

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, FEBRUARY 8, 2017

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary (Left at 11:00 a.m.)

Wayne Moore

Ronald Okum

Diane Sandoval

Herman B. Santos

Michael Schneider

Valerie Villarreal

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Vache Mahseredjian, Interim Chief Investment Officer

Steven Rice, Chief Counsel

Christopher Wagner, Principal Investment Officer

Ted Wright, Principal Investment Officer

David Chu, Investment Officer

Robert Santos, Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Dale Johnson, Investment Officer

Esmeralda Del Bosque, Investment Officer

Ron Senkandwa, Senior Investment Analyst

Richard Bendall, Chief Audit Executive

Leisha Collins, Principal Internal Auditor

Meketa Investment Group

Leandro Festino, Managing Principal

Timothy Filla, Assistant Vice President

StepStone Group LP

Jose Fernandez, Partner

I. CALL TO ORDER

The meeting was called to order at 9:04 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Kelly 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 January 11, 2017.

Mr. Santos made a motion, Mr. Schneider seconded, to approve the minutes of the regular meeting of January 11, 2017. The motion passed with Mr. Moore 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. NON - CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approve the attached ballot insert entitled "Powers and Duties of Investments Board Members" to be included with the ballot materials for the election of the Second Member and Eighth Member of the Board of Investments. (Memo dated January 30, 2017)

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

Mr. Santos made a motion, Ms. Sandoval seconded, to approve the agenda item with the following revisions: (1) Board members are expected to commit approximately 80 hours of their time each month to discharging their duties to the retirement system; and (2) Board member material review time to change from 16 hours per meeting to 24 hours per meeting. The motion passed unanimously.

VII. NON - CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Richard Bendall, Chief Audit Executive and Leisha Collins, Principal Internal Auditor: That the Board invite Milliman Inc., Segal Consultants, and Cavanaugh Macdonald Consulting for interviews with your Board to hire one firm for the actuarial consulting services and one firm for the actuarial auditing services contracts. (Memo dated January 31, 2017) (Supplemental Legal Memo dated January 30, 2017)

Mr. Steven Rice, Mr. Bendall and Ms. Collins were present and answered questions from the Board.

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

- C. Discussion and Possible Action regarding the Chief Investment Officer Search.

This item was tabled to after Executive Session and then pulled from the agenda.

VIII. REPORTS

- A. Private Equity Education
Christopher Wagner, Principal Investment Officer
(Memo dated January 19, 2017)

Mr. Wagner, Mr. Chu, and Jose Fernandez of StepStone Group LP, provided a brief presentation and answered questions from the Board.

- B. Fund Performance Review as of December 31, 2016
Meketa Performance Report as of December 31, 2016
Vache Mahseredjian, Interim Chief Investment Officer

Mr. Wright, Mr. Johnson and Mr. Senkandwa provided a brief

VIII. REPORTS (Continued)

presentation on the Equities asset class and answered questions from the Board, followed by a presentation on the Fixed Income and Commodities asset class by Mr. Mahseredjian, Ms. Del Bosque and Mr. Robert Santos.

(Mr. Kelly left the Board meeting at 11: 00 a.m.)

The following items were received and filed:

- C. OPEB Master Trust as of December 31, 2016
Ted Wright, Principal Investment Officer
(For Information Only) (Memo dated January 31, 2017)

Mr. Wright and Mr. Rademacher were present and answered questions from the Board.

- D. Semi-Annual Interest Crediting for Reserves as of December 31, 2016
Beulah S. Auten, Chief Financial Officer
(For Information Only) (Memo dated January 31, 2017)
- E. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated January 31, 2017)
- F. Chief Executive Officer's Report
(For Information Only) (Memo dated January 31, 2017)

IX. REPORT ON STAFF ACTION ITEMS

In regards to Item VII.A., the Board requested staff to present strategies to mitigate potential conflicts of interests in securing actuarial services, including associated costs.

In regards to Item VIII.A., the Board requested staff to agendize a

IX. REPORT ON STAFF ACTION ITEMS (Continued)

discussion to clarify LACERA's total commitment in China and associated policies.

In addition, the Board requested staff to schedule a discussion on strategic limits or ranges by each asset class and country.

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

The Board and Mr. Rademacher welcomed Mr. Moore to the Investments Board.

Mr. Rademacher shared with the Board that at the next Board of Retirement meeting, the Board will consider a 2% for the 2017 cost-of-living award based upon changes in the consumer price index during 2016 for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, to become effective April 1, 2017.

XI. EXECUTIVE SESSION

A. Conference with Legal Counsel - Anticipated Litigation
(Significant Exposure to Litigation Pursuant to Paragraph (2) of
Subdivision (d) of California Government Code Section 54956.9)

1. Number of Potential Cases: 1

The Board met in Executive Session pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9. There is nothing to report at this time.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:02 p.m.

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

1. Review of Total Fund Returns
(For Information Only) (Memo dated February 8, 2017)
2. Council of Institutional Investors Joint Letter Regarding SNAP, Inc., Initial Public Offering Non-Voting Shares.
(For Information Only) (Memo dated February 3, 2017)
3. Performance Review as of December 31, 2016
(For Information Only) (Memo dated February 8, 2017)

JOSEPH KELLY, SECRETARY

DAVID GREEN, CHAIR