

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, MAY 10, 2017

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary

Wayne Moore

Ronald Okum

Diane Sandoval

Herman B. Santos

Michael Schneider

Valerie Villarreal

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

John Popowich, Assistant Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven Rice, Chief Counsel

Christopher Wagner, Principal Investment Officer

John McClelland, Principal Investment Officer

Ted Wright, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Elin Szymanowski, Investment Officer

Amit Aggarwal, Investment Officer

Trina Sanders, Investment Officer

Christine Roseland, Senior Staff Counsel

John Nogales, Human Resources Director

Richard Bendall, Chief Audit Executive

Quoc Nguyen, Principal Internal Auditor

Pavilion Alternatives Group

Raelan Lambert, Managing Director

Stephanie Perry, Senior Associate

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

StepStone Group LP

Natalie Walker, Vice-President

The Townsend Group

Micolyn M. Magee, Principal

I. CALL TO ORDER

The meeting was called to order at 9:16 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 followed by a moment of silence in memory of Board member, Yves Chery.

## III. APPROVAL OF MINUTES

### A. Approval of the Minutes of the Regular Meeting of April 12, 2017.

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the minutes of the regular meeting of April 12, 2017. 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. Grabel provided a brief discussion on the Chief Investment Officer's Report.

## VII. CONSENT ITEMS

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

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board reschedule the Wednesday, July 12, 2017 meeting to Monday, July 10, 2017.  
(Memo dated May 2, 2017)

VII. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 2017 Conference on Corporate Governance on July 18 –19, 2017 in Tel Aviv, Israel 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 May 2, 2017)

VIII. NON - CONSENT AGENDA

- A. Recommendation as submitted by Michael Schneider, Chair, Real Estate Committee: That the Board adopt the revised Real Estate Objectives, Policies and Procedures. (Memo dated April 17, 2017)

Mr. McClelland and Ms. Sanders were present and answered questions

from the Board.

Mr. Santos made a motion, Ms. Sandoval seconded, to approve the agenda item, adding a reference to the Investment Policy Statement. The motion passed unanimously.

- B. Recommendation as submitted by Amit Aggarwal, Investment Officer and Trina Sanders, Investment Officer: That the Board approve a commitment of up to €50 million to CapMan Nordic Real Estate II. (Memo dated April 18, 2017)

Ms. Sanders and Mr. Aggarwal were present and answered questions

from the Board.

Mr. Santos made a motion, Mrs. Villarreal seconded, to approve the agenda item. The motion passed with Mr. Kehoe voting no.

VIII. NON - CONSENT AGENDA (Continued)

C. Recommendation as submitted by Robert Hill, Assistant Executive Officer; John Popowich, Assistant Executive Officer; and John Nogales, Director, Human Resources: That the Board approve the following:

1. Approve the new LACERA classifications and pay ranges:

- Deputy Chief Investment Officer, LACERA, (UC) – LR 24
- Deputy Chief Executive Officer, LACERA, (UC) – LS 18
- Principal Staff Counsel, LACERA – LS 17
- Chief Financial Officer, LACERA - LS 14
- Assistant Chief Financial Officer, LACERA – LS 12

2. Approve the revised pay ranges for existing LACERA classifications:

- Chief Counsel, LACERA – LS 20
- Assistant Executive Officer, LACERA, (UC) – LS 16
- Assistant Executive Officer, LACERA – LS 16
- Chief, Internal Audit, LACERA – LS 14
- Director, Human Resources, LACERA – LS 14
- Assistant Director, Human Resources, LACERA – LS 12

3. Direct staff to submit to the Board of Supervisors the required ordinance language to implement the new LACERA classifications and revised pay ranges by amending the Los Angeles County Salary Code Sections 6.28.050, 6.127.010, and 6.127.030.

(Memo dated March 28, 2017)

Messrs. Hill, Popowich and Nogales were present and answered

questions from the Board.

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

## IX. REPORTS

- A. Assembly Bill 2833 Education and On-Going Private Equity Fee Transparency Update  
Christopher Wagner, Principal Investment Officer  
Christine Roseland, Senior Staff Counsel  
Raelan Lambert, Pavilion Alternatives Group  
Stephanie Perry, Pavilion Alternatives Group  
(Memo dated April 24, 2017)

Mr. Wagner, Ms. Roseland and Raelan Lambert and Stephanie Perry of

Pavilion Alternatives Group provided a presentation and answered questions from the Board.

- B. Private Equity Retrospective Fee Audit – Update  
Quoc Nguyen, Principal Internal Auditor  
(Memo dated April 25, 2017)

Mr. Wagner and Mr. Nguyen provided a brief presentation and answered questions from the Board.

The following items were received and filed:

- C. Fund Performance Review as of March 31, 2017  
Meketa Performance Report as of March 31, 2017  
Jonathan Grabel, Chief Investment Officer  
(For Information Only)
- D. OPEB Master Trust as of March 31, 2017  
Ted Wright, Principal Investment Officer  
(For Information Only) (Memo dated April 26, 2017)
- E. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated April 28, 2017)

IX. REPORTS (Continued)

F. Recovery of Foreign Withholding Tax – RFP Timeline  
Richard Bendall, Chief Audit Executive  
Quoc Nguyen, Principal Internal Auditor  
(For Information Only) (Memo dated April 27, 2017)

G. Chief Executive Officer’s Report  
(For Information Only) (Memo dated May 2, 2017)

X. REPORT ON STAFF ACTION ITEMS

In regards to Item VIII.B., the Board requested for Investment Staff to use U.S. currency in their recommendations.

In regards to Item VIII.C., the Board requested for staff to report the results of the pay equity audit through the normal processes, taking account the roles of the Board of Retirement and the Audit Committee.

In regards to Item VIII.C., the Board requested for staff to complete a classification and compensation study for LACERA's secretary positions including the Board Executive Secretary positions.

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

Mr. Rademacher reminded the Board to complete the Board offsite logistics form in their green folders.

Mr. Grabel welcomed Brenda Cullen and Anthony Simms Jr. to the Investment team.

## 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. Glendon Opportunities Fund II, L.P.

Mr. Wagner, Ms. Szymanowski, and Natalie Walker of StepStone Group L.P., provided a brief presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Schneider seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Kelly, Kehoe, Moore, Okum, Santos, Schneider, Ms. Sandoval and Ms. Villarreal voting yes. The Board's decision and vote to approve a commitment of up to \$100 million to Glendon Opportunities Fund II, L.P., which is a private equity fund that will pursue a distressed debt strategy, were reported out in open session.

- B. 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 was nothing to report at this time.



XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:16 p.m.

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

1. Joint Investor Statement on the Financial Choice Act of 2017  
(For Information Only) (Memo dated May 5, 2017)
3. LACERA Legislative Report Other  
(For Information Only) (Memo dated May 9, 2017)
4. LACERA Legislative Report Bills Amending CERL/PEPRA  
(For Information Only) (Memo dated May 9, 2017)

---

JOSEPH KELLY, SECRETARY

---

DAVID GREEN, CHAIR