

APPROVED

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, OCTOBER 13, 2021

This meeting was conducted by the Board of Investments by teleconference under California Government Code Section 54953(e)

PRESENT: Keith Knox, Chair

Joseph Kelly, Vice Chair

Alan Bernstein, Secretary

Elizabeth B. Ginsberg (Chief Deputy to Keith Knox)

David Green

Shawn Kehoe

Patrick Jones

Gina V. Sanchez (Joined meeting at 9:34 a.m.)

Herman Santos

ABSENT: Elizabeth Greenwood

STAFF ADVISORS AND PARTICIPANTS

Jonathan Grabel, Chief Investment Officer

Santos Kreimann, Chief Executive Officer

Steven P. Rice, Chief Counsel

JJ Popowich, Assistant Executive Officer

Laura Guglielmo, Assistant Executive Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Christine Roseland, Senior Staff Counsel

Jude Perez, Principal Investment Officer

Christopher Wagner, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

James Rice, Principal Investment Officer

Esmeralda del Bosque, Interim Principal Investment Officer

Chad Timko, Senior Investment Officer

Scott Zdrazil, Senior Investment Officer

David Chu, Senior Investment Officer

Didier Acevedo, Investment Officer

David Simpson, Investment Officer

Carly Ntoya, Ph.D., Human Resources Director

Ted Granger, Interim Chief Financial Officer

Barry W. Lew, Legislative Affairs Officer

Meketa Investment Group (General Fund Consultant)

Stephen McCourt, Partner

Leandro Festino, Managing Principal

Timothy Filla, Managing Principal

Albourne (Real Assets ex-Real Estate, Illiquid Credit & Hedge Funds Consultant)

Mark White, Head of Real Assets

James Walsh, Partner

Steven Kennedy, Partner

STAFF ADVISORS AND PARTICIPANTS (Continued)

StepStone Group LP (Private Equity Consultant)

Jose Fernandez, Partner

Natalie Walker, Partner

Latham & Watkins LLP

George J. Muhlsten, Partner

Manny A. Abascal, Partner

Rachel McCarthy Bosley, Associate

I. CALL TO ORDER

The meeting was called to order virtually by Chair Knox at 8:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of September 8, 2021

Mr. Bernstein made a motion, Mr. Green seconded, to approve the minutes of the regular meeting of September 8, 2021. The motion passed (roll call) with Messrs. Green, Santos, Bernstein, Kehoe, Jones, Kelly, and Knox voting yes. Ms. Sanchez was not present for the vote.

III. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

IV. PUBLIC COMMENT

Jordan Ash, Anthony Sanchez, and Abdon Moran addressed the Board regarding LACERA's investment in PAI Partners. John O' Campo translated for Abdon Moran.

V. CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated September 20, 2021)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report.

VI. CHIEF INVESTMENT OFFICER'S REPORT
(Presentation dated October 13, 2021)

Mr. Grabel provided a brief presentation on the Chief Investment Officer's Report.

VII. CONSENT ITEMS

Mr. Kehoe made a motion, Mr. Bernstein seconded, to approve the following consent items. The motion passed (roll call) with Messrs. Green, Santos, Bernstein, Kehoe, Jones, Kelly, and Knox voting yes. Ms. Sanchez was not present for the vote.

- A. Recommendation as submitted by Gina Sanchez, Chair, Credit and Risk Mitigation Committee: That the Board approve the initiatives and recommendations listed on page 33 and throughout the Credit Structure Review advanced by the Credit and Risk Mitigation Committee.
(Memo dated September 30, 2021)
- B. Recommendation as submitted by Gina Sanchez, Chair, Credit and Risk Mitigation Committee: Approve an illiquid credit emerging manager program separate account manager search and approve the related minimum qualifications, evaluation criteria, and scope of work as advanced by the Credit and Risk Mitigation Committee (attachment)
(Memo dated September 30, 2021)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, David Chu, Senior Investment Officer and David E. Simpson, Investment Officer: That the Board approve the proposed amendments to the 2021- 2022 Growth Functional Category Biennial Structure Review as recommended on slide 13 of the attached presentation.
(Memo dated September 24, 2021)

Messrs. Wagner, Chu, and Simpson and Ms. Walker and Mr. Fernandez of StepStone Group provided a presentation and answered questions from the Board.

VIII. NON-CONSENT ITEMS (Continued)

Mr. Santos made a motion, Mr. Kelly seconded, to approve the proposed amendments to the 2021-2022 Growth Functional Category Biennial Structure Review as recommended on slide 13 of the attached presentation. The motion passed (roll call) with Messrs. Green, Santos, Kehoe, Bernstein, Jones, Kelly, and Knox voting yes. Ms. Sanchez was not present for the vote.

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Board of Investments consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of the Board and its Committees to meet safely in person and that the County of Los Angeles and other agencies still recommend social distancing such that the Board and its Committees shall hold teleconference meetings for the next 30 days, and if so, direct staff to comply with the agenda and public comment requirements of the statute. (Memo dated October 4, 2021)

Messrs. Rice and Kreimann were present to answer questions from the Board.

Mr. Kelly made a motion, Mr. Bernstein seconded, to approve staff's recommendation and to add to the Consent agenda moving forward. The motion passed (roll call) with Messrs. Green, Kehoe, Bernstein, Jones, Kelly and Knox voting yes. Mr. Santos and Ms. Sanchez were not present for the vote.

- C. Recommendation as submitted that the Board approve attendance of Trustees at the Latin America US Real Estate Meeting on November 29 – 30, 2021 in Miami, FL and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. (Memo dated September 12, 2021)
(Placed on the agenda at the request of Trustee Santos)

VIII. NON-CONSENT ITEM (Continued)

Mr. Bernstein made a motion, Mr. Kelly seconded, to approve attendance of Trustees at the Latin America US Real Estate Meeting on November 29 – 30, 2021 in Miami, FL and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. The motion passed (roll call) with Messrs. Green, Kehoe, Bernstein, Jones, Kelly and Knox voting yes. Mr. Santos and Ms. Sanchez were not present for the vote.

- D. Recommendation as submitted that the Board approve attendance Approve attendance of Trustees at the Oxford Impact Investing Program on January 31, 2022 – February 4, 2022 in Oxford, United Kingdom and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies.
(Memo dated October 5, 2021)
(Placed on the agenda at the request of Trustee Sanchez)

Mr. Kelly made a motion, Mr. Knox seconded, to approve attendance of Trustees at the Oxford Impact Investing Program on January 31, 2022 – February 4, 2022 in Oxford, United Kingdom and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. The motion passed (roll call) with Messrs. Green, Santos, Kehoe, Bernstein, Jones, Kelly and Knox voting yes. Ms. Sanchez was not present for the vote.

IX. REPORTS

- A. Rotation of Board Officers
Alan J. Bernstein, Chair Board of Retirement
Keith Knox, Chair Board of Investments
(Memo dated September 28, 2021)

IX. REPORTS (Continued)

Messrs. Lew and Rice were present and answered questions from the Board. The Board provided staff with direction. The item was received and filed.

- B. Council of Institutional Investors Voting Ballot
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated September 22, 2021)

This item was received and filed.

- C. Legal Projects
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated October 4, 2021)

This item was received and filed.

- D. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated September 27, 2021)

This item was received and filed.

- E. Monthly Travel & Education Report – August 2021
Ted Granger, Interim Chief Financial Officer
(Public Memo dated September 22, 2021)
(Confidential Memo dated September 22, 2021 – Includes Anticipated Travel)

This item was received and filed.

- F. September 2021 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(For Information Only) (Memo dated September 24, 2021)

This item was received and filed.

X. ITEMS FOR STAFF REVIEW

There was nothing to report.

XI. GOOD OF THE ORDER
(For information purposes only)

Mr. Grabel welcomed newly hired interns Martin Wolff and Bruno Picinane and Mr. Kreimann welcomed newly hired Assistant Executive Officer, Laura Guglielmo.

XII. EXECUTIVE SESSION

A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments
(Pursuant to California Government Code Section 54956.81)

1. Notice Of Re-Up Commitment of Up To \$200 Million To Clearlake Capital Partners VII, L.P.
Christopher J. Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
(For Information Only) (Memo dated October 1, 2021)

The Board received an information only report providing notice that the Chief Investment Officer (CIO) approved a re-up commitment of up to \$200 million to Clearlake Capital Partners VII, L.P., which is a large buyout private equity fund focusing on technology, industrials, and consumer sectors predominantly in North America. The investment was approved by the CIO in accordance with applicable LACERA policy.

B. Conference with Legal Counsel – Initiation of Litigation
(Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9)

Number of Cases: 1

Mr. Kehoe made a motion, seconded by Mr. Kelly, to authorize staff to file a lawsuit against the County of Los Angeles and the Board of Supervisors of the County of Los Angeles to obtain an order that, under the California Constitution and applicable statutory law, LACERA's governing Board of Retirement and Board of Investments have sole authority and duty to appoint and to set the classifications and compensation of all

XII. EXECUTIVE SESSION (Continued)

of LACERA's personnel and the County and Board of Supervisors shall, consistent with their ministerial duty, incorporate such personnel and compensation decision into the County's salary ordinance, including the positions, classifications, and salaries requested by LACERA on the agenda of the October 5, 2021 Board of Supervisors meeting. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Kelly, Knox, Jones, Santos and Ms. Sanchez voting yes. Ms. Greenwood was absent. The lawsuit was filed in Los Angeles Superior Court on October 18, 2021, as Case No. 21STCP03475. The Board took other action not yet subject to report.

XIII. BOARD OFFSITE

A. INTRODUCTION

Mr. Grabel provided a brief overview of LACERA's progress from Allocator to Investor.

B. REVIEW AND DISCUSSION OF EACH STRATEGIC PILLAR

The following five pillars comprise the Investments Division's "Allocator to Investor" strategic initiatives.

1. Enhancing operational effectiveness
2. Optimizing the investment model
3. Maximizing stewardship and ownership rights
4. Strengthening the Fund's influence on fees and cost of capital
5. Implementing "Towards Inclusion, Diversity, and Equity" throughout the investment program

Messrs. Chu, Zdrazil, Timko and Acevedo and Ms. del Bosque discussed and reviewed each pillar.

C. PEER EVALUATION

Messrs. Filla, Faustino and McCourt of Meketa Investment Group led a discussion on investment models and practices at other public pension plans.

D. GEOGRAPHIC EXPOSURE

Mr. Walsh of Albourne and Mr. Fernandez of StepStone Group facilitated a conversation on the merits and considerations of geographic diversification.

E. CONCLUSION

Mr. Grabel discussed potential next steps.

Supplemental Information (Information provided to the Trustees prior to the meeting)

Item XII. B. - Conference with Legal Counsel – Initiation of Litigation
(Pursuant to California Government Code Section 54956.9)
(Confidential Presentation – Additional Slides)

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:42 p.m.

Signature on File

ALAN BERNSTEIN, SECRETARY

Signature on File

KEITH KNOX, CHAIR