

AGENDA

A REGULAR MEETING OF THE BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101
9:00 A.M., WEDNESDAY, APRIL 13, 2016

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of March 9, 2016
- IV. REPORT ON CLOSED SESSION ITEMS
- V. PUBLIC COMMENT
- VI. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated March 31, 2016)
- VII. NON – CONSENT ITEMS
 - A. Recommendation as submitted by various Board Committees and staff: That the Board approve the proposed changes to the Investment Policy Statement. (Memo dated March 28, 2016)
 - B. Recommendation as submitted by Marvin Adams, Chair, Education and Travel Policy Committee: That the Board approve the proposed revised Education and Travel Policy. (Memo dated March 24, 2016)

VII. NON – CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Ted Wright, Principal Investment Officer; Dale Johnson, Investment Officer; and Ron Senkandwa, Senior Investment Analyst: That the Board invite the following three managers to interview for an Activist Equity Mandate: (1) Cevian Capital (2) JANA Partners LLC, and (3) Symphony Financial Partners. (Memo dated March 31, 2016)

- D. Recommendation as submitted by Steven P. Rice, Chief Counsel, and Robert Hill, Assistant Executive Officer: That the Board:
 - 1. Direct the Chief Executive Officer to execute the Trust and Investment Services Agreement between the Board of Investments and the Los Angeles Superior Court.
 - 2. Direct the Chief Executive Officer to execute the First Amendment to the Trust and Investment Services Agreement between the Board of Investments and the County of Los Angeles.
 - 3. Direct the Chief Investment Officer to Draft an Investment Policy Statement for the Court Trust for the Board of Investments' consideration.
 - 4. Direct the Chief Executive Officer to implement the necessary operational practices and policies to administer the Court Trust and Investment Services Agreement and the First Amendment to the County Trust and Investment Services Agreement.
(Memo dated March 31, 2016)

VIII. REPORTS

- A. Investment Program Governance Project
Rick Funston – Funston Advisory Services LLC
Gina Eubanks – Funston Advisory Services LLC
(Presentation dated April 13, 2016)

VIII. REPORTS (Continued)

- B. Investment Beliefs Development: Review of Best Practices Globally
Stephen McCourt, Managing Principal
Leandro Festino, Managing Principal
Laura Wirick, Principal
Stacy Gooch, Vice President
(Presentation dated April 13, 2016)

- C. Asset Allocation: Opportunistic Bucket/Risk Parity Review
Stephen McCourt, Managing Principal
Leandro Festino, Managing Principal
Laura Wirick, Principal
Stacy Gooch, Vice President
(Presentation dated April 13, 2016)

- D. Securities Lending Program – 2015 Annual Review
Robert Santos, Investment Officer
(Memo dated March 31, 2016) (For Information Only)

- E. Opportunistic Non-U.S. Fixed Income Search Update 2 –
Emerging Market Debt
Esmeralda del Bosque, Senior Investment Analyst
(Memo dated March 28, 2016) (For Information Only)

- F. Assembly Bill 1853 – Retirement System Governance
Barry W. Lew, Legislative Affairs Officer
(Memo dated March 25, 2016) (For Information Only)
(Supplemental Agenda – Memo dated April 4, 2016)

- G. Real Estate Manager Update – Cornerstone Real Estate Advisers
John McClelland – Principal Investment Officer
(Memo dated March 30, 2016) (For Information Only)

- H. Securities Litigation Report for Calendar Year 2015
Michael Herrera – Senior Staff Counsel
(Memo dated March 29, 2016) (For Information Only)

- I. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(Memo dated April 4, 2016) (For Information Only)

April 13, 2016

Page 4

VIII. REPORTS (Continued)

- J. Chief Executive Officer's Report
(Memo dated March 28, 2016) (For Information Only)

IX. 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. Green Equity Investors VII, L.P.

X. REPORT ON STAFF ACTION ITEMS

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

XII. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, APRIL 13, 2016

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary

Diane Sandoval

Herman B. Santos

Michael Schneider

Kenneth Simril

Estevan Valenzuela

Valerie Villarreal

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

Vache Mahseredjian, Interim Chief Investment Officer

Steven Rice, Chief Counsel

Christopher J. Wagner, Principal Investment Officer

Shelly Tilaye, Senior Investment Analyst

James Rice, Senior Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Ted Wright, Principal Investment Officer

Dale Johnson, Investment Officer

Ron Senkandwa, Senior Investment Analyst

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Laura Wirick, Principal

Stacy Gooch, Vice President

Grosvenor Capital Management

David Almodovar, Principal

Funston Advisory Services LLC

Rick Funston, Consultant

Gina Eubanks, Consultant

I. CALL TO ORDER

The meeting was called to order a 9:10 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Schneider led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of March 9, 2016

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the minutes of the regular meeting of March 9, 2016. The motion passed with Mr. Kelly and Ms. Sandoval abstaining.

IV. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

V. PUBLIC COMMENT

Mr. Ruben Soto addressed the Board regarding item VII.D.

VI. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Mahseredjian provided a brief discussion on the Chief Investment Officer's report.

VII. NON - CONSENT AGENDA

- A. Recommendation as submitted by various Board Committees and staff: That the Board approve the proposed changes to the Investment Policy Statement. (Memo dated March 28, 2016)

Mr. James Rice and Mr. Mahseredjian presented the proposed changes to the Investment Policy Statement and answered questions

from the Board.

Mr. Santos made a motion, Mr. Kelly seconded, to include revisions to the Policy.

The makers of the motion withdrew their motion and referred the Investment Policy Statement back to staff for further development. The motion passed unanimously.

- B. Recommendation as submitted by Marvin Adams, Chair, Education and Travel Policy Committee: That the Board approve the proposed revised Education and Travel Policy. (Memo dated March 24, 2016)

Mr. Steven Rice was present to answer questions from the Board.

VII. NON - CONSENT AGENDA (Continued)

Mr. Santos made a motion, Ms. Sandoval seconded, to approve staff's recommendation. The motion passed unanimously.

- C. Recommendation as submitted by Ted Wright, Principal Investment Officer; Dale Johnson, Investment Officer; and Ron Senkandwa, Senior Investment Analyst: That the Board invite the following three managers to interview for an Activist Equity Mandate: (1) Cevian Capital (2) JANA Partners LLC, and (3) Symphony Financial Partners. (Memo dated March 31, 2016)

Mr. Kelly made a motion, Mr. Kehoe seconded, to approve staff's recommendation. The motion passed with Ms. Sandoval and Messrs. Santos, Schneider and Valenzuela voting no.

- D. Recommendation as submitted by Steven P. Rice, Chief Counsel, and Robert Hill, Assistant Executive Officer: That the Board:
1. Direct the Chief Executive Officer to execute the Trust and Investment Services Agreement between the Board of Investments and the Los Angeles Superior Court.
 2. Direct the Chief Executive Officer to execute the First Amendment to the Trust and Investment Services Agreement between the Board of Investments and the County of Los Angeles.
 3. Direct the Chief Investment Officer to Draft an Investment Policy Statement for the Court Trust for the Board of Investments' consideration.
 4. Direct the Chief Executive Officer to implement the necessary operational practices and policies to administer the Court Trust and Investment Services Agreement and the First Amendment to the County Trust and Investment Services Agreement. (Memo dated March 31, 2016)

VII. NON - CONSENT AGENDA (Continued)

Mr. Steven Rice and Mr. Hill were present to answer questions from the Board.

Mr. Valenzuela made a motion, Mr. Kelly seconded, to approve staff's recommendation. The motion passed unanimously

VIII. REPORTS

- A. Investment Program Governance Project
Rick Funston – Funston Advisory Services LLC
Gina Eubanks – Funston Advisory Services LLC
(Materials dated March 9, 2016)

Mr. Funston of Funston Advisory Services provided a presentation and answered questions from the Board.

- B. Investment Beliefs Development: Review of Best Practices Globally
Stephen McCourt, Managing Principal
Leandro Festino, Managing Principal
Laura Wirick, Principal
Stacy Gooch, Vice President
(Presentation dated April 13, 2016)

Meketa Consultants provided a presentation and answered questions from the Board.

- C. Asset Allocation: Opportunistic Bucket/Risk Parity Review
Stephen McCourt, Managing Principal
Leandro Festino, Managing Principal
Laura Wirick, Principal
Stacy Gooch, Vice President
(Presentation dated April 13, 2016)

Meketa Consultants provided a presentation and answered questions from the Board.

VIII. REPORTS (Continued)

- D. Securities Lending Program – 2015 Annual Review
Robert Santos, Investment Officer
(Memo dated March 31, 2016) (For Information Only)

Mr. Kelly requested that additional information regarding program expenses be provided at the next Board of Investments meeting.

The following items were received and filed:

- E. Opportunistic Non-U.S. Fixed Income Search Update 2 –
Emerging Market Debt
Esmeralda del Bosque, Senior Investment Analyst
(Memo dated March 28, 2016) (For Information Only)
- F. Assembly Bill 1853 – Retirement System Governance
Barry W. Lew, Legislative Affairs Officer
(Memo dated March 25, 2016) (For Information Only)
(Supplemental Agenda – Memo dated April 4, 2016)
- G. Real Estate Manager Update – Cornerstone Real Estate Advisers
John McClelland – Principal Investment Officer
(Memo dated March 30, 2016) (For Information Only)
- H. Securities Litigation Report for Calendar Year 2015
Michael Herrera – Senior Staff Counsel
(Memo dated March 29, 2016) (For Information Only)
- I. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(Memo dated April 4, 2016) (For Information Only)
- J. Chief Executive Officer’s Report
(Memo dated March 28, 2016) (For Information Only)

IX. 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. Green Equity Investors VII, L.P.

Mr. Wagner, Ms. Tilaye and Grosvenor Capital Management consultants provided a brief presentation and answered questions from the Board.

Mr. Valenzuela made a motion, Mr. Santos seconded, to approve staff's recommendation. The motion passed (roll call) unanimously with Messrs. Kehoe, Kelly, Schneider, Santos, Simril, Valenzuela, Green, Ms. Sandoval and Ms. Villarreal voting yes. The Board's decision and vote to approve a commitment of up to \$150 million to this large buyout fund, which focuses in the retail, consumer, healthcare and wellness, and business services sectors, were reported out in open session.

This Item was handled out of order, after Item XI.

X. REPORT ON STAFF ACTION ITEMS

In regards to item VII. A., the Board requested that staff return the Investment Policy Statement with changes proposed by the Board and Meketa. In addition, staff requested a new section to be added to the CIO report for the use CIO/CEO discretionary authority.

In regards to item VIII. A., the Board requested Funston Advisory Services to move forward with the Investment Program Governance Survey.

X. REPORT ON STAFF ACTION ITEMS (Continued)

In regards to item VIII. B., the Board requested that Meketa provide an online survey in order to gather the Board members' initial beliefs.

In regards to item VIII. C., the Board requested that staff agendize the recommendation on the Asset Allocation.

In regards to item VIII. D., staff will bring back a Security Lending report on expenses and revenue spilt.

Also, the Board requested that staff to (1) add a notice that allows action items on any agenda on future agenda items, and (2) move the Good of the Order and Staff Action Report on items before Executive Sessions in future meetings.

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

Mr. Rademacher provided an update to the Board regarding the Chief Investment Officer search.

In addition, Mr. Rademacher also reminded the Board of the upcoming Budget Hearings that will take place next month.

Lastly, the Board extended their congratulation to Dale Johnson for his election as Treasurer on the Board of Directors for the Council of Institutional Investors.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:00 p.m.

April 13, 2016

Page 9

Green Folder Information (Information distributed in each Board Members Green Folder at the beginning of the meeting)

1. 2016 Private Equity Consultant Search Update (For Information Only)
(Memo dated April 13, 2016)
2. Real Estate Structure – Real Estate Committee: Strategy, Structure and Staffing (Memo dated April 12, 2016)

JOSEPH KELLY, SECRETARY

DAVID GREEN, CHAIR