Board Member's attendance becomes sporadic, the Member should strongly consider resigning from the Board for the benefit of the members they have vowed to serve.

3.4 Committee Protocol

Revised: September 10, 2013; Affirmed: July 10, 2018

There are two types of ordinary committees, standing and ad hoc, to which the Board may refer or commit matters under consideration. A standing committee is expected to have a continuing existence, whereas an ad hoc committee is expected to cease to exist upon completion of the submittal of a final report.

1. Standing and ad hoc Committees shall be established by a majority vote of the Board.
2. Committee Chairs and Members shall be appointed by the President or Acting President of the Board.
3. Committees shall each have three Members.
4. Committee Members shall serve from the time they are designated until their successors have been designated, and may be removed or replaced by the President or Acting President by his/her own act.
5. Committees shall operate under Robert's Rules of Order unless otherwise specified by statute or Board action.
6. Committees shall adhere to the same public notification and meeting requirements as the Board.
7. Committee meetings shall be called by the Committee Chair.
8. Committee agenda topics shall be set by the Committee Chair, but the Committee Chair shall take as an agenda item any matter submitted by two Committee Members.
9. Committee meetings shall be open to all Board Members; however, only Committee Members may vote.
10. Ad hoc committees shall not be established for a matter that falls within the purview of a standing committee.
11. Committees shall receive such assignments as fall within their Charter.
12. Committees shall communicate with the Board in the form of report(s) to the Board, offering recommendations and discussion upon referred matters for the Board's consideration.
13. Ad hoc committees shall cease to exist upon submittal of the final report to the Board.

Section 3.0 DUTIES AND RESPONSIBILITIES

3.5 Committee Structure

Updated: June 9, 2015; Revised: July 10, 2018

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
COMMITTEE STRUCTURE FOR FISCAL YEAR 2018-19

STANDING COMMITTEES*	
Audit Vacant, Chair Cynthia M. Ruiz Vacant	**Benefits Administration** Michael R. Wilkinson, Chair Cynthia M. Ruiz Nilza R. Serrano
Governance Nilza R. Serrano, Chair Elizabeth L. Greenwood Vacant	**Investment** Sung Won Sohn, Chair Nilza R. Serrano Vacant

*Standing Committees remain in existence for the life of the establishing Board.

AD HOC COMMITTEE ON CYBER SECURITY*
Michael R. Wilkinson, Chair Elizabeth L. Greenwood Cynthia M. Ruiz

*Ad Hoc Committees cease to exist upon completion of the submittal of a final report.

LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

Report to Governance Committee

From: Neil M. Guglielmo, General Manager	Agenda of: **JULY 10, 2018**
	ITEM: **V**

for Lita Payne

SUBJECT: **DISCUSSION OF INVESTMENT IN ALMANAC REALTY SECURITIES VI, L.P. AND POSSIBLE COMMITTEE ACTION**

Recommendation

That the Committee discuss LACERS' investment in Almanac Realty Securities VI, L.P.

Discussion

Background

Almanac Realty Investors, LLC (Almanac or GP) is a real estate investment management firm that was founded as Rothschild Realty, Inc. in 1981. In 2011, the firm was renamed Almanac Realty Investors, LLC. The GP is based in New York City and has 26 employees. As of March 31, 2018, Almanac managed $3.0 billion in assets.

LACERS committed $25 million to Almanac Realty Securities VI, L.P. (ARS VI) in 2012. ARS VI is a value-added real estate fund that provides growth capital to public and private real estate companies. As of March 31, 2018, ARS VI had a net internal rate of return of 14.4%. Please review the attachment for further background information on Almanac and ARS VI.

At the Investment Committee meeting of April 10, 2018, a representative from Unite Here! provided a public comment expressing concerns about Almanac. The concerns were regarding a dispute over a portfolio company held by ARS VI. The representative stated that this dispute may place ARS VI capital at risk and that LACERS should consider this issue before committing capital to Almanac Realty Securities VIII, L.P., a follow-on fund that will be considered by the Investment Committee at its meeting of July 10, 2018.

This report was prepared by Eduardo Park, Investment Officer I, Investment Division.

RJ:BF:EP

Attachment: Report to the Board of Administration dated September 11, 2012

ATTACHMENT

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

From: Rodney L. June, Chief Investment Officer

Agenda of: **SEPTEMBER 11, 2012**

ITEM: **IV-C**

SUBJECT: **AUTHORIZATION TO INVEST IN ALMANAC REALTY SECURITIES VI, L.P.**

Recommendation:

That the Board authorize an investment of up to $25 million in Almanac Realty Securities VI, L.P. as part of the value-added real estate strategy; and, authorize the General Manager to approve and execute the necessary documents subject to satisfactory business and legal terms.

Discussion:

Background

Almanac Realty Partners ("ARP") is targeting to raise $800 million for a domestically-focused fund that will make private placements of growth capital into private and public real estate companies. The net IRR projected for Almanac VI (Fund) is 12%; with current distributable quarterly income anticipated to be approximately half of the total return from recurring net operating income. Limited leverage will be available under prescribed conditions, although leverage has not been historically used by Almanac Realty Securities ("ARS" or "GP") in their previous funds.

ARP, formerly known as Rothschild Realty, is a real estate investment advisor to public and private institutional pension plans, endowments, and foundations since 1981. ARP is based in New York City, N.Y. Over the past sixteen years, the founding members have built-out a team that has consistently made private placements into public and private real estate operating companies under the Five Arrows Securities Funds name. In 2011, the funds were re-named and re-branded as Almanac Realty Securities as a licensing agreement and partnership with Rothschild North America was amicably dissolved as Rothschild has not had day-to-day involvement with the operations of ARS since 2007.

Management Team

Almanac's senior management team consists of Matt Kaplan, Managing Partner; Pike Aloian, Partner; John D. McGurk, Partner/Founder; Andrew Silberstein, Partner; and, John B. Ryan, Managing Director. Messrs. Kaplan and Aloian are named in the key man provisions for Almanac VI. John McGurk founded the firm with the Rothschild Group in 1981 and continues to work as one of the Fund's principals. Mr. McGurk transitioned the day-to-day management functions to Mr. Kaplan in 2009 and continues to maintain an active role in the deal side of the business. The overall team has worked together for twenty years and their expertise areas include investment management, acquisition, development, leasing, construction, underwriting, financing, corporate financing, restricting, equity underwriting, debt financing, and mergers and acquisitions.

Track Record
Almanac has invested over $2.3 billion into twenty-nine real estate companies and opportunities over a period of three decades through the fund platform of ARS I – V, with a track record of 13.3% net IRR across the five funds. Since March 2012, ARS has successfully exited from over $876 million of investments from the previous funds by selling or recapitalizing assets and selling its positions in the public markets or through negotiated transactions.

Almanac VI Strategy
Almanac VI will pursue the same investment strategy utilized in its five predecessor funds. The strategy involves infusion of growth capital, along with managerial guidance, systems and tools to access expansion or consolidation opportunities. The GP combines their top-down approach to real estate markets and economics, with their familiarity of industry participants towards identifying and sourcing investment opportunities. Returns are derived by acquiring, developing, and/or repositioning real estate assets. The GP's deal flow is sourced primarily through proprietary networks.

The Fund will pursue its strategic objectives in two ways: 1) structured investments, such as debt or preferred equity convertible into equity, debt investments which may include participation rights, secondary, unregistered offerings and private placements of debt and equity; 2) common equity investments such as common equity into a company, joint venture investments, leverage management buy-outs and capital for early stage and start-up companies. The GP utilizes the convertible debt via private placement approach most often. Almanac VI will invest no more than 30% in any one company, 20% maximum in non-U.S. investments, and is limited to 30% in common equities of private companies.

Fees and Alignment of Interests
Management fees consist of 1% on total commitments during the first 36 month after the final closing, then 1% on unreturned capital contribution. There are no acquisition or development fees. Almanac VI will have a 9% preferred return with 47.5% to the GP until the GP has received 19% of total distributions, 19% to the GP thereafter. In the attached analysis prepared by Courtland Partners, Ltd. (Courtland), LACERS Real Estate Consultant, the fees for Almanac VI compare favorably versus fees charged by peer funds.

The GP will co-invest the greater of 1% or $7.5 million.

Placement Agent
The GP does not engage placement agents.

This report was prepared by Barbara Sandoval, Investment Officer II, Investment Division.

RLJ:SG:BS:JA

Attachments: 1) Proposed Resolution
2) Workforce Composition
3) Consultant Evaluation – Sept 11, 2012
4) Fund Presentation Booklet

ATTACHMENT

AUTHORIZATION TO INVEST
ALMANAC VI, L.P.

PROPOSED RESOLUTION

WHEREAS, Almanac VI is targeting to raise $800 million for a domestically-focused fund that will invest private placements of growth capital into public and private real estate companies for significant value creation through acquisition, developing, and/or repositioning real estate assets, following a similar strategy used in their previous funds;

WHEREAS, Almanac VI will be managed by Almanac Realty Securities (ARS), a real estate investment advisor to public and private institutional pension plans, endowments, and foundations;

WHEREAS, ARS has established a track record with peer public pension funds with significant success; and

WHEREAS, Almanac VI will invest no more than 30% in any one company, 20% maximum in non-U.S. investments, and is limited to 30% at most in common equities of private companies;

WHEREAS, Courtland Partners, LACERS real estate consultant, has conducted due diligence on the fund and recommends the investment as a good fit for the real estate portfolio;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes an investment of up to $25 million in Almanac VI; and, authorizes the General Manager to approve and execute the necessary documents subject to satisfactory business and legal terms.

September 11, 2012

ATTACHMENT

Workforce Composition

Vendor **Almanac Realty Securities VI, L.P.**

Address **1251 Avenue of the Americas, New York, NY 10020**

Date Completed: **August 31, 2012**

Category **Real Estate**

TOTAL COMPOSITION OF WORK FORCE									
Occupation	African American Full Time	Hispanic Full Time	Asian or Pacific Islander Full Time	American Indian/ Alaskan Native Full Time	Caucasian (Non Hispanic) Full Time	Total Employees Full Time	Percent (%) Minority Full Time	Gender Male Full Time	Gender Female Full Time
Officials & Managers	0	0	0	0	4	**4**	**0.00%**	4	0
Professionals	0	0	1	0	8	**9**	**5.88%**	8	1
Technicians	0	0	0	0	0	**0**	**0.00%**	0	0
Sales Workers	0	1	0	0	1	**2**	**5.88%**	1	1
Office/Clerical	1	0	1	0	0	**2**	**11.76%**	0	2
Semi-Skilled	0	0	0	0	0	**0**	**0.00%**	0	0
Unskilled	0	0	0	0	0	**0**	**0.00%**	0	0
Service Workers	0	0	0	0	0	**0**	**0.00%**	0	0
Other	0	0	0	0	0	**0**	**0.00%**	0	0
Total	**1**	**1**	**2**	**0**	**13**	**17**	**23.53%**	**13**	**4**

ATTACHMENT

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

EVALUATION OF A PROPOSED $25 MILLION INVESTMENT

IN

ALMANAC REALTY SECURITIES VI, L.P.

ALMANAC REALTY INVESTORS

SEPTEMBER 11, 2012

COURTLAND PARTNERS, LTD.

200 Public Square, Suite 2530
Cleveland, OH 44114
216.522.0330

10866 Wilshire Blvd., Suite 830
Los Angeles, CA 90024
310.474.3040

ATTACHMENT

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

ALMANAC REALTY SECURITIES VI, L.P.

SEPTEMBER 11, 2012

TABLE OF CONTENTS

I. Executive Summary

Courtland Partners, Ltd ("Courtland") has prepared the following evaluation of Almanac Realty Securities VI, L.P. (the "Fund" or "ARS VI") and Almanac Realty Managers, LLC (The "GP" or "Manager") for the Los Angeles City Employees' Retirement System ("LACERS"). Provided below is a brief summary of the proposed terms of the Fund and Courtland's summary of advantages and risks associated with the Fund.

Rothschild Realty Manager, LLC ("RMM") has recently changed the name of the organization to Almanac Realty Manager, LLC ("Almanac"). Due to the recent name change, the name Rothschild along with the name of all their funds, Five Arrows Realty Securities ("FARS") will be referred to as Almanac and Almanac Realty Securities ("ARS") in this report. The organization's name change is explained in detail in the firm overview section of this report.

Summary of Fund Investment Terms	
Investment Vehicle	Almanac Realty Securities VI, L.P. ("ARS VI" or the "Fund").
General Partner	Almanac Realty Investors VI, L.L.C., a Delaware limited liability company (The "GP"). Almanac Realty Managers, LLC. (The "Manager").
Fund Size	$800 million - $1 billion.
Term	The investment period will be four years from the final closing and the total term will be 10 years from the final closing. The life of the Fund may be extended for three one-year periods at the GP's discretion.
Investment Period	48 months after the Final closing
GP Co-Investment	Greater of $7.5 million or 1% coming from Almanac's principals and employees.
Leverage	The GP does not intend to utilize leverage. However, in the event that there are follow-on investment opportunities for the Fund and there is no available follow-on capital, the GP may employ leverage to raise the additional capital in an amount no greater than the lesser of: 1) 15% of the Fund's capital commitments; or 2) 30% of the net equity value of the Fund's investments at such time. In previous funds, leverage was never undertaken.
Investment Strategy	The Fund will make private placements of growth capital into private and public real estate companies. The goal of the Manager is to deliver a 12% net return, half of which is comprised of current income. The other component of return is capital gains which are derived through acquiring, developing, and/or repositioning real estate assets.
Limitations	The Fund may not invest more than: 1) 30% in any one company; 2) 20% in non-U.S. investments; and 3) 30% in common equities of private companies (percentages will be measured on cost basis at time of purchase).
Risk Categorization	Value-Added
Expected Returns	12% net of fees and expenses
First/Final Closing	The first closing occurred on 12/22/11 with commitments of $313 million. The remaining closings are targeted for 2Q and 3Q of 2012.
Preferred Return	9% preferred return.
Promote/Waterfall	First, the 9% preferred return; second, 100% return of all invested capital, fees, and organizational expenses; third, 52.5% to the LPs and 47.5% to GP until GP receives 19% of profits; thereafter, 81% to the LPs and 19% to GP. Promoted interest calculated on a deal-by-deal basis with a hold-back escrow account.
Clawback	50% of all after-tax profits interest distributed to the GP is escrowed and eligible for clawback

Management Fees	1.00% of total commitments during the first 36 months after final closing. Following the first 36 months after the final closing, the base amount on which the management fee (i.e., 1.00%) is calculated will be the unreturned capital contributions of LPs. Fees will not be charged until the final closing. LPs that participate in the later closings will be obligated to pay an annualized fee of 10% from the date of the initial closing.
Advisory Committee	The Advisory Committee will consist of LP's that invest a significant amount to ARS VI ($50 million+). Courtland requests to be a nonvoting member of the advisory committee.
Key Man Provisions	If at any time during the investment period each of Matthew Kaplan and D. Pike Aloian (collectively, the "Managing Principals") are no longer devoting substantially all of their business time to the Fund, the GP will give notice to the LPs and a suspension period will follow for 90 days. No further investments may be made during this time. If 50% of the LPs vote to make the suspension permanent, the investment period will end. If no such election takes place prior to the end of the suspension period, the investment period will resume.

II. Courtland Recommendation Summary

Courtland recommends that the LACERS commit to invest $25 million in Almanac Realty Securities VI, L.P. for the following reasons listed below. The recommendation is based on LACERS completing a thorough legal review and documentation process. Throughout the course of our current due diligence on the Almanac Realty, the sponsor has displayed the following strengths which support our positive view

- Track Record;
- Well Rounded Management Team;
- Risk Mitigation;
- Sizable Current Income;
- No Competing Platforms;
- Proprietary Deal Sourcing; and
- Favorable Structure.

Collectively, Courtland clients have committed a total of $325 million in Almanac Realty Securities VI, L.P. The list of clients that have committed capital are as follows:

1. New York City Employees' Retirement System - $150 million
2. Pennsylvania Public School Employees' Retirement System - $100 million
3. Los Angeles Department of Water and Power Employees' Retirement Plan - $20 million
4. The City of Philadelphia Board of Pensions and Retirement - $15 million
5. Taft Hartley - $20 million
6. Taft Hartley - $20 million

Under the terms of the private placement memorandum, LACERS will have the opportunity to participate in the same investments with first close (4Q, 2011) investors at a 10% annualized cost capital charge.

III. ALMANAC REALTY SECURITIES VI ADVANTAGES AND RISKS/CONCERNS SUMMARY	
ADVANTAGES	**RISKS/CONCERNS**
Track Record. The Manager has invested $2.3 billion of investor commitments in 29 private placement transactions across first five funds, and has returned 15.1% gross IRR and 13.2% net IRR as of 1Q 2012. Of note, the Fund IV (2004 vintage) and V (2007 vintage) returns are strong on a relative basis (9.3% and 7.7% net IRR, respectively), given the stress tied to these vintage year investments. Comparing these funds to same vintage year value-added funds in the Courtland Partners Index, they both currently rank in the first quartile. Courtland believes that Almanac's overall track record is particularly impressive given that the Manager has shown the ability to provide strong returns across multiple market cycles. Additional performance data is available in the Track Record section of this report.	**Relationship with Rothschild North America.** Rothschild Realty Managers, LLC had been a wholly-owned subsidiary of Rothschild North America ("RNA") since 1981 until 2007. RRM then became a partnership owned by the management of RRM in 2007 and has functioned independently with respect to all of the day to day business operations which include: investment decisions, investment sourcing, capital raising, etc. The GP notified Courtland and all its investors during the 4Q 2011, that the partners of RRM have decided to amicably dissolve their business relationship with RNA. As a result, RMM has changed the name of their organization to Almanac Realty Manager, LLC. The GP has indicated that the recent development should not have any adverse impact on the Fund's investment performance. However, completely separating from its parent organization that has played a major role with RRM's progress (since 1981) could pose some concern. ***Mitigation:*** *Other than the GP using the Rothschild name through a licensing agreement, RNA has not been involved in the day-to-day business activity of RMM since 2007. Furthermore, investors of the Fund will ultimately be benefited because the 10% profit that would have gone to RNA will now be divided equally between the GP and the LPs.*
Well Rounded Management Team. The Manager was originally founded by John McGurk and the Rothschild Group in 1981 and has since accumulated over three decades of real estate and capital markets experience. The principals have worked together for over 20 years and were responsible for the investment track record of ARS I-V. The principals have direct experience in a number of real estate disciplines including investment management, acquisition, development, leasing, construction, underwriting, and financing. The team also has broad capital markets expertise including corporate financing, restructuring, equity underwriting, debt financing, and mergers and acquisitions. Furthermore, the principals have experience managing and building a successful organization, as well as acting as fiduciaries, investment professionals, and board members.	**Reliance on Key Personnel.** The success of ARS VI will be largely dependent upon the participation of the firm's principals. If any of the principals cease to be actively involved in the activities of the Fund, the performance is likely to be negatively impacted. Of critical importance to the Fund are Messrs. Kaplan and Aloian; these two individuals are covered in the key person provision. Although the key members are still intact after many years with the firm, recent turnover (retirement) of important personnel is a concern and should be monitored. ***Mitigation:*** *The key man provision states that if at any time during the Investment Period each of Matthew Kaplan and D. Pike Aloian are no longer devoting substantially all of their business time to the Fund, the investment period will be suspended until LP's decide what is the next best course of action. This provision should provide LPs protection in case the Firm has issues regarding turnover of key personnel. Courtland would prefer that the language read "either Kaplan or Aloian" as opposed to "both" but we believe that the language is sufficient.*

III. Almanac Realty Securities VI Advantages and Risks/Concerns Summary	
Advantages	**Risks/Concerns**
Sizable Current Income: The Manager expects approximately half of the total return (12% net IRR) to be generated in the form of current distributable quarterly income (based on net operating income of the real estate companies). The greater the current income as a percentage of the total return potential, the better the investment will enable LACERS to meet its current cash needs to pay beneficiary payments.	**Limited GP Co-investments.** The GP will contribute the greater of: 1) $7.5 million or 2) 1% of the anticipated total Fund capital commitments. This is a small amount relative to an expected Fund size of $800 million-$1 billion. Courtland would prefer to see a more sizable co-investment into the Fund by members of the GP to be fully comfortable that the GP's interests are highly aligned with those of the investors. ***Mitigation:*** *$7.5 million or 1% seems to be small relative to the anticipated size of the Fund. However, a larger dollar amount will be coming from employees than prior funds (In previous funds, Rothschild North America co-invested $10 million while the principals co-invested only $5 million so the Fund GP co-investment represents a 50% increase compared to prior funds.).*
Risk Mitigation. The Manager believes that risk mitigation is one of the most essential components of the firm's strategy. One of the ways in which it mitigates risk is by actively participating on the board of the companies in which it infuses capital. The Manager also maintains continuous dialogue with the management of the companies regarding strategy and various ways to create value. Risk is further reduced by the Manager's philosophy of acquiring assets at or below net asset value. Investments in these companies are primarily made in equity-oriented senior securities, such as preferred equity or convertible debt. Seniority in the capital structure provides additional protection of investor's principal. Lastly, for private company investments, the Manager usually has half of the board seats with control rights to take additional seats while for public companies; the Manager typically gets one board seat.	**Investment Concentration.** The Fund will make private placement investments in a limited number of real estate companies (previous Funds have averaged 6-8 deals) that have a strict focus on a specific property type in a specific geographic region. Investment concentration in any form could be a cause for concern as it can expose investors to return volatility that can negatively impact the overall performance of the Fund. ***Mitigation:*** *The Manager has demonstrated the ability to deliver strong returns despite the risks associated with constructing a concentrated portfolio. Furthermore, the acquired companies will continue to make real estate investments which should help ease this concern. Of all the previous transactions completed to date, only one investment has resulted in a loss of capital and the Manager has shown to use considerable discipline and rigor when underwriting prospective investments.*
Unique Niche Investment Strategy. The Manager is solely focused on its investment funds and the investment funds' co-investments/sidecar investments. The Manager's strategy is somewhat unique in the marketplace. While there are other funds that ARS VI will compete with, the strategy of investing directly in securities on an operating platform and taking board seats is not a widely-utilized strategy from a fund manager perspective. This is a significant advantage for ARS VI investors, given that most private equity real estate managers are raising capital to directly invest in real assets as opposed to real estate operating platforms.	**Capacity.** Almanac currently has approximately $1.9 billion of assets under management from Funds I-V (as of March 2012). When the GP raises $800 million, which is the target for the Fund VI, this would increase the firm's total assets under management to approximately $2.7 billion. With only 11 investment professionals and five supporting staff members in the whole organization, capacity needed to manage all investments effectively could be a concern. ***Mitigation:*** *Since inception, Almanac has managed close to $2 billion without having any capacity issues. Furthermore, the GP indicated that it is proactively seeking experienced professionals that can create value to the investment process. Finally, investing in securities is less time and labor intensive than directly investing in real assets.*

III. Almanac Realty Securities VI Advantages and Risks/Concerns Summary	
Advantages	**Risks/Concerns**
Proprietary Deal Sourcing. Over half of investments made by prior Funds I-V were internally sourced through the Managing Principals' contacts and relationships. These relationships include real estate, financial services, and private equity communities. Additional sourcing avenues have included Almanac's extensive relationships with real estate intermediaries, which include investment banks, mortgage brokers, and financial advisors.	**Lack of Comparable Benchmark.** ARS VI's investment process consists of investing in public and private real estate companies in the form of structured convertible debt, convertible preferred equity, or common equity investments. As this particular strategy is quite different than the other more traditional way of investing in real estate, designating a broad based benchmark as a comparison tool may not be appropriate. Furthermore, determining peer funds in which to compare could be just as difficult. ***Mitigation:*** *Courtland believes ARS VI should be categorized as a value-added fund for comparative purposes. Furthermore, Courtland will work with LACERS to construct an absolute benchmark that may be more appropriate (i.e. NCREIF+100bps, historical performances etc.).*
Favorable Structure. ARS VI intends to inject growth capital in public and private real estate companies primarily in the form of convertible debentures. Making investments through this type of structure is attractive from investors' perspective as it provides a strong yield (coupon payments) with the opportunity to participate in the upside if the share price of the company increases. Additionally, given that debentures are ultimately debt instruments, it provides investors with more downside protection (priority in claims) than what equity positions would offer.	**Investment in Common Securities.** The Fund may purchase up to a maximum of 30% in common securities of private and public companies. Unlike debt, common securities are higher in the risk spectrum, which could cause additional return volatility negatively impacting the performance of the Fund. Another drawback of common securities is that the structure itself often does not provide any current income. ***Mitigation:*** *Although the Manager has the ability to invest in common securities of public/private companies in Fund VI, the GP indicated that the likelihood of this type of investment is very small. In prior instances, Almanac's funds (Funds I-V) collectively had only five common securities transactions out of 29 total transactions.*

IV. Courtland Due Diligence Activities

Courtland has completed the following due diligence activities for the evaluation of the Fund:

1. Reviewed the presentation materials prepared by Almanac.
2. Reviewed the Private Placement Memorandum and Limited Partnership Agreement.
3. Analyzed the track record of Almanac's previous funds.
4. Reviewed questionnaire and database information completed by Almanac.
5. Hosted conference calls with Almanac partners and directors on numerous occasions.
6. Met with the Almanac executive team in New York, Cleveland, and Los Angeles on numerous occasions.

V. Firm Overview

Firm Background/Recent Changes

Rothschild Realty Managers, LLC had been a wholly-owned subsidiary of Rothschild North America from 1981 to 2007. In 2007, RRM became a partnership owned by the partners of RRM and functioned independently regarding investment decisions, investment sourcing, capital raising, and all of the day-to-day operations. Although the RRM organization was owned entirely by the managing principals, through a licensing agreement, RNA allowed RMM to utilize the name "Rothschild" for the name of the organization and "Five Arrows" as the name of the funds.

Recently, the partners of Rothschild Realty Managers, LLC decided to dissolve the business relationship with RNA and therefore have ceased using the names Rothschild and Five Arrows. As a result, the Manager has been renamed Almanac Realty Investors L.P. and the funds are re-named/re-branded as Almanac Realty Securities. This decision has evolved through extensive discussions with RNA, which amicably agreed to the changes.

The primary reason for the dissolution of the business relationship between the Manager and Rothschild North America is that it became clear to both parties that Rothschild Realty Managers, LLC's business no longer fits into the long-term goals of RNA. As a subsidiary of a global investment bank, RNA will continue to focus on expanding its European banking platform and its financial advisory services.

Firm Overview

Almanac Realty, formally known as Rothschild Realty, is a real estate investment advisor to public and private institutional pension plans, endowments, and foundations. From the time of its founding in 1981, it has invested more than $2.3 billion through a fund platform (ARS I-V) into a wide array of real estate companies and opportunities.

Since 1996, its primary investment activity has consisted of making private placements into public and private real estate operating companies through its Almanac Realty Securities private equity funds (formally known as Five Arrows Securities Funds). Over $2.3 billion of investors' commitments has been invested into 29 real estate companies.

The Manager and its predecessor, Rothschild Realty, Inc., have three decades of experience building, investing in, and growing real estate platforms/companies. The founding members that have built a core team of skilled investment professionals, have worked together for 20 years, undertaking real estate investments and acting as financial advisors on a large number of real estate and securities transactions. The Partners are responsible for the track records of prior funds spanning over multiple market cycles.

Currently, there are 16 individuals within the organization (11 investment professionals, one marketing professional, two accounting professionals, and two administrative/support group). The professional team has a combination of real estate, capital markets, and corporate management expertise. The Manager believes that these skills are essential to the successful implementation of the Partnership's investment objectives. These professionals have experience in real estate investment management, acquisition, development, leasing, construction, underwriting, and financing. The Manager has broad capital markets expertise, including: corporate financing and restructuring, equity underwriting, debt financing and mergers and acquisitions. Furthermore, the Manager has a significant amount of experience in managing and building successful organizations. This is demonstrated by the Manager's ability to run a company through occupying 46 board seats on 29 different boards of directors as of March 2012.

The Manager has completed 29 private placement transactions in the previous funds, with an aggregate cost basis of over $2.3 billion. As of March 2012, the Manager has successfully exited from over $876 million of investments in the previous five funds through selling real estate assets, recapitalizing assets of companies, and selling its positions in the public markets or via negotiated transaction. The Manager's track record for its previous five funds is 13.2% net IRR as of March 2012.

The Manager has over two decades of real estate experience. The principals have worked together for 20 years and were responsible for the investment track record of Funds I-V. Further, the principals have experience managing and building successful organizations. The following chart displays organization chart for Almanac with biographies of key personnel to follow.

ORGANIZATION CHART

**years hired*

Biographical information for the Fund's key personnel is provided in the table on the following page. Note that Courtland performed a background check on the key principals of Almanac as part of its fiduciary duties on the background check of the GP and its associated partnership/funds, Courtland has not found any material litigations that it reasonably believes could have a material adverse effect on the financial stability or management of the Fund in the near term.

BIOGRAPHIES OF KEY PERSONNEL

John McGurk, Partner/Founder	Mr. McGurk founded Rothschild Realty Inc. in 1981. He is a director of Advance Realty Group, Denholtz Holdings, JH Real Estate Operating Partners, Hallmark Holdings, Merritt Properties, Shaner Hotel Holdings, Shaner Mortgage REIT, T. Wall Holdings and Welsh Property Trust. He is a member of the National Association of Real Estate Investment Managers, the Urban Land Institute, Pension Real Estate Association, the Real Estate Board of New York and a member of the Trustee Committee of The Caedmon School. He graduated from Loyola University and received an MBA from the University of Southern California.
D. Pike Aloian, Partner	Mr. Aloian joined the Manager in 1988 and is responsible for the origination, economic analysis, closing and on-going review of the Manager's real estate investments. From 1980-1988, he was a vice president at The Harlan Company, where he was responsible for property acquisition, development and financing. Mr. Aloian is a director of Advance Realty Group, Brandywine Realty Trust, Denholtz Holdings, EastGroup Properties, Merritt Properties, Shaner Hotel Holdings, Shaner Mortgage REIT, Summit Housing Partners and Victory Real Estate Investments. He currently is an adjunct professor of the Columbia University Graduate School of Business. Mr. Aloian graduated from Harvard College and received an MBA from Columbia University.
Matthew Kaplan, Managing Partner	Mr. Kaplan joined the Manager in 1992 and is responsible for overseeing the investment activities as the Portfolio Manager of the Five Arrows funds. From 1990 to 1992, he served in the Corporate Finance Department of Rothschild Inc. Mr. Kaplan is a director of Hallmark Holdings, National RV Communities, T. Wall Holdings, RXR Realty and Westcore Properties. Mr. Kaplan has been a director of Ambassador Apartments Inc., CNL Financial Services, CNL Hospitality Properties, Encore Hospitality, Parkway Properties Inc. and WNY Group. Mr. Kaplan has been a member of the ULI and of the Institutional Investor Council to the NAREIT Board of Governors. From 1988 to 1990, he was a management consultant at ToucheRoss & Co. Mr. Kaplan graduated cum laude from Washington University and received an MBA from The Wharton School.
John Ryan, Managing Director	Mr. Ryan joined the Manager in 2001 and is responsible for marketing the Five Arrows investment platform. From 1998 to 2000, he was a Senior Vice President with Lend Lease, most recently with their Global Advisors unit where he was responsible for running and coordinating the money raising efforts, primarily in North America, for Lend Lease's international real estate initiatives. Previously, he was a Vice President of marketing at Prudential Real Estate Investors. Mr. Ryan graduated from the University of South Carolina.
Andrew Silberstein, Partner	Mr. Silberstein joined the Manager in 2009 and is responsible for the origination, structuring, negotiation and on-going review of the Manager's investments. From 2004 through 2008, Mr. Silberstein served as the Chief Investment Officer and Chief Operating Officer for Stoltz Real Estate as well as establishing AMS Real Estate Partners. From 1994 through 2004, Mr. Silberstein worked in real estate investment banking and private equity, first at Bear Stearns and then Morgan Stanley. Mr. Silberstein is a director of RXR Realty, Welsh Property Trust and Westcore Properties. Mr. Silberstein graduated from Yale University and received an MBA from New York University.

VI. Investment Strategy

The investment strategy for the Fund will be the same as its five predecessor funds. The strategy is to infuse private placements of debt and equity capital into entities that are active in the ownership, management, and enhancement of real estate. A key investment discipline is that the Manager will only invest at or below the net asset value of the underlying real estate assets. This allows the Manager to invest in different opportunities at various points in the real estate market cycle.

As real estate companies experience the initial stages of maturation, they increasingly require significant amounts of growth capital to access expansion or consolidation opportunities. Many of these companies also need guidance in navigating through new arenas as they reposition their organizations. This asset class transition creates numerous opportunities for direct structured investments. The Manager intends to invest in these types of real estate companies that seek this sort of new capital. The Manager will seek companies with management teams that have a highly developed, focused business plan within its area of expertise. These companies generally have exceptional, seasoned real estate personnel who excel at buying, managing, and selling real estate assets. However, they often require additional guidance and tools (systems, accounting, managerial input, etc.) to help them get to the next level. The Manager has a long history of providing this assistance. The investments are structured to allow the Manager to provide substantial input and control over how the funds are deployed.

The Manager will seek to protect capital by mitigating risk through investments which will be made in one of the two following categories:

Structured Investments:

- Debt or preferred equity convertible into equity.
- Debt investments, sometimes including participation rights.
- Secondary and unregistered offerings and private placements of debt and equity.

Common Equity Investments:

- Common equity into a company.
- Joint venture investments in conjunction with an investment in the company that manages the joint venture.
- Leveraged management buy-outs.
- Capital for early stage and startup companies, but only on a limited basis.

The market environment creates a large number of opportunities for private placements of debt and equity capital to entities active in the ownership, management, and enhancement of real estate both in the United States and internationally. Fund VI will pursue a broad range of investments, with some or all of the following attributes:

- **Proven Management Teams** – Management teams that have not only generated superior real estate returns for their partners, but have also earned a reputation for treating their partners with the highest level of fiduciary care.

- **Business Plans Focused on Superior Opportunities** – These are management teams that typically have a highly developed, focused business plans, within their realm of expertise. This plan should be directed at a specific real estate opportunity by product type and/or region and should be expected to produce real estate returns in excess of industry norms.

- **Competitive Advantage within Niche** – Management teams should have a demonstrated edge in their ability to source transactions within their particular region of focus. In addition, the Manager looks to identify companies with distinct operating advantages, including: 1) companies with the ability to develop or redevelop assets at or below reasonable cost levels; 2) companies with superior property management skills; and 3) companies with leasing expertise.

- **Pricing Dislocations** – The Manager will seek to take advantage of mispricing which it believes is likely to occur in a dynamic and changing investment market.

The Manager will seek to protect invested capital by mitigating risk through structure and underwriting. Central to the Manager's continued success is reducing risk through one or more of the following:

- **Cash Flow Orientation** – The Manager typically targets entities with existing portfolios of cash flow-producing real estate assets. The funds' investments are generally structured such that roughly half of the total expected return is generated through current yield supported by these cash flowing assets. This yield is distributed quarterly to investors.

- **Conservative Balance Sheets** – The Manager does not intend to utilize leverage and the Manager tends to favor companies that have been conservative in their use of leverage.

- **Pricing at or Below Net Asset Value** – Equity and equity-linked investments will generally be priced to provide ARS with an investment basis at or below the Manager's estimate of each company's net asset value.

- **Corporate Structure** – Either through a single integrated structure or in separate but affiliated entities, the Fund will invest in real estate companies where managements' incentives can be effectively aligned with shareholder objectives. Entity-level investments in multi-property portfolios also substantially mitigate single property and tenant risk.

- **Active Participation in Corporate Governance** – Where appropriate, investments will provide for direct participation by the Manager in corporate governance. Governance occurs primarily through board seats.

- **Protective Provisions** – In the event of certain negative events, transaction documentation generally contains protective language providing some or all of the following: 1) "springing" board seats in the event the company breaches certain defined covenants or fails to make contractual payments; 2) change of control put provisions; and 3) anti-dilution voting rights and other investor-friendly provisions.

- **Seniority** – Where investments are made in equity-oriented senior securities, seniority in the capital structure provides enhanced protection of principal and cash flows over the life of the investment. Additionally, the conversion rights allow for the recognition of equity returns by conversion into common stock.

- **Liquidity** – Investments are generally structured to provide liquidity through transferability and registration rights, including rights to underwritten offerings.

INVESTMENT PROCESS

The Manager combines a top-down approach to real estate markets and economics with a familiarity of industry participants in identifying investment opportunities. In assessing an investment, the Manager will undertake extensive due diligence of a company's management team, business plan, internal controls, assets (including site visits to a substantial portion of the company's real estate assets), and corporate structure. This process serves as a basis for financial analysis and provides the information driving the assumptions underlying its return projections. Thorough due diligence will enable the Manager to make an informed assessment of the real estate opportunity, the business strategy to take advantage of the opportunity, and management's ability to execute its strategy.

The negotiated structure of each investment aims to optimize the balance between company needs, capital market dynamics and the investment objectives of the Manager. The GP has completed 29 private placement transactions and has established procedures and documentation which have allowed the Manager to execute transactions quickly and efficiently.

The Manager believes that investment management is one of the key components of realizing the maximum potential of any investment. To accomplish this, the Manager will proactively participate on the board of directors of companies which it invests in and maintain a continuous dialogue with the management of the company regarding business strategy and opportunities for value creation. The experience of the GP and the professional staff in real estate operations and investment, capital markets, and corporate management allows the GP to make a meaningful contribution to management teams and boards of directors on acquisitions, development, leasing, underwriting, and financing of real estate and real estate companies. Continuous communication with contacts throughout the real estate and financial communities allows the GP to recognize potential value-enhancement and exit opportunities.

Most investments are structured to have a five to eight-year time horizon. The Manager believes that this time period will allow a company to realize its business plan and capture enterprise value. Exit strategies include a sale of the equity stake or debt position, a sale or IPO of the investee, or a partial or complete liquidation of the assets of the investee's portfolio.

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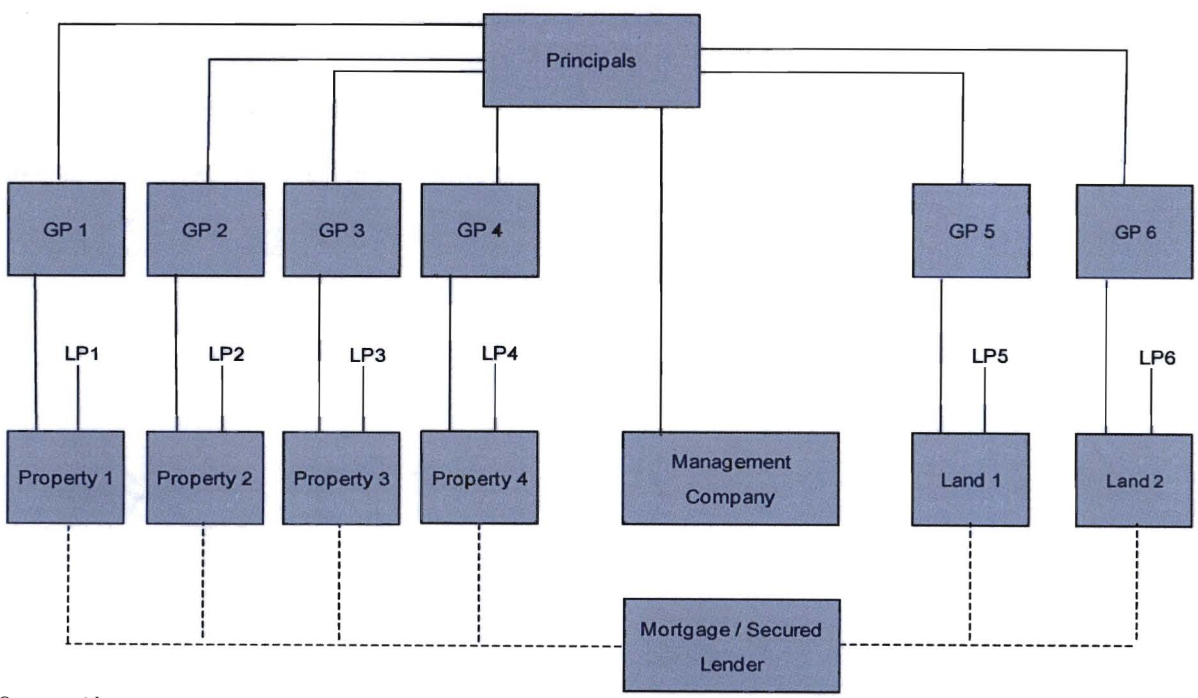
Company Acquisition Transaction

The following charts illustrate the roll-up transaction process undertaken when Almanac makes private placement investments in real estate companies. Growth capital is injected through the roll-up structure in order to highly align interests of all parties involved as this structure facilitates the execution of the Manager's business plan.

The roll-up process graphically shown on the following page is executed as follows:

- A new organization is formed ("NewCo") to consolidate real estate holdings and other interests of principals.
- The interests of principals contributed at the fair market value in exchange for units in NewCo.
- Interests of 3rd party LP's may be contributed, left-in place or bought outright.
- Almanac commits to fund NewCo on a schedule determined by its principals (typically an 18-24 month timeframe).
- Once funded, the Almanac investment becomes a stable part of the capital structure for 5-8 years.
- Almanac shares overall governance but has minimal role in day-to-day operations of the entity.
- NewCo becomes the sole vehicle through which principals own/invest in real estate, resulting in 100% alignment of interests and a single definition of success.

Typical **Pre-Transaction** Organizational Overview

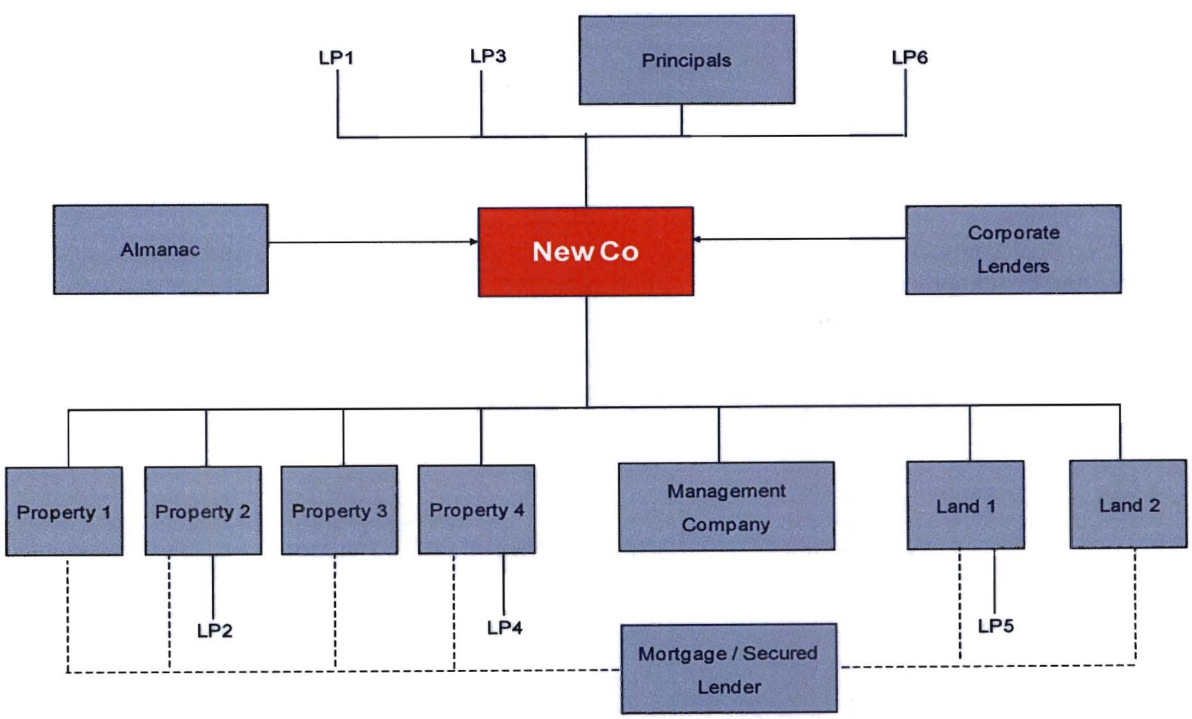


Source: Almanac

By undertaking the following structure/transaction, Almanac creates a financially strong and fully-integrated company with solid alignment of interest amongst all parties involved in the transaction. Benefits of forming a new organization are as follows:

- Such a strategy facilitates more acquisitions and/or developments with greater speed, certainty and flexibility.
- Management retains control of all the assets and operations while obtaining recognition for value of existing properties, land holdings, and management of the company (all without triggering a significant tax event).
- Such structure eliminates general partner recourse and personal guarantees.
- This allows the Principals to focus on creating real estate value.
- The roll-up creates a currency (shares of the NewCo) with which to acquire additional properties.
- The roll-up creates the ability to access a Libor-based line of credit.
- The structure allows for the recycling of capital.
- The roll-up provides for positive tax attributes regarding allocation of depreciation, etc.
- The underlying entities gain an experienced and knowledgeable strategic partner with a long-term investment orientation.

Typical **Post-Transaction** Organizational Overview ("roll up" process)



Source: Almanac

SEEDED DEALS

The Fund has already made two commitments totaling $250 million. The following bullets provide a brief description of these transactions.

- Subsequent to the first closing (which took place in December 2011) ARS VI has made its first investment in January 2012. The Fund has committed approximately $125 million in growth capital to Drawbridge Realty Trust, LLC ("Drawbridge"). Drawbridge, based in San Francisco, is a vertically-integrated company focused primarily on the acquisition and management of single-tenant R&D and industrial properties in the western United States. This investment is structured as convertible debentures, which yield 8.0% for the first two years, increasing to 8.5% in the next two years, and 9.0% thereafter.

- ARS VI made its second acquisition on June 18, 2012 by committing $125 million in NRES Holdings, LLC. NRES, headquartered in Leawood, KS, will be a vertically-integrated company focused on the acquisition, repositioning and management of multifamily properties in selected target markets in the lower Midwest and Texas. The Company will act as the successor entity to Nolan Real Estate Services, Inc. and its affiliates ("Nolan"). Nolan has invested more than $660 million in 51 multifamily properties with more than 12,000 units and executed a value-add strategy, consistent with that of NRES going forward, to substantially increase the value of those properties. This investment is structured in the form of convertible debentures which would allow the Fund to generate a 3% commitment fee, an 8.5% coupon through the first four years then increased to 9% thereafter until the end of ninth year.

TRANSACTION PIPELINE

The manager indicated that the pipeline for the Fund remains active at the current time. The Fund's current pipeline is as follows:

- National commercial mortgage company focused on middle market senior and mezzanine loans. $100M commitment structured as convertible preferred.
- Retail company with a national urban footprint. $150M commitment.
- DC based national full service hotel owner / manager. $150M commitment.
- Retail company with a southeast portfolio of super regional community centers. $150M commitment.

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VII. TRACK RECORD

The track record for all five funds sponsored by the manager since 1996 has been consistently strong on a relative and absolute basis. In comparison to the other same vintage year value-added funds in the Courtland Partners Index universe, all funds rank in the top quartile with the exception of the funds II, which rank in the 2nd quartile by a marginal amount. The table below summarizes the net and gross compounded annual IRR of Almanac's previous funds:

Manager Track Record (as of March 2012)

Funds	*Acquisition Period*	*Total Equity*	*Total Gross Cost*	*Gross Realized IRR*	*Gross IRR*	*Net IRR*	*CPI Value Vintage Year Ranking*
Fund I*	1996-1998	$300.0	$317.6	15.6%	17.9%	16.1%	1st Quartile
Fund II*	1998-1999	$300.0	$317.8	15.4%	15.4%	14.3%	2nd Quartile
Fund III*	1999-2001	$300.0	$232.2	15.8%	12.3%	11.0%	1st Quartile
Fund IV	2004-2007	$445.0	$445.3	62.5%	11.6%	9.3%	1st Quartile
Fund V	2007-2011	$839.2	$565.3	40.1%	11.7%	7.7%	1st Quartile
Total				**16.3%**	**15.1%**	**13.2%**	

Source: Almanac Realty
**Fully liquidated.*
OhioPERS is the only investor in funds I, II, and III.

The quartile ranking statistically breaks the universe of vintage year funds into the following categories: 1) Top/First Quartile (top 25% of funds in the universe in terms on net IRR by vintage year); 2) Second Quartile; 3) Third Quartile; and 4) Bottom/Fourth Quartile. The quartile ranking enables Courtland to evaluate how well a fund performs vs. peer funds from the same vintage year. The Courtland Partners Index is broken out by core, value, and opportunistic funds so that an "apples to apples" comparison may be made as to performance by risk/return classification. As shown in the above table, Almanac's previous funds (some unrealized) have performed at the top (or near the top) of their peer universe comparison.

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VIII. FEES

The following table provides a comparison of fees amongst five other funds in the current value-added fund universe. Based on the information below, the Fund's management fee schedule is considerably more attractive relative to its peers. While the catch-up element may seem unfavorable compared to competitor funds, the lower management fee and the higher preferred return of 9% make the overall fee structure fairly reasonable.

FUND	SIZE	MANAGEMENT FEES/PROMOTED INTERESTS	TARGET RETURN
ARS VI	$0.80 b	*Management Fee:* 1% on total commitments during the first 36 months after the final closing, then 1% on unreturned capital contribution *Incentive Fee:* 9% preferred return, 47.5% to the GP until the GP has received 19% of total distributions, 19% to the GP thereafter	12%, net
Peer Fund 1	$0.35 b	*Management Fee*: 1.5% on committed capital during the investment period; 1.5% on invested equity thereafter *Incentive Fee*: 8% preferred return, with 20% to the GP until a 20% return, 40% to the GP thereafter	13%, net
Peer Fund 2	$0.30 b	*Management Fee:* 1.5% on committed capital during the investment period; 1.5% of invested equity thereafter *Incentive Fee:* 9% preferred return, 50/50 to the GP until 20% return, 20% to the GP thereafter	12%, net
Peer Fund 3	$0.40 b	*Management Fee:* 1.5% on committed capital during the investment period; 1.5% of invested equity thereafter *Incentive Fee*: 10% preferred return, 85/15 until 12% return, 40/60 until 15% return, 85/15 until LP has a 1.65x multiple, 100% to the GP until 20% of the total, 20% to the GP thereafter	13%, net
Peer Fund 4	$0.50 b	*Management Fee*: 1.5% on invested equity *Incentive Fee*: 8% preferred return, 90/10 until 10% return, 20% to the GP thereafter	12%, net
Peer Fund 5	$0.30 b	*Management Fee*: 1.5% on committed capital during the investment period; 1.5% of invested equity thereafter *Incentive Fee*: 10% preferred return, 20% to the GP thereafter	14%, net

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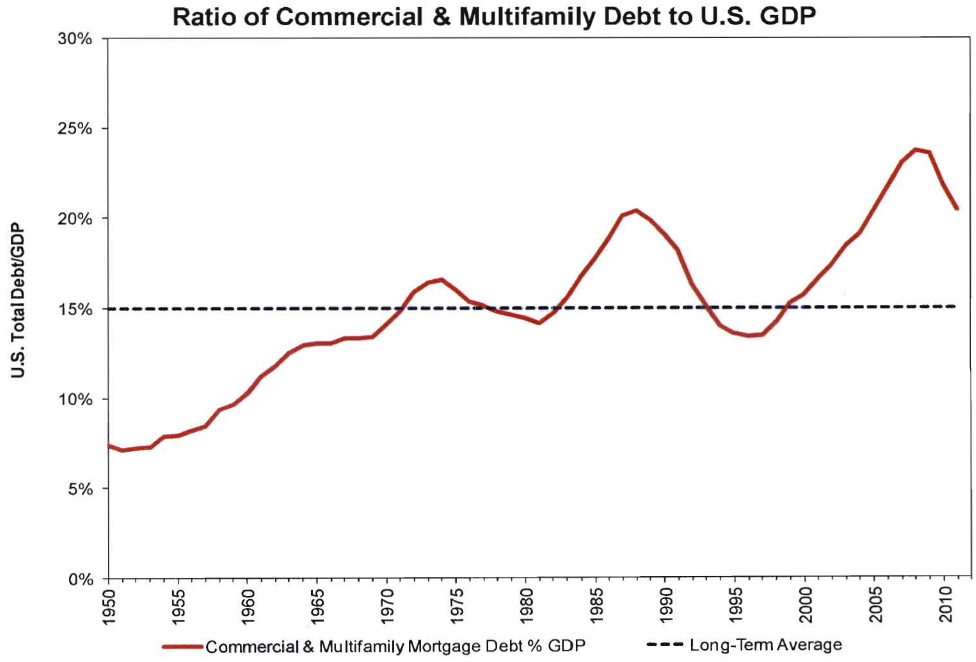
IX. Market Conditions

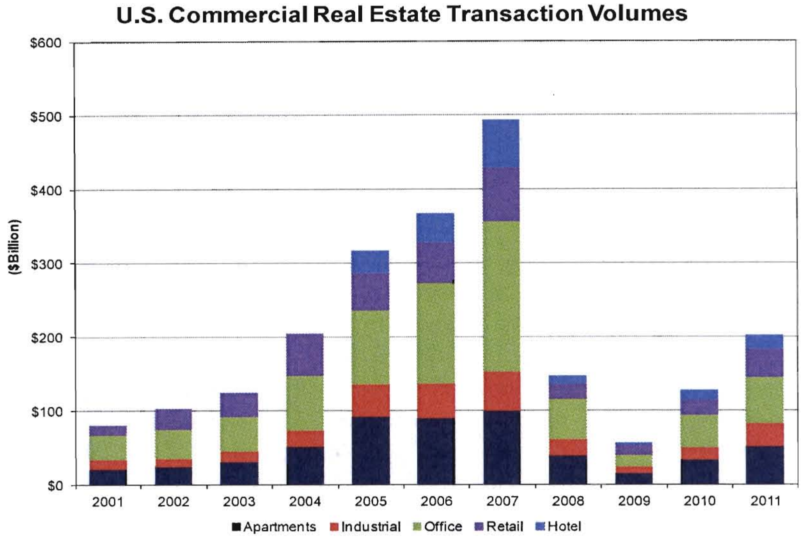
U.S. real estate prices and investment returns for most properties have been on the rise over the past two years. Core real estate prices have made a dramatic comeback but stalled in recent months due to a weaker economy and greater uncertainty about its direction. Gateway markets continue to outperform secondary and tertiary markets. After edging close to a double-dip recession in the second and third quarters of 2011, the U.S. economy began to regain momentum in the fourth quarter and appears firmly on track to maintain a trajectory for slow recovery in 2012.

Commercial banks represent $3.4 trillion of the commercial mortgage industry. The most recent run-up in the commercial real estate markets was fueled in large part by historically low interest rates which led to aggressive lending practices by financial institutions. In absolute terms, the level of commercial and multifamily mortgage debt outstanding more than tripled from approximately $1.0 trillion in 1995 to over $3.4 trillion in 2008. Commercial and multifamily mortgage debt outstanding as a percentage of U.S. GDP correlates with the boom-bust cycle of the real estate market. After reaching a trough in the previous real estate cycle, the ratio increased from approximately 13% in 1996 to nearly 25% in 2008, and stands at 20% in 4Q11. It appears the era of high leverage is over, and it will be replaced with a more conservative market environment for the foreseeable future. The deleveraging process is most likely to be prolonged and likely to have a profound impact on commercial real estate markets.



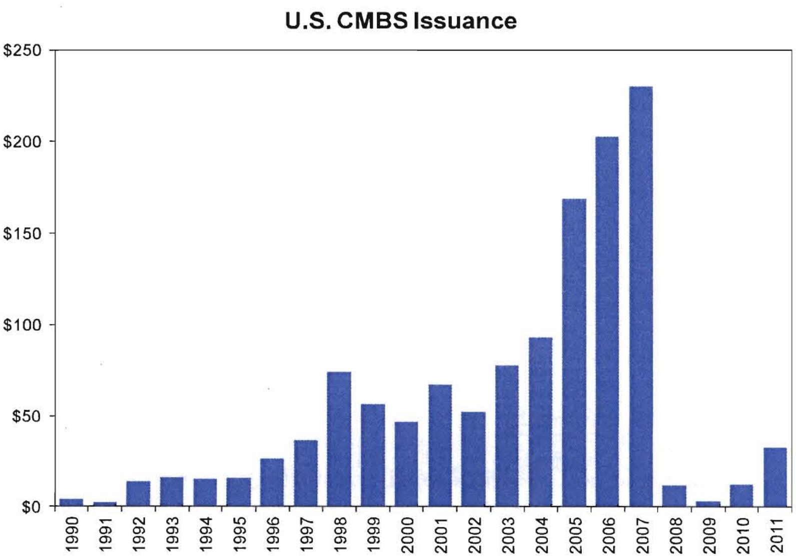
Source: Federal Reserve Flow of Funds (As of December 31, 2011)

Due in large part to the scarcity and cost of debt capital, transaction volumes for commercial real estate was down significantly in 2008 and 2009. However, transaction volumes have experienced a dramatic improvement since 2009. According to Real Capital Analytics, transaction volume in 2011 totaled approximately $200 billion, nearly two-thirds higher than in 2010. This was nearly identical to 2004 levels, a period in which the markets were in similar stages of recovery. Transaction activity has been almost exclusively focused on higher quality assets in prime markets that offer a secure income stream. Manhattan, Washington, DC, and San Francisco represented between 45% and 50% of total volume in 2011.



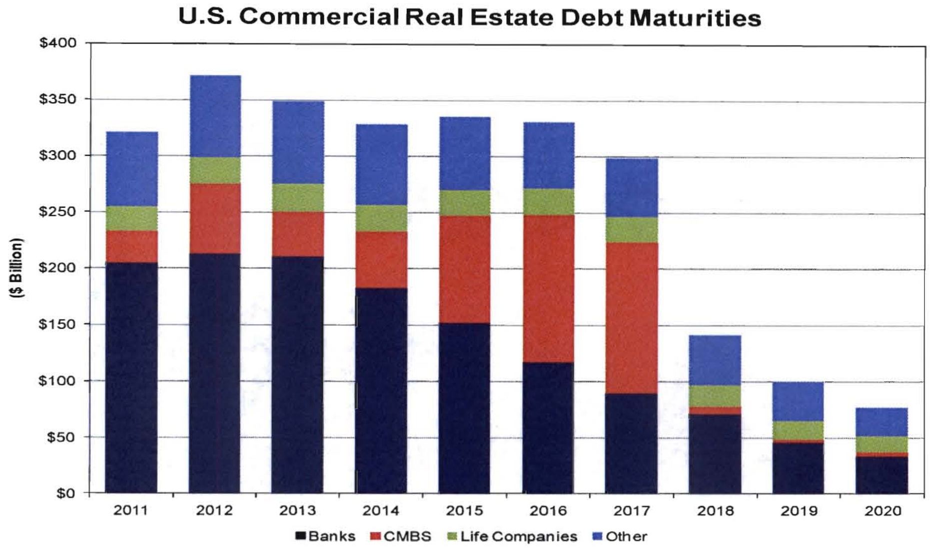
Source: Real Capital Analytics

During 2011, CMBS issuance in the U.S. totaled just over $32 billion, the highest total since 2007. Although 2011 issuances nearly tripled 2010 levels, conditions started to deteriorate in the second half of 2011. Analysts had projected CMBS issuance to total $40 to $60 billion in 2011. During the second half of the year, banks pulled back from making new commercial mortgages for sale as escalating borrowing costs in various European countries shook the credit markets during the summer months. The general consensus for 2012 CMBS issuance is in the range of $25 to $45 billion. CMBS issuances will be primarily dependent on the European debt crisis and the pace of U.S. economic growth.



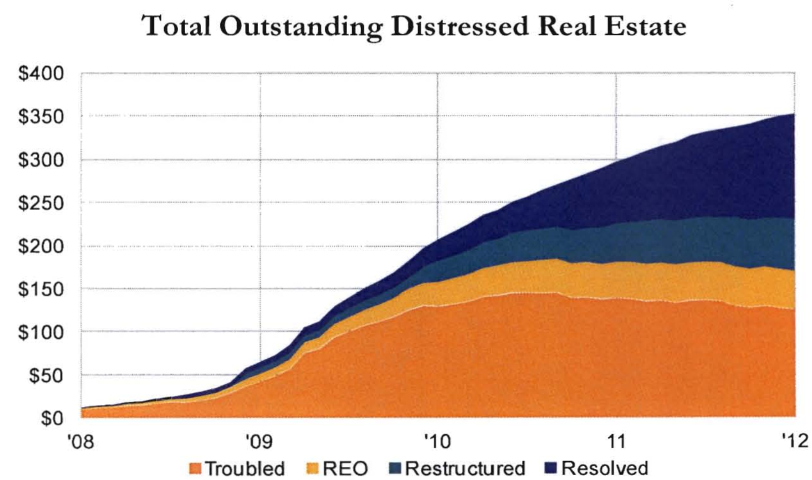
Source: Real Capital Analytics

Big banks have begun to move some of their real estate assets off their books. This is significant in terms of supporting a sustained recovery in the real estate markets. Despite the improvements, looming debt maturities remain an issue and their impact will be felt over the coming years. Real estate debt scheduled to mature during 2012-2015 is approximately $1.3 trillion dollars. Industry analysts are projecting a funding gap between the face loan amounts and underlying real estate values to be in the range of $300-$600 billion.



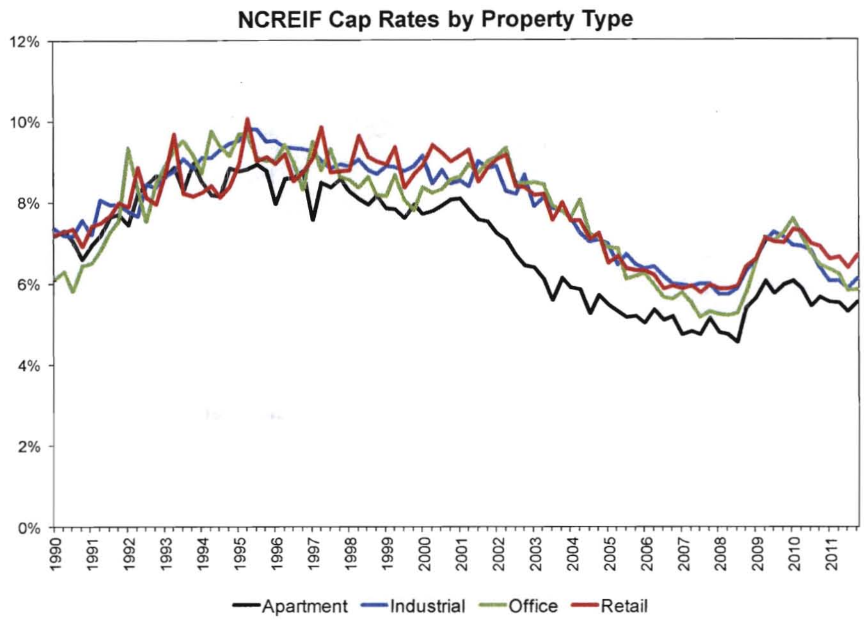
Source: Morgan Stanley Research, Foresight Analytics, Trepp, Intex

Commercial banks continue to struggle with the problem of underwater loans which were originated at the peak of the real estate market cycle. The sale of debt by institutions is expected to increase over the next several years. According to Real Capital Analytics, as of December 2011, more than $350 billion of commercial properties are currently in distress and nearly $170 billion of that remains unresolved. The distress reaches across all property types, with the greatest amount plaguing the office sector. Markets with the highest dollar value of distressed real estate at year-end 2011 include Manhattan, Las Vegas, Phoenix, Los Angeles, and Chicago.



Source: Real Capital Analytics

At the end of 2011, property yields look to be attractive when compared to other investment alternatives, as low interest rates have been beneficial to investors. As reported by NCREIF, the all property cap rate in 4Q11 stands at 6.0%, down approximately 100 basis points from the recent peak of 7.0% in 1Q10. After having reached a peak in early 2010, the average cap rate across most property sectors has declined in excess of 60 bps. The largest compression in cap rates were experienced in top tier markets where strong demand has boosted the prices for "trophy assets."



Source: NCREIF

The apartment sector was the first sector to recover coming out of the Great Recession. According to NCREIF data, over the past two years (2010-2011), vacancy rates in the apartment sector have decreased approximately 160 basis points to 5.9%. As a result, effective rents posted sizable gains as landlords significantly reduced concession packages. The multi-family sector continues to benefit from declining homeownership rates, the increased appeal of renting and favorable demographics. To satisfy pent-up demand, a wave of new development is expected to occur over the next several years.

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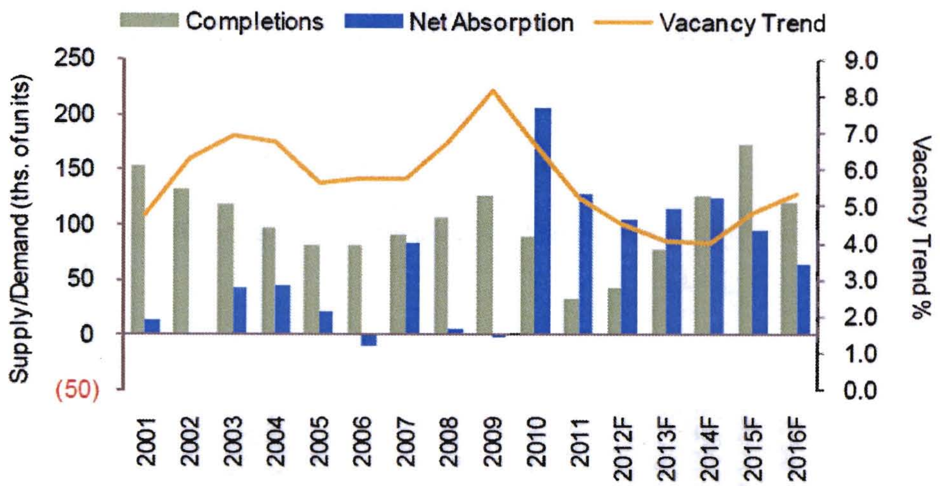
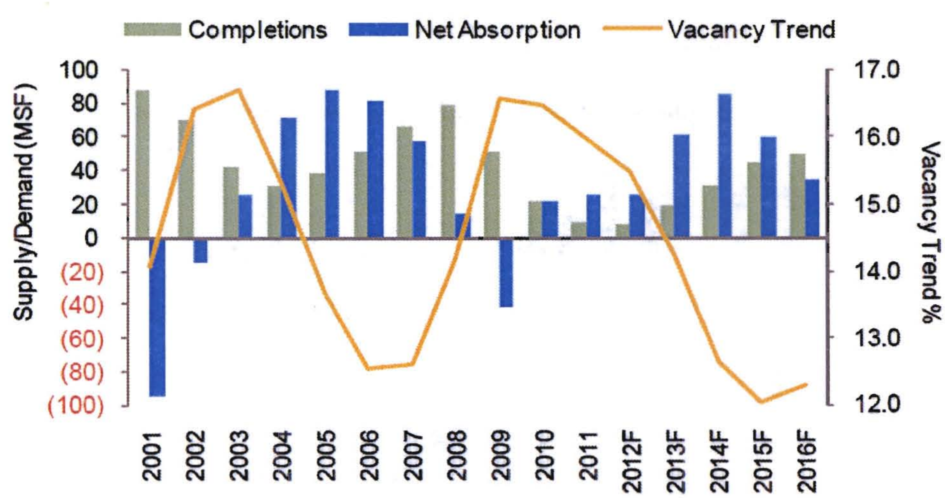
U.S. Apartment Property Fundamentals



Source: CBRE-EA and RREEF Research; As of March 2012

The office market is the sector most directly influenced by changes in employment, and office employment typically falls faster than overall employment during economic downturns. With the exception of a few core markets, the office sector appears to be at the bottom of the cycle. Although current vacancy rates are nearly 300 bps above the long-term average, they appear to have reached a peak. However, prospects for a broad recovery remain uncertain as the economic recovery has been choppy to date. The low level of new construction that occurred during the last cycle should be a catalyst to expedite a recovery in the sector. As of year-end 2011, investor demand for office properties has been narrowly focused on gateway cities such as New York, San Francisco, Boston, Seattle and Los Angeles where cap rates were reported in the range of 5.0%-5.5%.

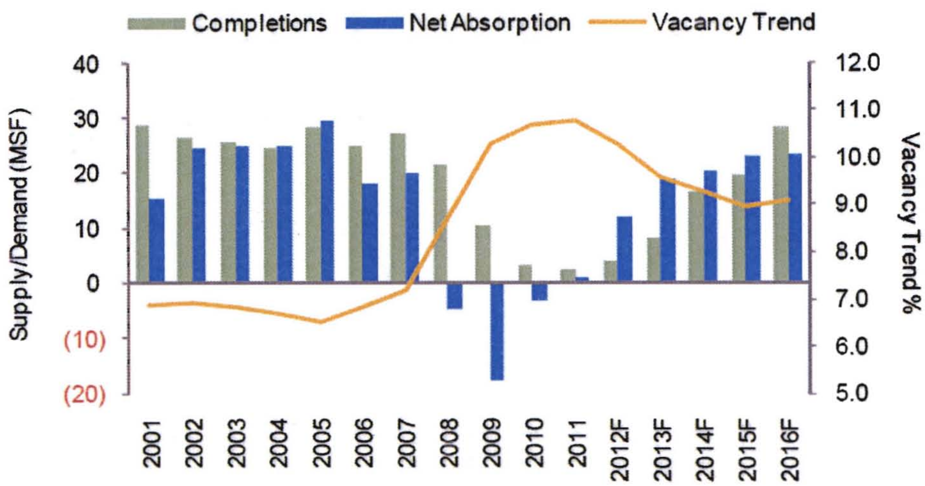
U.S. Office Property Fundamentals



Source: CBRE-EA and RREEF Research; As of March 2012

After nearing historically high vacancy rates in the 3Q10, the U.S. retail sector began to stabilize in 2011. While consumer spending has picked up and retail sales are growing, the current level of retail sales remains below the peak of its last cycle. High unemployment and consumer deleveraging will continue to slow the overall recovery of the sector. One positive factor affecting the outlook for the sector is the dramatic decline in new supply. High-quality centers in top locations with strong tenancy have seen the most improved occupancy in recent quarters. Investors are placing a premium on grocery-anchored strips which are viewed as less risky than other anchored centers. A broader recovery in the retail sector is expected to be marginal at best as consumer spending is forecast to remain challenged in 2012.

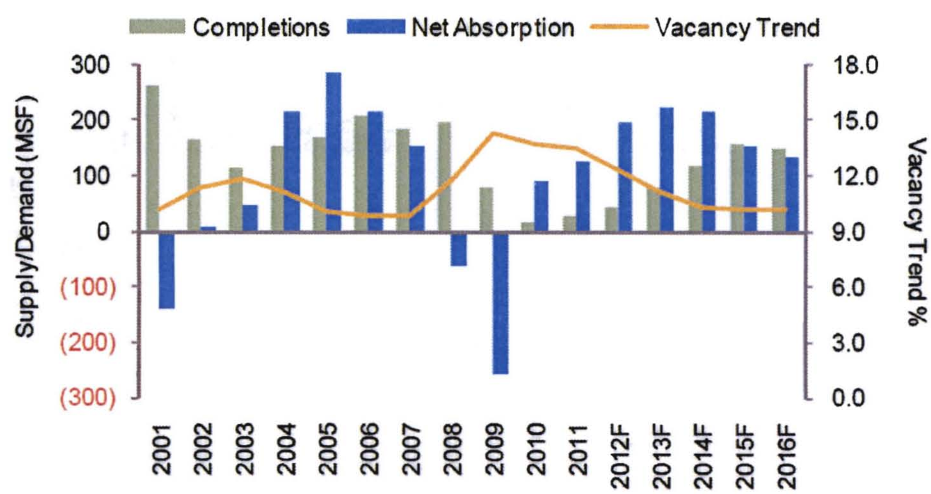
U.S. Retail Property Fundamentals



Source: CBRE-EA and RREEF Research; As of March 2012

Despite improving each quarter in 2011, the industrial market enters 2012 with vacancy nearly 200 bps above the long-term average (9.0%). Major port-driven markets are outperforming with LA, Riverside and Houston having vacancy at or near long-term averages. Gains in industrial production, capital goods orders, and auto sales are expected to support further gains in 2012, but with near record vacancy, rent growth is not expected to occur until 2013, especially in Midwest and "housing bubble" (Atlanta, Las Vegas, and Orlando) markets.

U.S. Industrial Property Fundamentals



Source: CBRE-EA and RREEF Research; As of March 2012

X. Courtland Recommendation

Courtland recommends that the LACERS commit to invest $25 million in Almanac Realty Securities VI, L.P. for the following reasons listed below. The recommendation is based on LACERS completing a thorough legal review and documentation process. Throughout the course of our current due diligence on the Almanac Realty, the sponsor has displayed the following strengths which support our positive view:

- Track Record;
- Well Rounded Management Team;
- Risk Mitigation;
- Sizable Current Income;
- No Competing Platforms;
- Proprietary Deal Sourcing; and
- Favorable Structure.

Collectively, Courtland clients have committed a total of $325 million in Almanac Realty Securities VI, L.P. The list of clients are as follows:

1. New York City Employees' Retirement System - $150 million
2. Pennsylvania Public School Employees' Retirement System - $100 million
3. Los Angeles Department of Water and Power Employees' Retirement Plan - $20 million
4. The City of Philadelphia Board of Pensions and Retirement - $15 million
5. Taft Hartley - $20 million
6. Taft Hartley - $20 million

Under the terms of the private placement memorandum, LACERS will have the opportunity to participate in the same investment with first close (4Q, 2011) investors at a 10% annualized cost capital charge.

To date, ARS VI has had its initial close in December of 2011 with $313 million of capital commitments across six investors. The second closing occurred in May 2012 at which they closed an additional $315 million across six additional investors to bring the total to $628 million in investors' commitments. The Fund expects to have an additional $200-$300 million of commitments on its final close which is expected to occur during September 2012.

COURTLAND PARTNERS, LTD.

Presentation of Almanac Realty Securities VI, L.P.
to
Los Angeles City Employees' Retirement System

Managed by:
Almanac Realty Investors LLC
1251 Avenue of Americas
New York, NY 10020

John D. McGurk, Partner	212-403-3510	john.mcgurk@almanacrealty.com
John B. Ryan, Managing Director	770-442-8020	john.ryan@almanacrealty.com

Disclosure

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The information contained herein is provided for informational purposes only, is not complete, and does not contain certain material information about the Almanac Realty Securities VI, L.P. (the "Fund" or "Almanac VI" or "ARS VI"), including important disclosures relating to conflicts of interest and risk factors associated with an investment in the Fund, and is subject to change without notice. This document is not intended to be, nor should it be construed or used as an offer to sell, or a solicitation of any offer to buy, interests in the Fund. No offer or solicitation may be made prior to the delivery of a definitive private placement offering memorandum (the "Memorandum"). In the event of any conflict between information contained herein and information contained in the Memorandum, the information in the Memorandum will control and supersede the information contained herein. The information contained herein does not take into account the particular investment objectives or financial circumstances of any specific person who may receive it. The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. You should make an independent investigation of the investment described herein, including consulting your tax, legal, accounting or other advisors about the matters discussed herein.

Disclosure

The interests in the Fund are suitable investments only for sophisticated investors (i) who do not require immediate liquidity for their investments, (ii) for whom an investment in the Fund does not constitute a complete investment program and (iii) who fully understand, are willing to assume and who have the financial resources necessary to withstand, the risks involved in the Fund's specialized investment program and to bear the potential loss of their entire investment in the Fund.

Investments in the Fund are speculative and involve a high degree of risk. The interests in the Fund are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Amended and Restated Limited Partnership Agreement of the Fund and under the Securities Act of 1933, as amended, and applicable laws of any country, state or other jurisdiction, pursuant to registration or exemption therefrom. Investors should be aware that they may be required to bear the financial risks of their investment for an indefinite period of time. Investment in the interests will involve significant risks due, among other things, to the nature of the Fund’s investments, and there will be no public market for the interests. There can be no assurance that the targeted returns will be achieved and past investment performance of the managing principals of the Manager may not be indicative of future performance.

The Manager believes the information contained in this document to be reliable but does not warrant its accuracy or completeness. The estimates, investment strategies, and views expressed in this document are based upon current market conditions and/or data and information provided by unaffiliated third parties and are subject to change without notice. Certain economic and market information contained herein has been obtained from published sources prepared by other parties. While such sources are believed to be reliable, neither the Fund, the Manager, nor their respective affiliates assume any responsibility for the accuracy or completeness of such information. Neither delivery of this document nor any statement herein should be taken to imply that any information contained herein is correct as of any time subsequent to the date hereof.

Disclosure

No guarantee or representation is made that the Fund's investment program, including, without limitation, the Fund's investment objectives, diversification strategies, or risk monitoring goals, will be successful, and investment results may vary substantially over time. Investment losses may occur from time to time. Nothing herein is intended to imply that the Fund's investment methodology may be considered "conservative", "safe", "risk free" or "risk averse". PAST PERFORMANCE IS NOT INDICATIVE NOR A GUARANTEE OF FUTURE RESULTS. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

Summary

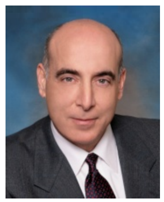
Almanac Realty Investors ("ARI")

- Founded in 1981 as Rothschild Realty
- Partner owned since 2007
- Renamed Almanac Realty Investors, LLC in December 2011
- ARI has become a Registered Investment Advisor
- AUM $1.9 billion as of December 31, 2011
- Continue to strengthen our team and operations

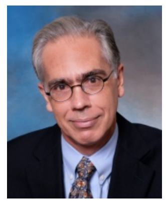
Almanac Realty Securities ("ARS")

- Focused real estate investment platform: private placements of growth capital into private and public real estate companies
- 16 years; 6 funds; $2.6 billion into 31 investments
- Superior absolute, relative and risk adjusted returns
- Current environment offers attractive opportunities to deploy capital

Almanac Team Members



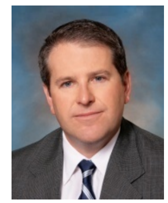
Matthew W. Kaplan
Managing Partner
1990*



D. Pike Aloian
Partner
1988*

John D. McGurk
Partner
1981*

Andrew M. Silberstein
Partner
2009*



John B. Ryan
Managing Director
2001*

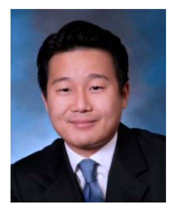
Henry C. Herms
Chief Financial Officer
2012*

Justin J. Hakimian
Director
2005*

Scott J. Peters
Director
2007*

Ilse L. Gehrmann
Vice President
1989*

David K. Haltiner
Vice President
2008*



Kenny K. Moon
Vice President
2009*

Brian L. Tilton, CFA
Associate
2010*

Joseph M. Sacchetti
Controller
2012*

Mary Beth McCormick
Senior Advisor
2009*

* Year hired

Total Return Comparison

	June 30, 2012	As of December 31, 2011				
Fund (Investment Period)	Net IRRs[1]	Net IRRs[1]	RMS[2]	NCREIF[3]	S&P 500[4]	SSB BB Bond[5]
Almanac I (1996- 1998)	16.0%	16.2%	8.9%	9.7%	5.1%	7.5%
Almanac II (1998-1999)	14.3%	14.3%	14.9%	10.5%	0.0%	6.4%
Almanac III (1999-2001)	11.0%	11.1%	15.6%	10.2%	2.1%	7.5%
Almanac IV (2004-2007)	9.1%	9.4%	4.6%	5.7%	2.7%	7.7%
Almanac V (2007-2011)	7.7%	7.8%	8.4%	7.7%	4.3%	9.5%
Total	13.1%	13.3%	10.9%	9.2%	3.1%	7.5%

Source: Factset, IREI, Bloomberg

1 IRRs as of June 30, 2012 are based on unaudited financial statements. IRRs as of December 31, 2011 are based on audited financial results and are reported on a net basis. The returns reflect investment expenses, management fees and carried interest paid to the Manager, its predecessor and their respective affiliates. The investment performance of Almanac I, Almanac II, Almanac III, Almanac IV and Almanac V may not be indicative of the likely performance of Almanac VI. Past performance is not necessarily indicative of future results.

2 MSCI US REIT Index, calculated by Morgan Stanley Capital International, Inc. The index is calculated with dividends reinvested on a daily basis and is designed to measure the performance of equity REIT securities. All index members are real estate equity securities from the MSCI US Investable Market 2500 Index.

3 NCREIF Property Index, published and distributed by the National Council of Real Estate Investment Fiduciaries. The NCREIF Property Index consists of both equity and leveraged properties, but the leveraged properties are reported on an unleveraged basis, so the Index is completely unleveraged.

4 Standard and Poor's 500 Index. The S&P 500 is an index consisting of 500 stocks chosen for market size, liquidity and industry grouping, among other factors, which is meant to reflect the risk/return characteristics of the large-cap universe.

5 Salomon Broad Investment-Grade Bond Index for BB-rated bonds. This is a total return index.

6 Salomon Broad Investment-Grade Bond Index for BBB-rated bonds. This is a total return index.

Investment Objectives

- Deliver superior absolute, relative and risk adjusted returns
- Target an annual return of 12%, net of fees[1]
- Derive approximately half of the total returns from current yield
- Generate capital gains by growing a company's equity value through acquiring, developing and/or repositioning real estate assets
- Protect capital through active risk management

[1] There can be no assurance that the Fund will achieve its stated target returns. The target returns set forth herein have been established based on assumptions with respect to market conditions and the expected structure of each of the Fund's investments and take into consideration the investment experience of managing principals of the Manager in making investments utilizing investment strategies similar to those contemplated by the Fund. The Fund's target returns are based upon assumptions regarding future events and situations, however, investment conditions are dynamic and may change during the term of the Fund. As a result, the assumptions used to establish the Fund's target returns may prove not to be accurate or not to materialize. Accordingly, the target returns set forth herein should not be used as a primary basis for an investor's decision to invest in the Fund.

Investment Approach

- **Identify companies that generally fit the following profile:**
  - High quality management teams with long-standing, proven track records
  - Focused on generating recurring real estate cash flow
  - Demonstrated competitive advantages within a niche
  - Require more efficient access to capital to pursue growth opportunities
  - Benefit from ARI’s real estate, capital markets and corporate management skills
- **Price discipline:**
  - Deal pricing based upon net asset value and projected unlevered real estate returns
  - Little regard for value of intangibles, cap rate compression or multiple expansion
- **Create an entity that aligns management incentives with investor objectives:**
  - Definition of success is the same for ARS and the entrepreneurs
  - Management has a significant amount of their personal wealth invested in the entity
  - Transparency of management activity and reporting
  - Participation by ARI in major decisions

Risk Management

- **Management**
  - High quality management teams with long-standing, proven track records
  - Management has a significant amount of their personal wealth invested in the entity

- **Conservative capital structures/cash flow orientation**
  - Fund is unlevered
  - Companies expected to have mortgage debt loan to value of 50% to 70%
  - ARS' investment is typically senior in the capital structure
  - Companies focused on generating recurring real estate cash flow

- **Governance/control provisions**
  - Private companies - Board of Directors are usually evenly split between ARS and management; Boards meet frequently
  - Public companies – typically occupy 1-2 seats and sit on key committees
  - Additional directorships and rights in the case of poor performance

Realizations

Successfully exited from $876 million of $1.9 billion invested in ARS I – V by utilizing the following strategies:

- **Selling Real Estate Assets** $279 million
  - Partial or complete liquidation of the portfolios/companies
- **Recapitalizing Assets of the Company** $186 million
  - Mortgage debt
  - Mezzanine debt
  - Joint venture
- **Selling positions** $411 million
  - Public-market trades
  - Negotiated transaction with institutional buyer

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ARS IV Summary

- For 2011, the total annual return net of fees and expenses was 9.6% comprised of current income of 5.0% plus unrealized appreciation of 4.6%
- Since inception ARS IV has generated a gross IRR to its LPs of 11.8% and a net IRR of 9.4%[1]
- Fund termination date is November 2013 (with two one-year extensions)
- Realized approximately 25.0% of invested capital
- Net return expectation of 10.0% - 11.0%[1]
- Hallmark, NRVC, and Victory are performing well and are currently pursuing liquidity options
- Denholtz has been restructured
- Shaner Hotels deferred its coupon for 2.5 quarters through May 15 to undertake mandatory PIPs ("product improvement program")

[1] Net IRRs exclude amounts allocated to the general partner and its affiliated entities

ARS IV Investments

($ in millions)	Victory[2]	Encore[3]	NRVC[2]	Denholtz	Hallmark	Shaner
Origination Date	10/04	04/05	11/05	12/05	03/07	11/07
Property Type	Retail	Hospitality	RV Parks	Office/ Industrial	Senior Housing	Hospitality
Structure	Convertible Debt	Convertible Debt	Notes, Warrants, Equity	Convertible Debt	Convertible Debt	Convertible Debt
Total Commitment[1]	100.0	85.0	115.0	125.0	75.0	65.0
ARS IV Commitment	75.0	70.0	115.0	100.0	75.0	65.0
Current Income	9.0%	9.0%	4.9%	0%	8.5%	8.5%
Initial Estimate of IRR	16.0-18.0%	18.0-22.0%	20.0-24.0%	16.0-18.0%	15.0-17.0%	17.0-19.0%
Current Estimate of IRR	10.0%	63.2%[3]	17.0–18.5%	(5.0%)-3.0%	15.0-17.0%	10.0-12.0%
Expected Exit	2011 / 2012	---	2013	2013 / 2014	2014	2014

Additional footnotes on Page 32
[1] Total Commitment includes co-investment amounts
[2] Partially realized
[3] Fully realized

ARS V Summary

- For 2011, the total annual return net of fees and expenses was 12.5% comprised of current income of 8.3% plus unrealized appreciation of 4.2%
- Since inception ARS V has generated a gross IRR of 12.3% and a net IRR of 7.8%[1]
- Final closing in July 2008 with $839.2 million (not including co-investment)
- To date fund has $787.8 million committed to 8 investments including $285.0 million during 2011
- Investment Period ended July 2011
- An additional $85.5 million is reserved for follow-on investments (through July 2013)
- Shaner Mortgage REIT was fully realized in September 2011, with a gross IRR of approximately 32.4%
- Net return expectation of 11.0%-13.0%[1]

[1] Net IRR excludes amounts allocated to the general partner and its affiliated entities

ARS V Investments

($ in millions)	JH	Westcore	Welsh	RXR	Summit	Shaner Mortgage[2]	Open Market[2]	T. Wall[4]
Origination Date	07/11	7/11	11/10	04/10	03/10	08/09	12/08	11/07
Property Type	Multi-family	Industrial	Industrial	Office	Workforce Housing	Hospitality	Various	Office
Structure	Convertible Debt	Common Equity / Debentures	Convertible Debt	Convertible Debt	Convertible Debt	Common Equity	Mixed	Convertible Debt
Total Commitment[1]	$100.0	$160.0	$150.0	$175.0	$100.0	$50.0	$17.8	$110.0
ARS V Commitment	$100.0	$160.0	$125.0	$140.0	$85.0	$50.0	$17.8	$110.0
Current Income	8.0%	4.4%[3]	8.0%	8.0%	9.0%	10.4%	9.8%	8.5%
Initial Estimate of IRR	15.0-16.0%	18.0-20.0%	15.0-17.0%	18.0-20.0%	15.0-20.0%	16.0-18.0%	15.0-20.0%	16.0-18.0%
Current Estimate of IRR	15.0-17.0%	18.0-20.0%	14.0-16.0%	17.0-20.0%	13.5-15.0%	32.4%	70.1%	8.0-10.0%
Expected Exit	2018	2016	2015	2017	2015	-	--	2015

Additional footnotes on Page 32
1 Total Commitment includes co-investment amounts
2 Fully realized
3 Reflects 5 year average contractual yield on ARS debentures (8.8%) divided by ARS total investment (debentures + common)
4 Please see page 20

ARS V Investment – JH Real Estate Operating Partners

Company Description

JH Real Estate Operating Partners is a Newport Beach, California based private company that acquires, develops and operates primarily multi-family properties in Southern California.

The principals of JH have contributed nine properties encompassing 1,805 apartment units, entirely located in Southern California.

Investment Opportunity

- Experienced management team with a superior track record
- Vertically integrated company with a strong culture and deep-rooted knowledge of the SoCal multi-family market, highlighted by strong operational and acquisition-sourcing capabilities
- Attractive opportunity to build a portfolio of institutional-quality multi-family properties in infill markets, typically at well-below replacement cost
- Attractive demographic trend, coupled with a general trend away from home ownership and towards rental units

Status

- As of December 31, 2011, the Company has 9 properties totaling 1,805 units
- It is currently executing its acquisition program in keeping with its business plan

ARS V Investment – Westcore Properties

Company Description

Westcore Properties is a San Diego, California based private company that acquires, repositions and manages industrial and office properties primarily in California and secondarily in other western US markets.

Investment Opportunity

- Management team has an extensive track record of generating extraordinary returns
- California-centric investment strategy focused on the acquisition of value-add industrial and office properties

Status

- Consistent with its business plan, Westcore has acquired 11 properties totaling 2.4 million square feet, since formation
- The acquisition portfolio is comprised largely of value add properties in need of re-positioning and re-tenanting, and the management team is currently executing such initiatives
- The acquisition pipeline remains robust

ARS V Investment – Welsh Property Trust

Company Description

Welsh Property Trust is a Minnetonka, Minnesota based private company that primarily acquires, develops and operates industrial properties across the Midwest.

As of December 31, 2011, the company owns 51 properties encompassing 6.3 million square feet in its target markets.

Investment Opportunity

- Experienced management team with a superior track record
- Differentiated investment strategy away from coastal markets to higher yielding strategically located assets in top distribution markets in the Midwest corridor
- Vertically integrated company providing a complete spectrum of real estate services

Status

- Welsh has 51 properties totaling 6.3 million square feet
- Spin-off of third party service business completed March 31, 2012

ARS V Investment – RXR Realty

Company Description

RXR Realty is a New York based private company that primarily acquires, develops and operates office properties in the NY tri-state region.

The company currently manages or has interests in approximately $5.0 billion of assets encompassing 106 operating properties and 17.9 million square feet.

Investment Opportunity

- Management team has impressive track record as a public REIT, Reckson Associates (NYSE: RA)
- Demonstrated investment discipline within a target market of New York City, primarily Midtown Manhattan, and the 50-mile radius surrounding New York City
- Deep rooted local franchise
- Best in class capital sourcing expertise allowing it to establish itself as a premier real estate investment manager

Status

- As of December 31, 2011, RXR Realty manages or has interests in approximately $4.7 billion of assets encompassing 106 operating properties
- The Company is currently raising its second comingled fund and pursuing acquisitions as per its business plan

ARS V Investment – Summit Housing Partners

Company Description

Summit Housing Partners is a Montgomery, Alabama based private company that owns, acquires, develops, and operates affordable and workforce housing assets.

The company currently owns 94 properties encompassing 14,762 apartment units in the Southeast of the United States.

Investment Opportunity

- Experienced and sophisticated owner, operator and developer of affordable and workforce housing assets capitalizing on profitable government incentive programs
- Attractive demographic trend, coupled with a general trend away from home ownership and towards rental units

Status

- Summit currently owns and operates approximately 14,300 apartment units in 92 properties located in nine states
- Summit is currently in the process of an accretive merger with Bailey Properties, LLC, which is based in Little Rock, Arkansas, and owns 19 market rate properties

ARS V Investment – Shaner Mortgage REIT (realized)

Company Description

Shaner Mortgage REIT was a State College, Pennsylvania based private REIT established to acquire hotel loans.

The company invested in one mortgage secured by the Renaissance Hotel next to the convention center in Las Vegas, Nevada.

Original Investment Opportunity

- Experienced and seasoned management team with previous experience as a Almanac investee
- Acquire performing loans from distressed lenders at attractive, dislocated price and position

Result

- This investment was realized in September 2011, generating a gross IRR of 31.3%

ARS V Investment – Open Market Purchases (realized)

- Purchased $17.8 million of REIT preferred and unsecured debt securities in the open market in the 4Q of 2008
- Purchased at an average yield on cost of 9.8%
- Sold all positions by 3Q 2009
- Realized gross proceeds of $24 million, resulting in an equity multiple of 1.4x and an IRR of 70.1%[1]

[1] Additional footnotes on page 32

ARS V Investment – T. Wall Properties

Company Description

T. Wall Properties is a Madison, Wisconsin based private company that primarily specializes in the acquisition, development, and management of office properties in Dane County, WI.

The company owns 45 buildings encompassing approximately 2.6 million net rentable square feet and a large inventory of developable land.

Original Investment Opportunity

- Experienced and qualified owner/operator of commercial properties
- Identified organic growth opportunities
- High barriers to entry
- Strong fundamentals and economic base of Madison, Wisconsin

Investment Restructuring

- Increased vacancy rates, coupled with higher than expected retenanting costs, led to cash flow pressures
- ARS V amended the terms of its existing investment in T. Wall, including: 1) terminated the unfunded balance of the original commitment, 2) provided for payment in kind of the coupon (in lieu of cash) at 10.50% until 12/31/13, and 3) assumed control of the Board of Directors
- ARS V made an additional commitment of up to $25.0 million (co-terminus with the original investment) in the form of an unsecured loan facility earning interest at 15.0%. Proceeds have been used to repay indebtedness, to fund tenant improvements, leasing commissions and capital expenditures and for other business purposes.
- Leasing and operations continue to improve; portfolio is expected to be 87% occupied by year end 2012

ARS VI Summary

- Commenced fund raising in June 2011
- Closings – $628 million closed thus far
  - December 2011 - $313 million
  - May/July 2012 - $315 million
  - Final closing in mid-October 2012
- Committed $110 million to Drawbridge
- Committed $110 million to NRES Holdings
- Third term sheet signed
- Pipeline remains strong

ARS VI Investment

($ in millions)	Drawbridge Realty Trust	NRES Holdings
Origination Date	01/12	07/12
Property Type	Office, Industrial	Multifamily
Structure	Convertible Debt	Convertible Debt
Total Commitment[1]	125.0	125.0
Commitment	110.0	110.0
Current Income[2]	8.0%	8.5%-9.0%
Initial Estimate of IRR	15.5%-17.0%	15.5%-17.5%
Expected Exit	2018	2019

[1] Total Commitment includes co-investment amount
[2] NRES may elect to accrue up to 3.0% of the 8.5% coupon during the first 12 months only

ARS VI Investment – Drawbridge Realty Trust

Company Description

Drawbridge Realty Trust ("Drawbridge") is a San Francisco-based private company focused on the acquisition, development and management of office, R&D and industrial properties leased to major corporations in the western United States, with a particular emphasis on Northern California.

Drawbridge currently owns 4 properties encompassing 126,000 square feet and 2 land parcels totaling 10.4 acres and is seeking lender consents to contribute 3 additional properties encompassing approximately 1.0 million square feet.

Investment Opportunity

- Experienced management team with a superior track record; Mark Whiting was previously CEO of TriNet (NYSE: TRI)
- Contributed portfolio is 100%-leased with a strong cash flow profile and no legacy issues
- Attractive opportunity to acquire assets at a discount to intrinsic value through corporate divestitures, distress sales and foreclosures
- Principals have proven ability to source off-market transactions and execute a value-add strategy

Status

- Closing occurred in January 2012
- DBRT has drawn $15.5 million to acquire two assets located in Austin, TX and one asset located in Santa Clara, CA

ARS VI Investment – NRES Holdings, LLC

Company Description

NRES Holdings ("NRES") is a Kansas City-based private company focused on the acquisition, re-positioning and management of multifamily properties primarily in the lower Midwest and Texas.

NRES currently owns 13 properties with a total of 3,380 units and is seeking lender consents to roll up 9 additional properties with a total of 1,693 units to complete the formation transaction.

Investment Opportunity

- Experienced management team has invested in 51 multifamily properties with more than 12,000 units over the past 20 years; realized 25.6% IRR and 2.1x equity multiple on sale of 18 properties
- Contributed portfolio is being rolled up at approximately $70,000 per unit, a significant discount to replacement cost
- Opportunity to invest in Class A & B multifamily properties with value-add characteristics and an attractive cash flow profile
- Management team has a proven ability to execute a value-add acquisition and property management strategy

Status

- Initial closing occurred in July 2012
- NRES has drawn $19.0 million to fund selected value-add projects within the portfolio and transaction costs

ARS VI Market Conditions

- **Over the past 24 months the ARI team has invested $935 million into 7 companies having**
  - Quality management teams
  - Substantial real estate assets
  - Highly focused business plans
  - Significant opportunities for growth, primarily through acquisition
- **These investments are generally structured as convertible debt with**
  - Current yields exceeding 8%
  - Total expected returns of 15% to 18%
- **ARI's pipeline remains strong for ARS VI**
  - Two $110 million transactions completed
  - Another term sheet has been executed
  - Two other term sheets are in various stages of negotiations
- **Terms of these transactions are consistent with previous deals**

Appendix

ARS VI Summary of Terms

Targeted Size:	$800+ million
G.P. Commitment:	Greater of $7.5 million or 1% of total fund commitments
Term:	Ten years with three one-year extensions
Management Fee:	1.00% on committed capital during investment period for first 36 months from Final Closing; thereafter 1.00% on unreturned capital
Investment Period:	Four years from the final closing date
Preferred Return:	9%
Incentive Split:	19% GP / 81% LP
Catch-up:	47.5 GP / 52.5 LP
Diversification:	Investment maximums:
	- 30% in any one company
	- 20% in non-U.S. investments
	- 30% in common equities
Other:	Not expected to incur UBTI; will use ERISA exemption in that ERISA investors will constitute less than 25% of the fund

Summary of ARS I Investments

Company (Ticker)	Company Description	Initial Investment Date	Total Commitment	Fund Commitment	Type of Security	Targeted Yield On Cost	Gross Annual IRR	Gross Projected IRR[2]
Ambassador Apts (AAH)[3]	Multi-Family, Sun belt	07/96	$25.0M	$ 25.0M	Conv. Pfd.	9.8% [4]	17.9%	--
Lexington Corp. (LXP)[3]	Diversified triple net lease REIT	12/96	$25.0M	$ 25.0M	Conv. Pfd.	10.8% [4]	14.3%	--
Pacific Gulf (PAG)[3]	Small tenant industrial, West Coast	12/96	$55.0M	$ 55.0M	Conv. Pfd.	9.2% [4]	19.4%	--
CNL Financial (P)[3]	Restaurant mortgage finance, National	09/97	$40.0M	$ 40.0M	Debt/Equity	10.7% [4]	14.8%	--
Merritt (P)	Industrial/office, Mid-Atlantic	10/97	$150.0M	$150.0M	Conv. Debt	12.9%	19.6%	18-20%
Acadia (AKR)[3]	Retail, East Coast	04/98	$22.6M	$ 22.6M	Common	6.9% [4]	7.6%	--
	Almanac I Sub-Total		**$317.6M**	**$317.6M**				

(P) Private Company

Additional footnotes on page 32

Summary of ARS II Investments

Company (Ticker)	Company Description	Initial Investment Date	Total Commitment	Fund Commitment	Type of Security	Targeted Yield On Cost	Gross Annual IRR	Gross Projected IRR[2]
EastGroup (EGP)[3]	Industrial, South West and Sun Belt	09/98	$70.0M	$ 70.0M	Conv. Pfd.	8.9% [4]	14.7%	--
Morningstar (P)[3]	Self-storage, Carolinas	12/98	$60.0M	$ 60.0M	Conv. Debt	8.8% [4]	9.7%	--
HeathCare REIT (HCN)[3]	Sale lease back and mortgage finance to health care facilities, national	01/99	$75.0M	$ 75.0M	Conv. Pfd.	9.4% [4]	13.5%	--
CNL Hosp (P)[3]	Triple net lease hospitality REIT	01/99	$64.1M	$ 64.1M	Mixed, Equity	12.2% [4]	21.7%	--
WNY (P)[3]	Multi-family, NJ, PA, MD, DE	04/99	$20.0M	$ 20.0M	Conv. Pfd.	9.6% [4]	25.4%	--
Open Market[3]		04/99	$32.0M	$ 32.0M	Conv. Pfd.	10.4% [4]	17.5%	--
	Almanac II Sub-Total		**$321.1M**	**$321.1M**				

(P) Private Company

Additional footnotes on page 32

Summary of ARS III Investments

Company (Ticker)	Company Description	Initial Investment Date	Total Commitment	Fund Commitment	Type of Security	Targeted Yield On Cost	Gross Annual IRR	Gross Projected IRR[2]
Brandywine (BDN)[3]	Office/industrial, Mid-Atlantic	04/99	$105.0M	$105.0M	Conv. Pfd.	9.3% [4]	15.2%	--
Parkway (PKY)[3]	Office/South East	10/00	$75.0M	$ 75.0M	Conv. Pfd.	8.5% [4]	16.8%	--
Advance Realty Group (P)	Office/Mid Atlantic	08/01	$60.0M	$ 60.0M	Conv. Debt	9.0%	1.9%	(5)-1%
	Almanac III Sub-Total		**$240.0M**	**$240.0M**				
	TOTAL Almanac I, II, III		**$878.7M**	**$878.7M**				

(P) Private Company

Additional footnotes on page 32

Summary of ARS IV Investments

Company (Ticker)	Company Description	Initial Investment Date	Total Commitment	Fund Commitment	Type of Security	Targeted Yield On Cost	Gross Annual IRR	Gross Projected IRR[2]
Victory Real Estate (P)	Retail, Southeast	10/04	$100.0M	$ 75.0M	Conv. Debt	9.0%	9.6%	10%
Encore Hospitality (P) [3]	Hospitality, South	04/05	$85.0M	$ 70.0M	Conv. Debt	9.0%[4]	64.3%	--
National RV Communities (P)	RV Parks, National	11/05	$115.0M	$115.0M	Debt/Equity	8.5%	16.9%	17-18.5%
Denholtz Holdings (P)	Office/Industrial	12/05	$125.0M	$100.6M	Conv. Debt	8.9%	-1.4%	(5)-3%
Hallmark Holdings (P)	Senior Assisted Living/South East	03/07	$75.0M	$ 75.0M	Conv. Debt	8.5%	11.6%	15-17%
Shaner Holdings (P)	Hospitality, East/Southeast	11/07	$65.0M	$ 65.0M	Conv. Debt	8.5%	8.9%	10-12%
	Almanac IV Sub-Total		**$565.0M[5]**	**$500.6M**				**9.6-10.7%**

(P) Private Company
Additional footnotes on page 32

Summary of ARS V Investments

Company (Ticker)	Company Description	Initial Investment Date	Total Commitment	Fund Commitment	Type of Security	Targeted Yield On Cost	Gross Annual IRR	Gross Projected IRR[2]
T. Wall Holdings (P)[6]	Office/Retail, Midwest	11/07	$104.9M	$104.9M	Conv. Debt	8.5%	5.6%	8-10%
Open Market[3]	REIT Conv Preferred, Debentures	11/08	$17.8M	$17.8M	Mixed	9.8%[4]	72.4%	--
Shaner Mortgage REIT[3] (P)	Hospitality	08/09	$50.0M	$50.0M	Common	10.4%	32.4%	--
Summit Properties (P)	Multi-family	03/10	$100.0M	$85.0M	Conv. Debt	8.5%	14.3%	13.5-15%
RXR Realty Holdings (P)	Office	04/10	$175.0M	$140.0M	Conv. Debt	8.0%	21.5%	17-20%
Welsh Property Trust (P)	Industrial	11/10	$150.0M	$125.0M	Conv. Debt	8.0%	8.1%	14-16%
Westcore Properties (P)	Industrial	7/11	$160.0M	$160.0M	Mixed	4.4%	2.0%	18-20%
JH Real Estate Operating Partners (P)	Multi-family	7/11	$100.0M	$100.0M	Conv. Debt	8.0%	8.3%	15-17%
	Almanac V Sub-Total		**$857.7M[5]**	**$782.7M**				**11.0-13.3%**
	TOTAL Almanac I, II, III, IV & V		**$2,301.4M**	**$2,162.0M**			**15.2%**	

(P) Private Company

Note: IRRs as of December 31, 2011 are based on audited financial results and are reported on a net basis. The returns reflect management fees and carried interest paid/accrued.

1 This table sets forth investment performance data for Almanac I, Almanac II, Almanac III, Almanac IV and Almanac V. Yield and IRR data are presented on a gross basis without giving effect to expenses, management fees and the portion of the gain allocated to the Manager, its predecessor and their respective affiliates. Investment performance includes all fees that are for the benefit of the Funds (e.g., success, transaction, directors', management or advisory fees). The value of realized gains in public or private companies reflects the value upon sale. Investments in private companies are valued based on an asset valuation method assuming the company was liquidated by selling the assets in the marketplace with the proceeds being distributed to the private company's investors. There can be no assurance that the Manager will dispose of the unrealized investments at the indicated valuations. Performance of investments in Almanac I, Almanac II, Almanac III, Almanac IV and Almanac V may not be indicative of the likely performance of Almanac VI.

2 The projected financial information is based on current investment value and estimated future value. Gross IRR projections are presented as a range. The extent of the range is a function of the level of the current yield the Manager expects to achieve through realization, as well as the ultimate conversion price (which typically the Manager projects across various scenarios). Due to the inherent uncertainty of valuations, there can be no assurance that the ultimate proceeds realized from these unrealized investments, individually or in the aggregate, will not differ materially from the values presented herein. The projected gross returns do not reflect expenses related to the investments or management fees and carried interest paid to the Manager, its predecessor and respective affiliates.

3 Indicates realized investments.

4 Current yield reflects information as of the date of the sale of the company.

5 Total Commitment Amounts reflect commitments made by each of Almanac IV and Almanac V, as well as by co-investment entities managed by the Managing Principals.

6 In the third quarter of 2011, Almanac V amended the terms of its existing investment in T. Wall, including terminating the $30 million unfunded portion of the original commitment and made a subsequent additional investment of $25 million. As a result, in aggregate, the commitment to T. Wall is now $105 million.

Professional Biographies

Matthew W. Kaplan	(212) 403-3515	matthew.kaplan@almanacrealty.com
Managing Partner		

Matthew W. Kaplan, 49, Managing Partner. Mr. Kaplan joined the Manager in 1992 and is responsible for overseeing the investment activities as the Portfolio Manager of the Almanac Funds. From 1990 to 1992, he served in the Corporate Finance Department of Rothschild Inc. Mr. Kaplan is a director of Hallmark Holdings, National RV Communities, T. Wall Holdings, RXR Realty, and Westcore Properties. Mr. Kaplan has been a director of Ambassador Apartments Inc., CNL Financial Services, CNL Hospitality Properties, Encore Hospitality, Parkway Properties Inc. and WNY Group. Mr. Kaplan has been a member of the Urban Land Institute and of the Institutional Investor Council to the NAREIT Board of Governors. From 1988 to 1990, he was a management consultant at Touche Ross & Co. Mr. Kaplan graduated cum laude from Washington University in 1984 and received an MBA from The Wharton School in 1988.

John D. McGurk	(212) 403-3510	john.mcgurk@almanacrealty.com
Partner		

John D. McGurk, 69, Partner. Mr. McGurk founded Rothschild Realty Inc., the predecessor to the Manager, in 1981. He is a director of Advance Realty Group, Denholtz Holdings, JH Real Estate, Hallmark Holdings, Merritt Properties, Shaner Hotel Holdings, T. Wall Holdings and Welsh Property Trust. He is a member of the National Association of Real Estate Investment Managers, the Urban Land Institute, Pension Real Estate Association, the Real Estate Board of New York and a member of the Trustee Committee of The Caedmon School. He graduated from Loyola University in 1965 and received an MBA from the University of Southern California in 1971.

D. Pike Aloian	(212) 403-3517	pike.aloian@almanacrealty.com
Partner		

D. Pike Aloian, 57, Partner. Mr. Aloian joined the Manager in 1988 and is responsible for the origination, economic analysis, closing and on-going review of the Manager's real estate investments. From 1980-1988, he was a vice president at The Harlan Company, where he was responsible for property acquisition, development and financing. Mr. Aloian is a director of Advance Realty Group, Brandywine Realty Trust, Denholtz Holdings, Drawbridge Realty Trust, EastGroup Properties, Merritt Properties, Shaner Hotel Holdings, Summit Housing Partners and Victory Real Estate Investments. He has also served as an adjunct professor of the Columbia University Graduate School of Business. Mr. Aloian graduated from Harvard College in 1976 and received an MBA from Columbia University in 1980.

Professional Biographies

Andrew M. Silberstein	(212) 403-3511	andrew.silberstein@almanacrealty.com
Partner		

Andrew M. Silberstein, 44, Partner. Mr. Silberstein joined the Manager in 2009 and is responsible for the origination, structuring, and management of the Manager's investments. From 2004 through 2008, he served as the Chief Investment Officer and Chief Operating Officer for Stoltz Real Estate as well as established AMS Real Estate Partners. From 1994 through 2004, Mr. Silberstein worked in real estate investment banking and private equity, first at Bear Stearns and then Morgan Stanley. He has been a member of NAREIT, ULI, ICSC and the Real Estate Roundtable, and he is currently a director of RXR Realty, Welsh Property Trust, and Westcore Properties. Mr. Silberstein graduated from Yale University in 1989 and received an M.B.A. in 1995 from New York University Stern School of Business where he was a Glucksman Fellow.

John B. Ryan	(770) 442-8020	john.ryan@almanacrealty.com
Managing Director		

John B. Ryan, 49, Managing Director. Mr. Ryan joined the Manager in 2001 and is responsible for marketing the Almanac investment platform. From 1998 to 2000, he was a Senior Vice President with Lend Lease, most recently with their Global Advisors unit where he was responsible for running and coordinating the money raising efforts, primarily in North America, for Lend Leases' international real estate initiatives. Previously, he was a Vice President of marketing at Prudential Real Estate Investors. Mr. Ryan graduated from the University of South Carolina in 1985.

Henry C. Herms	(212) 403-5413	henry.herms@almanacrealty.com
Chief Financial Officer		

Henry C. Herms, 45, Chief Financial Officer. Mr. Herms joined the Manager in 2012 and is responsible for financial reporting, tax reporting, internal accounting, compliance, treasury and client relations. From 1997 to 2012, he was Controller and Treasurer for Lazard Real Estate Partners LLC, a manager of real estate funds. From 1989 to 1997 he was an Experienced Manager for Arthur Andersen LLP, responsible for managing audit and consulting engagements for organizations in the real estate, hospitality and construction industries. Mr. Herms graduated magna cum laude from Adelphi University in 1989 and is a Certified Public Accountant licensed in the state of New York. He is a member of the American Institute of Certified Public Accountants and the National Association of Real Estate Investment Trusts.

Professional Biographies

Justin J. Hakimian	(212) 403-3839	justin.hakimian@almanacrealty.com
Director		

Justin J. Hakimian, 32, Director. Mr. Hakimian joined the Manager in 2005 and is responsible for the origination, economic analysis, transaction execution, and ongoing review of the Manager's real estate investments. From July 2001 to April 2005, he was an Associate in the Equity Research department at Morgan Stanley, with coverage of oil & gas companies. He currently serves on the Boards of Directors of Drawbridge Realty Trust, JH Real Estate and T. Wall Properties. Mr. Hakimian graduated from the University at Albany in May 2001 with a Bachelor of Science in Finance.

Scott J. Peters	(703) 437-5837	scott.peters@almanacrealty.com
Director		

Scott J. Peters, 52, Director. Mr. Peters is responsible for overseeing the due diligence on potential investee companies and assists management teams of investees in the preparation of financial statements and management reports. Mr. Peters possesses more than 28 years of commercial real estate financial and operational experience. Mr. Peters is a director of National RV Communities. Prior to joining the Manager, Mr. Peters held the position of Executive Vice President of Asset Management for Combined Properties, Inc. Previously, he was the Executive Vice President and Chief Operating Officer of Charter Oak Group, Ltd., a subsidiary of Rothschild Realty Inc. from 2000 to 2004. Concurrently, he was the Chief Financial Officer of Charter Oak Group from 1990 to 2004. He is a Certified Public Accountant and graduated from the University of Wisconsin in 1982 with a Bachelor of Business Administration.

Ilse L. Gehrmann	(212) 403-3512	ilse.gehrmann@almanacrealty.com
Vice President		

Ilse L. Gehrmann, 49, Vice President. Ms. Gehrmann joined the Manager in 1989 and is currently responsible for the investor reporting and accounting for the investment funds, client communication and administration. From 1984 to 1988, she was an Administrator/Systems Operator for El Al Israel Airlines, where she had responsibility for administrative support and systems department staff supervision. Ms. Gehrmann is the Treasurer for Animals for Life, Inc., a volunteer animal rescue group. Ms. Gehrmann graduated from Johnson & Wales College in 1984.

Professional Biographies

David K. Haltiner	(212) 403-3658	david.haltiner@almanacrealty.com
Vice President		

David K. Haltiner, 28, Vice President. Mr. Haltiner joined the Manager in 2008 and is responsible for securities and sector analysis, valuation, and transaction execution. From February 2007 to April 2008, he was an Analyst in the Real Estate Finance and Securitization Group of Credit Suisse. Mr. Haltiner graduated from the University of Georgia in December 2006 with a Bachelor of Business Administration in Finance.

Kenny K. Moon	(212) 403-3582	kenny.moon@almanacrealty.com
Vice President		

Kenny K. Moon, 29, Vice President. Mr. Moon joined the Manager in 2009 and is responsible for securities and sector analysis, valuation, and transaction execution. Previously, he was an Associate in the Corporate Acquisitions Group at ING Clarion Partners. From July 2006 to February 2008, he was an Analyst in the Real Estate Investment Banking Group at Citigroup. Mr. Moon graduated from the University of California, Berkeley in May 2005 with a BS in Business Administration.

Brian L. Tilton, CFA	(212) 403-3581	brian.tilton@almanacrealty.com
Associate		

Brian L. Tilton, 34, Associate. Mr. Tilton joined the Manager in 2010 and is responsible for securities and sector analysis, valuation and transaction execution. From July 2007 to September 2010, he was a Manager, Real Estate Investments at Ventas, Inc. (NYSE: VTR), responsible for the origination, analysis, underwriting and transaction execution of healthcare-related equity and debt investments. From June 2001 to August 2005, Mr. Tilton was an Analyst in the Equity Research department at Robert W. Baird. Mr. Tilton graduated from the University of Wisconsin-Madison in December 2000 with a BBA in Finance and Real Estate and received an MBA from the University of Chicago Booth School of Business in June 2007. Mr. Tilton is a CFA charterholder.

Professional Biographies

Scott H. Malamut	(212) 403-3509	scott.malamut@almanacrealty.com
Associate		

Scott H. Malamut, 25, Associate. Mr. Malamut joined the Manager in 2012 and is responsible for securities and sector analysis, valuation, and transaction execution. From July 2009 to July 2012, he was an Analyst in the Global Real Estate Investment Banking Group at Barclays. Mr. Malamut graduated from Cornell University in May 2009 with a BA in Economics.

Joseph M. Sacchetti	(212) 403-5402	joseph.sacchetti@almanacrealty.com
Controller		

Joseph M. Sacchetti, 32, Controller. Mr. Sacchetti joined the Manager in 2012 and is responsible for financial accounting and reporting of the Almanac Funds and the Manager, including the analysis of performance, tax compliance and treasury reporting. Previously, he was Fund Controller for The Hampshire Companies, a fully integrated real estate investment firm. From 2003 to 2011, he was Accounting Manager for Lazard Real Estate Partners LLC, a manager of real estate funds. Mr. Sacchetti graduated from the University of Notre Dame in 2002 and is a Certified Public Accountant licensed in the state of New York.

Mary Beth McCormick	(614) 599-1100	marybeth.mccormick@almanacrealty.com
Senior Advisor		

Mary Beth McCormick, 55, Senior Advisor. Ms. McCormick joined the Manager in 2010 and is responsible for sourcing and analyzing potential real estate investment opportunities, providing guidance and consultative services to our investee companies and representing the Manager on the boards of directors of RXR Realty and Summit Housing Partners. From 1989 to 2005, Ms. McCormick was with the Ohio Public Employees Retirement System, where she served as Assistant Investment Officer – Real Estate from 1995 to 2005. She has served as a Director and Chair of the Pension Real Estate Association, Council Vice Chair for the Urban Land Institute, Chair of the Portfolio Management Committee of the National Council of Real Estate Investment Fiduciaries, and on the Board of Governors of the National Association of Real Estate Investment Trusts. She has served as a Director of EastGroup Properties since 2005 and served as a Director for Mid America Apartment Communities from 2006 to 2010. Ms. McCormick received a Bachelor's Degree in 1979 and an MBA in 1985 from The Ohio State University.

Workforce Composition

Vendor	**Almanac Realty Securities VI, L.P.**	Date Completed:	**August 31, 2012**
Address	**1251 Avenue of the Americas, New York, NY 10020**		
Category	**Real Estate**		

TOTAL COMPOSITION OF WORK FORCE

Occupation	African American Full Time	Hispanic Full Time	Asian or Pacific Islander Full Time	American Indian/ Alaskan Native Full Time	Caucasian (Non Hispanic) Full Time	Total Employees Full Time	Percent (%) Minority Full Time	Gender Full Time Male	Gender Full Time Female
Officials & Managers	0	0	0	0	4	**4**	**0.00%**	4	0
Professionals	0	0	1	0	8	**9**	**5.88%**	8	1
Technicians	0	0	0	0	0	**0**	**0.00%**	0	0
Sales Workers	0	1	0	0	1	**2**	**5.88%**	1	1
Office/Clerical	1	0	1	0	0	**2**	**11.76%**	0	2
Semi-Skilled	0	0	0	0	0	**0**	**0.00%**	0	0
Unskilled	0	0	0	0	0	**0**	**0.00%**	0	0
Service Workers	0	0	0	0	0	**0**	**0.00%**	0	0
Other	0	0	0	0	0	**0**	**0.00%**	0	0
Total	**1**	**1**	**2**	**0**	**13**	**17**	**23.53%**	**13**	**4**