

APPROVED

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, JUNE 14, 2017

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary

Keith Knox (Chief Deputy to Joseph Kelly) (Arrived 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

Robert Hill, Assistant Executive Officer

John Popowich, Assistant Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven Rice, Chief Counsel

John McClelland, Principal Investment Officer

Ted Wright, Principal Investment Officer
STAFF ADVISORS AND PARTICIPANTS (Continued)

Michael Herrera, Senior Staff Counsel

Richard Bendall, Chief Audit Executive

Barry Lew, Legislative Affairs Officer

Meketa Investment Group
Stephen McCourt, Managing Principal
Leandro Festino, Managing Principal

StepStone Group LP
Natalie Walker, Vice-President

The Townsend Group
Jennifer Young Stevens, Principal

Law Offices of Olson Hagel & Fishburn LLP
Chris Waddell, Attorney

Milliman
Mark Olleman, Principal & Consulting Actuary
Nick Collier, Principal & Consulting Actuary
Robert Schmidt, Principal & Consulting Actuary

Segal Consulting
Paul Angelo, Principal Actuary
John Monroe, Vice President & Actuary
Dave Bergerson, Vice President & Actuary

Cavanaugh Macdonald Consulting, LLC
Brent Banister, Chief Pension Actuary
Eric Gary, Chief Health Actuary & Principal

I. CALL TO ORDER

The meeting was called to order at 9:18 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Kehoe 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 May 10, 2017.

Mr. Santos made a motion, Ms. Sandoval seconded, to approve the minutes of the regular meeting of May 10, 2017. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

Mr. Steven Rice reported that, at the April 12, 2017 Board meeting, the Board voted on a motion by Mr. Santos, seconded by Mr. Schneider, to approve an investment of \$125 million in the RREEF Core Plus Industrial Fund, contingent on the sale of a portfolio of 11 LACERA real property assets to the RREEF Fund. The motion passed 7-0 (roll call), with Messrs. Green, Kehoe, Moore, Okum, Santos, Schneider and Ms. Sandoval voting yes. Ms. Villarreal was present at the meeting but was absent for the vote. This investment is an open-ended commingled fund that will generally pursue a strategy of investing in core and non-core industrial properties in the United States. The 11 LACERA properties sold to the fund as contingency of the fund investment were sold at a gross price of \$377 million. The fund investment and property sales all closed on or about June 7, 2017, and the transactions are now therefore subject to public report out under the Brown Act Sections 54956.81 and 54957.1. Invesco served as an independent fiduciary for LACERA in negotiating the

property sales. Invesco's engagement was approved in closed session at the Board's
IV. REPORT ON CLOSED SESSION ITEMS (Continued)

December 14, 2016 meeting and was reported out at that time. However, for clarity,
today's report will also confirm for the public record Invesco's role in this
transaction.

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, Ms. Sandoval seconded, to approve the following 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 Private Equity Exclusive Conference on July 24 – 25, 2017 in Chicago, Illinois 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 May 22, 2017)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the NASRA 63rd Annual Conference on August 5-9, 2017 in Baltimore, Maryland 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 May 15, 2017)

VII. CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 2017 Public Funds Forum on September 5 – 7, 2017 in San Diego, California 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. Green)
(Memo dated May 22, 2017)

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Association for Asian American Investment Managers' National Conference on September 6 –7, 2017 in New York, New York 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 19, 2017)

- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Principles for Responsible Investment in Person on September 25 – 27, 2017 in Berlin, Germany 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. Green)
(Memo dated May 22, 2017)

- F. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the SuperReturn Asia Conference and Summit on September 25–28, 2017 in Hong Kong 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 May 19, 2017)

VIII. NON - CONSENT AGENDA

- A. Recommendation as submitted by Michael Schneider, Chair, Real Estate Committee: That the Board approve: 1) The Proposed Real Estate Investment Plan for Fiscal Year 2017–18, and 2) The Allocation of up to \$600 million for Investment by the Fund's Equity Real Estate Managers. (Memo dated May 25, 2017)

Mr. McClelland and Ms. Jennifer Young Stevens of Townsend Group

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.

- B. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board approve the Issuance of a Request for Information for Active U.S. Small Capitalization Equity Managers. (Memo dated May 16, 2017)

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

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

- C. Recommendation as submitted by Richard Bendall, Chief Audit Executive and Leisha Collins, Principal Internal Auditor: That the Board select a Firm or Firms for the Retirement Plan and OPEB Actuarial Consulting Services and a Firm or Firms for the Retirement Plan and OPEB Actuarial Auditing Services Contracts. (Memo dated June 5, 2017) (Supplemental Legal Memo dated June 5, 2017)

Mr. Steven Rice, Mr. Bendall and Mr. Waddell of the Law Offices of

Olson Hagel & Fishburn LLP were present and answered questions from the Board.

Milliman, Segal Consulting and Cavanaugh Macdonald Consulting, LLC

provided presentations and answered questions from the Board.

VIII. NON - CONSENT AGENDA (Continued)

Mr. Kehoe made a motion, Ms. Villarreal seconded, to select Milliman as the Consulting Actuary for both the retirement plan and OPEB work, with Cavanaugh Macdonald Consulting, LLC as the Auditing Actuary for all work. The motion passed (Roll Call) with Messrs. Green, Kehoe, Kelly, Okum, Santos, Schneider and Ms. Sandoval and Ms. Villarreal voting yes and Mr. Moore voting no.

(Mr. Knox arrived at 11:00 a.m.)

- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board Adopt the Final Proposed LACERA Fiscal Year 2017-18 Administrative and Retiree Health Care Benefits Budgets. (Memo dated June 1, 2017)

Messrs. Rademacher, Hill and Popowich were present and answered questions from the Board.

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

- E. Recommendation as submitted by Barry Lew, Legislative Affairs Officer: That the Board continue its "Support" position on Senate Bill 671, which relates to advance payments of employer contributions. (Memo dated June 5, 2017)

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

Mr. Santos made a motion, Mrs. Sandoval seconded, to approve the

agenda item. The motion passed unanimously.

IX. REPORTS

- A. LACERA Asset Allocation Education
Stephen McCourt, Managing Principal
Leandro A. Festino, Managing Principal
(Presentation Material dated June 14, 2017)

Mr. McCourt and Mr. Festino provided a presentation and answered questions from the Board.

- B. Real Estate Performance Measurement Report – 4th Quarter 2016
John McClelland, Principal Investment Officer
(Memo dated May 31, 2017)

Mr. McClelland and Ms. Jennifer Young Stevens of Townsend Group provided a presentation and answered questions from the Board.

- C. Private Equity Performance Measurement Report – 4th Quarter 2016
Christopher Wagner, Principal Investment Officer
(Memo dated June 5, 2017)

This item was postponed to the next Board of Investments meeting on August 9, 2017.

- D. Hedge Funds Performance Report – 1st Quarter 2017
James Rice, Senior Investment Officer
(Memo dated May 24, 2017)

This item was postponed to the next Board of Investments meeting on August 9, 2017.

The following items were received and filed:

- E. Board of Investments Summer Offsite Agenda
Gregg Rademacher, Chief Executive Officer

(For Information Only) (Memo dated June 6, 2017)

IX. REPORTS (Continued)

- F. Joint Investor Statement on the Financial Choice Act of 2017
Scott Zdrazil, Senior Investment Officer
Dale Johnson, Investment Officer
(For Information Only) (Memo dated May 18, 2017)
- G. Asian Corporate Governance Association Annual General Meeting Ballot
Scott Zdrazil, Senior Investment Officer
Dale Johnson, Investment Officer
(For Information Only) (Memo dated May 23, 2017)
- H. Cityview Western Fund I – Update
Trina Sanders, Investment Officer
(For Information Only) (Memo dated May 26, 2017)
- I. Segal's Review of LACERA's Investigation of Experience and the Audit of June 30, 2016 Actuarial Valuation
Richard Bendall, Chief Audit Executive
(For Information Only) (Memo dated June 6, 2017)
- J. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated June 5, 2017)
- K. Chief Executive Officer's Report
(For Information Only) (Memo dated June 6, 2017)

X. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

XI. GOOD OF THE ORDER

(For information purposes only)

Mr. Moore requested to schedule a discussion regarding the objectives of the Emerging Manager Program for the July Board Offsite. Mrs. Sandoval and Mr. Kehoe requested agendaizing a discussion regarding separate Board and Committee meeting

days.

XI. GOOD OF THE ORDER (Continued)

Mr. Grabel welcomed Kevin Bassi to the Investment team.

Mr. Rademacher reminded the Board to complete the Board Offsite on-line survey regarding Asset Allocation and its implementation. Mr. Rademacher shared that the Board of Supervisors approved the Retirement Benefit Valuation, which will take effect on July 1, 2017.

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. CANAAN XI, L.P.

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

Mr. Kehoe made a motion, Mr. Okum seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Green, Knox, Kehoe, Moore, Okum, Santos and Ms. Sandoval and Ms. Villarreal voting yes and Mr. Schneider voting no. The Board's decision and vote to approve a commitment of up to \$75 million to Canaan XI, L.P., which is a private equity fund focusing on seed and early-stage venture capital investments in technology, including financial technology and in healthcare companies

primarily located in the United States,
was reported out in open session.

XII. EXECUTIVE SESSION (Continued)

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 1:04 p.m.

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

1. LACERA Legislative Report Other
(For Information Only) (Memo dated June 13, 2017)
2. LACERA Legislative Report Bills Amending CERL/PEPRA
(For Information Only) (Memo dated June 13, 2017)

Signature on File

JOSEPH KELLY, SECRETARY

Signature on File

DAVID GREEN, CHAIR