

REVISED as of March 5, 2018

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, JANUARY 10, 2018

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary

Wayne Moore

David Muir

Ronald Okum

Gina V. Sanchez

Herman B. Santos

Michael Schneider

STAFF ADVISORS AND PARTICIPANTS

Robert Hill, Interim Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

John McClelland, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Vache Mahseredjian, Principal Investment Officer

James Rice, Senior Investment Officer

Ted Wright, Principal Investment Officer

Chad Timko, Senior Investment Analyst

Scott Zdrazil, Senior Investment Officer

David Simpson, Investment Officer

Amit Aggarwal, Investment Officer

David Chu, Investment Officer

Ted Granger, Assistant Chief Financial Officer

Meketa Investment Group

Leandro Festino, Managing Principal

Timothy Filla, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

The Townsend Group

Micolyn Magee, Principal

Grosvenor Capital Management

Andrew Preda, Senior Vice President

Sean Conroy, Director

Robert Fu, Senior Vice President

Milliman

Mark Olleman, Principal

Craig Glyde, Consulting Actuary

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:12 a.m., in the Board Room of Gateway Plaza.

II. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)

Mr. Rice presented a trustee request, which had been circulated to all trustees via email by staff after the agenda but before the meeting, that the Board consider taking urgency action under Government Code Section 54954.2(b)(2) to select the Board's elected member to the Joint Organizational Governance Committee. The Board discussed the request. No action was taken.

The election of officers was conducted by Secretary Kelly:

A. Chair of the Board

Mr. Green was nominated to the position of Chair of the Board of Investments by Mr. Santos.

Hearing no other nominations, the Board voted unanimously and elected Mr. Green as Chair of the Board of Investments.

Secretary Kelly announced that Mr. Green was elected to the position of Chair of the Board of Investments.

B. Vice Chair of the Board

Mr. Kehoe was nominated to the position of Vice Chair of the Board of Investments by Mr. Green.

II. ELECTION OF OFFICERS (Continued)

Hearing no other nominations, the Board voted unanimously and elected Mr. Kehoe as Vice Chair of the Board of Investments.

Secretary Kelly announced that Mr. Kehoe was elected to the position of Vice Chair of the Board of Investments.

C. Secretary

Mr. Moore was nominated to the position of Secretary of the Board of Investments by Mr. Kelly.

Hearing no other nominations, the Board voted unanimously and elected Mr. Moore Secretary of the Board of Investments.

Secretary Kelly announced that Mr. Moore was elected to the position of Secretary of the Board of Investments.

D. Audit Committee Member

Mr. Schneider was nominated to the position of Audit Committee Member by Mr. Santos.

Hearing no other nominations, the Board voted unanimously and elected Mr. Schneider as Audit Committee Member of the Board of Investments.

Secretary Kelly announced that Mr. Schneider was elected to the position of Audit Committee Member.

III. PLEDGE OF ALLEGIANCE

Mr. Schneider led the Board Members and staff in reciting the Pledge of Allegiance.

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of December 13, 2017.

Mr. Santos made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of December 13, 2017. The motion passed with Mr. Muir abstaining.

V. REPORT ON CLOSED SESSION ITEMS

No items were reported out.

VI. PUBLIC COMMENT

Mr. Ramon Rubalcava addressed the Board regarding Item X.C.

VII. INTERIM CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated January 2, 2018)

Mr. Hill recognized elected Board member, Mr. Muir, and appointed member, Gina Sanchez, to the Board of Investments.

Mr. Hill provided a friendly reminder to the Board that the Board Offsite will take place on Tuesday, January 30, 2018, Wednesday, January 31, and Thursday, February 1, 2018.

Lastly, Mr. Hill recognized and thanked the Financial and Accounting Services Division, Communications Division and the Legal Division for their work in creating LACERA's Comprehensive Annual Financial Report.

VIII. CHIEF INVESTMENT OFFICER'S REPORT

(Memo dated December 22, 2017)

Mr. Grabel provided a brief discussion on the Chief Investment Officer's Report. (Mr. Kehoe left the meeting at 9:30 a.m.)

IX. CONSENT ITEMS

Mr. Santos made a motion, Mr. Kelly seconded, to approve the following agenda items except Item. IX.E. The motion passed unanimously.

- A. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the International Corporate Governance Network conference on February 28 – March 1, 2018 in Tokyo, Japan 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 December 30, 2017)
- B. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the 2018 SWFI Institutional Investor Forum on February 20 – February 22, 2018 in Santa Monica, 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. Santos)
(Memo dated December 30, 2017)
- C. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the Pension Bridge Annual Conference on April 10-11, 2018 in San Francisco, 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 January 3, 2018)

IX. CONSENT ITEMS (Continued)

- D. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the NASP - Diverse and Emerging Manager Forum on January 26, 2018 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. Green) (Memo dated January 3, 2018)
- E. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board approve the 2018 Private Equity Objectives, Policies, and Procedures. (Memo dated December 22, 2017)
- Mr. Santos made a motion, Mr. Moore seconded, to approve the agenda item. The motion passed unanimously (roll call) with Messrs. Green, Kelly, Moore, Muir, Okum, Santos, Schneider and Mrs. Sanchez voting yes.
- F. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board approve the 2018 Private Equity Annual Investment Plan. (Memo dated December 22, 2017)
- G. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board approve the Minimum Qualifications and Evaluation Criteria thereby authorizing staff to initiate the Request for Proposal process for a private equity secondary advisor. (Memo dated December 22, 2017)
- H. Recommendation as submitted by Shawn Kehoe, Chair, Joint Organizational Governance Committee: That the Board approve the Sexual Harassment Prevention Training Policy for Board members. (Memo dated January 2, 2018)

X. NON - CONSENT AGENDA

- A. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board review the 2018 meeting calendar and reschedule meeting dates as needed. (Memo dated December 29, 2017)

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

Mr. Santos made a motion, Mrs. Sanchez seconded, to survey the Board to reschedule the March 2018 and November 2018 Board meeting dates. The motion passed unanimously.

- B. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer: That the Board nominate Scott Zdrazil, Senior Investment Officer – Corporate Governance, for election to the Council of Institutional Investors Board of Directors. (Memo dated December 15, 2017)

Mr. Grabel, and Mr. Zdrazil were present and answered questions from

the Board.

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

- C. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board:

1. Accept the June 30, 2017, Retirement Benefit Actuarial Valuation prepared by the plan's consulting actuary, Milliman.
2. Adopt recommended employer contribution rates (all tiers) and employee contribution rates (plan tiers General Plan G and Safety Plan
3. Direct the Interim Chief Executive Officer to communicate the results of the Retirement Benefit Actuarial Valuation to the Board of Supervisors by May 15, 2018, with a recommendation to implement the employer and employee rates no later than September 30, 2018.

(Memo dated December 21, 2017)

X. NON - CONSENT AGENDA (Continued)

Mr. Hill and Messrs. Olleman and Glyde of Milliman provided a presentation and answered questions from the Board.

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

XI. REPORTS

- A. 2018 Board of Investments and Committee Meeting Calendar and Workplan
Jonathan Grabel, Chief Investment Officer
(Memo dated December 20, 2017)

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

- B. LACERA Total Fund Asset Allocation
Jonathan Grabel, Chief Investment Officer
Leandro Festino, Managing Principal – Meketa Investment Group
Timothy Filla, Managing Principal – Meketa Investment Group
(Memo dated December 22, 2017)

Mr. Grabel and Messrs. Festino and Filla of Meketa Investment Group provided a brief presentation and answered questions from the Board.

- C. Real Estate Performance Measurement Report – 2nd Quarter 2017
John McClelland, Principal Investment Officer
Trina Sanders, Investment Officer
Amit Aggarwal, Investment Officer
Jennifer Stevens, Principal – The Townsend Group
(Memo dated December 21, 2017)

Messrs. McClelland and Aggarwal and Mrs. Magee of the Townsend Group provided a brief presentation and answered questions from the Board.

XI. REPORTS (Continued)

- D. Hedge Fund Performance Discussion – 3rd Quarter 2017
James Rice, Senior Investment Officer
Andrew Preda, Senior Vice President – Grosvenor Capital Management
Sean Conroy, Director – Grosvenor Capital Management
(Memo dated December 29, 2017)

Mr. Jim Rice and Messrs. Preda and Conroy of Grosvenor Capital

Management provided a brief presentation and answered questions from the Board.

(Mr. Muir left the meeting at 12:00 p.m.)

- E. Private Equity Portfolio Update
Christopher Wagner, Principal Investment Officer
Jose Fernandez, Partner – StepStone Group
(Memo dated December 22, 2017)

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

The following items were received and filed:

- F. Other Opportunities Update
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated December 22, 2017)
- G. Update on H.R. 1: Unrelated Business Income Tax
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated December 28, 2017)
- H. Palladium Equity Portfolio Company Meeting
David E. Simpson, Investment Officer
(For Information Only) (Memo dated December 22, 2017)
- I. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated January 2, 2018)

XI. REPORTS (Continued)

- J. Meketa Investment Group Self-Assessment
Leandro Festino, Managing Principal – Meketa Investment Group
Timothy Filla, Managing Principal – Meketa Investment Group
(For Information Only) (Memo dated January 10, 2018)

XII. REPORT ON STAFF ACTION ITEMS

There were no items to report out.

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

The Board and Mr. Hill welcomed Mrs. Sanchez and Mr. Muir to the Board of Investments.

Mr. Grabel thanked the Investment staff for their hard work in preparing for the Board of Investments meeting.

Mr. Green thanked Mr. Grabel for his hard work and welcomed back Bonnie Nolley.

(Mr. Okum left the meeting at 12:30 p.m.)

XIV. 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. HBK Multi-Strategy Fund L.P.

Messrs. Jim Rice and Timko, and Messrs. Preda and Fu of Grosvenor Capital Management, provided a brief presentation and answered questions from the Board.

XIV. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, Mr. Kelly seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Green, Kelly, Moore, Santos and Mrs. Sanchez voting yes and Mr. Schneider voting no. The Board's decision and vote to approve an investment of up to \$250 million to HBK Multi-Strategy Fund L.P. was reported out in open session. The initial allocation will be \$125 million, with additional allocations to be considered later. The HBK Multi-Strategy Fund L.P., is a hedge fund that invests across seven strategies comprised of corporate credit, structured credit, emerging markets, event driven equities, quantitative strategies, volatility trades and developed market fixed income. Messrs. Kehoe, Muir and Okum were absent from this item.

2. BlackRock Trust Company

Messrs. Grabel, Mahseredjian, Wright and Zdrazil 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) Messrs. Green, Kelly, Moore, Santos, Schneider and Mrs. Sanchez voting yes. The Board's decision and vote to approve an account conversion and consolidation of LACERA's investments in certain public equity and fixed income commingled investment products

XIV. EXECUTIVE SESSION (Continued)

managed by BlackRock Trust Company to separate accounts, was reported out in open session. Messrs. Kehoe, Muir and Okum were absent from this item.

(Mr. Kelly left the meeting at 1:41 p.m.)

B. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of Government Code Section 54956.9)

1. LACERA v. Justin Caldbeck
JAMS, Case No. 1110021489
Santa Clara County Superior Court, Case No. 17CV316347
Counsel: Glaser Weil

The Board met in Executive Session pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report at this time.

XV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:48 p.m.

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

1. Board Offsite Meeting Information Memo (Memo dated January 8, 2018)
2. Letter to Honorable Kevin Brady regarding the H.R. 1: Tax Cuts and Jobs Act (Memo dated December 13, 2017)

WAYNE MOORE, SECRETARY

DAVID GREEN, CHAIR