

MINUTES OF THE SPECIAL 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., MONDAY, NOVEMBER 7, 2016

PRESENT: David Green, Chair

Joseph Kelly, Secretary

Diane Sandoval

Herman B. Santos

Michael Schneider

Kenneth Simril

Estevan Valenzuela

ABSENT: Shawn Kehoe, Vice Chair

Valerie Villarreal

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Vache Mahseredjian, Interim Chief Investment Officer

Steven P. Rice, Chief Counsel

Christopher Wagner, Principal Investment Officer

David Chu, Investment Officer

Robert Santos, Investment Officer

Esme Del Bosque, Senior Investment Analyst

STAFF ADVISORS AND PARTICIPANTS (Continued)

Barry W. Lew, Legislative Affairs Officer

Michael Herrera, Senior Staff Counsel

Dale Johnson, Investment Officer

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Milliman

Mark Olleman, Consulting Actuary

Nick Collier, Consulting Actuary

Alan Perry, Consulting Actuary

StepStone Group LP

Jose Fernandez, Partner

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. Santos 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 October 12, 2016

Mr. Kelly made a motion, Mr. Santos seconded, to approve the minutes of the regular meeting of October 12, 2016. The motion passed with Ms. Sandoval abstaining.

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.

VII. CONSENT ITEMS

Mr. Santos made a motion, Mr. Kelly seconded, to approve the agenda items. The motion passed unanimously.

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Game Change: Energy 2016 Conference on December 7–8, 2016 in Houston, Texas and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Kehoe)  
(Memo dated October 20, 2016)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 2016 Emerging Manager Forum in Miami, Florida on December 8, 2016, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Santos)  
(Memo dated October 20, 2016)

VII. CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the SuperReturn Africa Conference and Summit on November 29 – December 1, 2016 in Cape Town, South Africa and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.  
(Placed on the agenda at the request of Mr. Kelly)  
(Memo dated November 3, 2016)

VIII. NON – CONSENT

- A. Actuarial Assumption Review  
Gregg Rademacher, Chief Executive Officer  
Mark Olleman, Milliman  
Nick Collier, Milliman  
Alan Perry, Milliman  
(Memo dated October 4, 2016)

Mr. Olleman, Mr. Collier, and Mr. Perry of Milliman provided a presentation and answered questions from the Board. The Board had a discussion and provided direction. This item will be agendized for approval at the next Board of Investments meeting on December 14, 2016.

- B. Recommendation as submitted by Shawn Kehoe, Chair, Corporate Governance Committee: That the Board approve the voting recommendation on PRI asset owner signatories ballot.  
(Memo dated October 27, 2016)

Mr. Dale Johnson was present and answered questions from the Board.

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

VIII. NON – CONSENT (Continued)

- C. Recommendation as submitted by Vache Mahseredjian, Interim Chief Investment Officer: That the Board: 1) Provide direction on the length of the investment portion of the Board Offsite meeting; and 2) Provide direction on investment topics to be discussed at the 2017 Board Offsite meeting. (Memo dated October 27, 2016)

Mr. Mahseredjian was present and answered questions from the Board.

The Board postponed this item and requested for staff to return it

at the next Board of Investments meeting on December 14, 2016.

- D. Recommendation as submitted by Robert Santos, Investment Officer and Esmeralda Del Bosque, Senior Investment Analyst: That the Board:

1. Invite the following two managers to interview with the Board for an Emerging Market Debt mandate: 1) Aberdeen; and 2) Ashmore.
2. Place Western Asset on a "bench" for ongoing monitoring. Potential future hiring would require a separate recommendation and Board approval.

(Memo dated October 27, 2016)

Mr. Santos and Ms. Del Bosque were present and answered questions

from the Board.

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

- E. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board review and comment upon the proposed restated Code of Ethical Conduct. (Memo dated October 24, 2016)

VIII. NON – CONSENT (Continued)

Mr. Steven Rice was present and answered questions from the Board.

The Board had a discussion and provided direction. This item will be agendized for approval at the next Board of Investments meeting on December 14, 2016.

- F. Recommendation as submitted by Michael D. Herrera, Senior Staff Counsel: That the Board: 1) Authorize the Legal Office to file an amicus curiae brief on behalf of LACERA in support of plaintiffs' petition for review in the U.S. Supreme Court in Norfolk County Retirement System, et al. v. Health Management Associates, D.C. Docket No. 2:12-cv-00046-JES-DNF, and; 2) Authorize payment for costs associated with printing and filing of the brief in the U.S. Supreme Court of no more than \$1,200.00. (Memo dated October 31, 2016)

Mr. Herrera and Mr. Steven Rice were present and answered questions from the Board.

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

IX. REPORTS

- A. Special Program/Operations  
Stephen McCourt, Managing Principal  
Leandro Festino, Managing Principal  
(Presentation dated October 25, 2016)

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

IX. REPORTS (Continued)

- B. Equity Emerging Manager Program Review  
Leandro Festino, Managing Principal  
Colleen Smiley, Senior Vice President  
(Presentation material dated November 7, 2016)

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

- C. 2017 Legislative Proposals  
Barry W. Lew, Legislative Affairs Officer  
(Memo dated September 27, 2016)

Mr. Lew and Mr. Steven Rice were present and answered questions from the Board.

The following items were received and filed:

- D. Fund Performance Review as of September 30, 2016  
Meketa Performance Report as of September 30, 2016  
Vache Mahseredjian, Interim Chief Investment Officer  
(For Information Only)
- E. 2016 Year-End Legislative Report  
Barry W. Lew, Legislative Affairs Officer  
(Memo dated October 21, 2016) (For Information Only)
- F. OPEB Trust Fund  
Ted Wright, Principal Investment Officer  
(Memo dated October 26, 2016) (For Information Only)
- G. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(Memo dated November 1, 2016) (For Information Only)

IX. REPORTS (Continued)

H. Change in Private Equity Benchmark Data Provider  
Christopher Wagner, Principal Investment Officer  
(Memo dated October 21, 2016) (For Information Only)

I. Chief Executive Officer's Report  
(Memo dated October 25, 2016) (For Information Only)

X. REPORT ON STAFF ACTION ITEMS

In regard to item VIII.C., the Board requested that staff conduct an additional survey in preparation for the Board Offsite.

In regards to item VIII.E., the Board requested inclusion of the following: 1) reference to political donations, and 2) to revisit the policy every three years instead of every five years.

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

The Board and Mr. Rademacher recognized Mr. Santos in receiving the Charlie Gessler Award sponsored by the Public Defender Association.

Mr. Kelly shared with the Board that Supervisor Hilda Solis will be honoring Mr. Valenzuela for his LACERA Board service on November 15, 2016 at 9:30 a.m.

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



## 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. MBK Partners Fund IV, L.P.

Mr. Wagner, Mr. Chu, and Jose Fernandez of StepStone Group LP, 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. Green, Kelly, Santos, Schneider, Simril, Valenzuela and Ms. Sandoval voting yes. The Board's decision and vote to approve a commitment of up to \$150 million to MBK Partners Fund IV, LP, which is a buyout fund making control-oriented investments in North Asia, defined as China, Japan, and South Korea,, including investments in the financial services, telecom/media, and consumer/retail sectors, among others, were reported out in open session.

## XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:15 p.m.

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

1. Conflict of Interest Code  
(For Information Only) (Memo dated November 1, 2016)
2. Dolan McEniry Capital Management  
(For Information Only) (Memo dated October 31, 2016)
3. The SuperReturn Africa Conference and Summit will be held in Cape Town, South Africa on November 29 – December 1, 2016.  
(Memo dated November 3, 2016)

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JOSEPH KELLY, SECRETARY

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DAVID GREEN, CHAIR