

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, AUGUST 10, 2016

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary

Diane Sandoval

Herman B. Santos

Michael Schneider

Estevan Valenzuela

Valerie Villarreal

ABSENT: Kenneth Simril

STAFF ADVISORS AND PARTICIPANTS

Vache Mahseredjian, Interim Chief Investment Officer

Steven Rice, Chief Counsel

Christopher Wagner, Principal Investment Officer

Elin Szymanowski, Investment Officer

David Simpson, Investment Officer

Grosvenor Capital Management  
Jason Howard, Consultant

STAFF ADVISORS AND PARTICIPANTS (Continued)

Meketa Investment Group

Stephen McCourt, Managing Principal

Colleen Smiley, Senior Vice President

Stacy Gooch, Vice President

I. CALL TO ORDER

The meeting was called to order at 9:00 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 July 13, 2016

Mr. Santos made a motion, Mr. Valenzuela seconded, to approve the minutes of the regular meeting of July 13, 2016. The motion passed unanimously.

B. Approval of the Minutes of the Special Meeting of July 18, 2016

Mr. Santos made a motion, Mr. Schneider seconded, to approve the minutes of the special meeting of July 18, 2016. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CHIEF INVESTMENT OFFICER'S REPORT

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

(This Item was handled out of order, after Item VIII.B)

VII. NON – CONSENT ITEMS

- A. Recommendation as submitted by Christopher Wagner, Principal Investment Officer and David Simpson, Investment Officer: That the Board allocate an additional \$100 million to LACERA's Private Equity Emerging Manager-of-Managers program.  
(Memo dated July 27, 2016)

Mr. Wagner and Mr. Simpson were present to answer questions from the Board.

Mr. Santos made a motion, Mr. Valenzuela seconded, to approve the agenda item. The motion passed unanimously.

(This Item was handled out of order, after Item VII.B)

- B. Recommendation as submitted by Vache Mahseredjian, Interim Chief Investment Officer; Robert Santos, Investment Officer and Ron Senkandwa, Sr. Investment Analyst: That the Board approve the revised allocation ranges in LACERA's Emerging Manager policy for Private Equity and total fund. (Memo dated August 1, 2016)

Mr. Mahseredjian was present to answer questions from the Board.

Mr. Valenzuela made a motion, Mr. Schneider seconded, to approve the agenda item. The motion passed unanimously.

## VIII. REPORTS

- A. Statement of Investment Beliefs  
Stacy Gooch, Vice President  
Stephen McCourt, Managing Principal  
(Presentation dated August 10, 2016)

Mr. McCourt and Ms. Gooch of Meketa Investment Group provided a presentation and answered questions from the Board.

Mr. Santos made a motion, Ms. Villarreal seconded, to (1) amend the draft Statement of Investment Beliefs by adding references to conflicts of interest and globalization, (2) incorporate the Statement of Investment Beliefs as well as prior amendments listed in Item VII.C of the July 13, 2016 minutes into the Investment Policy Statement (IPS), and (3) provide the final draft of the Statement of Investment Beliefs and the IPS for approval at the next Board of Investments meeting. The motion passed with Mr. Schneider voting no.

- B. Quarterly Performance Report as of June 30, 2016  
Stephen McCourt, Managing Principal  
(Presentation dated August 10, 2016)

Mr. McCourt of Meketa Investment Group provided a presentation and answered questions from the Board.

- C. Fixed Income Manager Reviews  
Stephen McCourt, Managing Principal  
Colleen Smiley, Senior Vice President  
(Presentation dated August 10, 2016)

VIII. REPORTS (Continued)

Mr. McCourt and Ms. Smiley of Meketa Investment Group provided a presentation and answered questions from the Board.

- D. Role of Commodities  
Stephen McCourt, Managing Principal  
(Presentation dated August 10, 2016)

Mr. McCourt of Meketa Investment Group provided a presentation and answered questions from the Board.

The following items were received and filed:

- E. Fund Performance Review as of June 30, 2016  
Vache Mahseredjian, Interim Chief Investment Officer  
(For Information Only)
- F. Status Report on Privacy Audit  
Steven P. Rice, Chief Counsel  
(Memo dated August 1, 2016) (For Information Only)
- G. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(Memo dated August 1, 2016) (For Information Only)
- H. Quarterly Report for the OPEB Trust Fund as of June 30, 2016  
Ted Wright, Principal Investment Officer  
(Memo dated July 27, 2016) (For Information Only)
- I. Semi-Annual Interest Crediting for Reserves  
as of June 30, 2016 (Unaudited)  
Beulah S. Auten, Chief Financial Officer  
(Memo dated July 27, 2015) (For Information Only)
- J. Chief Executive Officer's Report  
(Memo dated August 2, 2016) (For Information Only)

IX. REPORT ON STAFF ACTION ITEMS

In regards to item VIII.B., the Board requested that staff provide a Peer Universe Data Review comparison in future performance reports, in addition, to the rankings of managers by performance in the quarterly reports.

In regards to item VIII.C., the Board requested staff to provide a written response to the Board addressing Meketa's concerns regarding the four Core Plus Fixed Income Managers.

In regard to item VIII.D., the Board requested a review of the impact of China's economic growth on the demand for commodities.

Lastly, the Board requested that the CEO expedite the hiring process for the vacant positions in the Investment Office.

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

Ms. Sandoval shared her experience of attending the Private Equity Exclusive conference in Chicago, IL and highly recommended for others to attend.

Mr. Green shared his experience participating in the Private Equity Advisor Interviews.

XI. 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. LIVINGBRIDGE 6, L.P.

XI. EXECUTIVE SESSION (Continued)

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

Mr. Kehoe made a motion, Mr. Santos seconded, to approve a commitment of up to \$75 million in LIVINGBRIDGE 6, L.P., which invests primarily in United Kingdom lower middle market strategies. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Kelly, Santos, Schneider, Valenzuela, Ms. Sandoval and Ms. Villarreal voting yes.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:56 a.m.

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

1. Fiduciary Duties in Board and Staff Relations Meeting  
(For Information Only) (Memo dated August 1, 2016)

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JOSEPH KELLY, SECRETARY

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DAVID GREEN, CHAIR