

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, SEPTEMBER 12, 2018

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Wayne Moore, Secretary

Joseph Kelly

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 P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Jude Perez, Principal Investment Officer

John McClelland, Principal Investment Officer

James Rice, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Esmeralda V. del Bosque, Senior Investment Officer

Chad Timko, Investment Officer

David Simpson, Investment Officer

Elin W. Szymanowski, Investment Officer

Amit Aggarwal, Investment Officer

Trina Sanders, Investment Officer

Kevin Bassi, Senior Investment Analyst

Michael Herrera, Senior Staff Counsel

Meketa Investment Group

Stephen McCourt, Managing Principal

Timothy Filla, Managing Principal

Andrea Light, Investment Analyst

StepStone Group LP

Jose Fernandez, Partner

Natalie Zar Walker, Principal

The Townsend Group

Micolyn Magee, Principal

GCM Grosvenor

Tom Rowland, Managing Director, Hedge Fund Strategies

Andrew Preda, Managing Director, Public Markets Investments

State Street

Andrew Erickson, Executive Vice President

Unite Here

Jordan Fein

Mitra Elie

Juan Chavez

Isabel Ponce

September 12, 2018

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I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:00 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Ms. Sanchez 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 August 8, 2018

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the minutes of the regular meeting of August 8, 2018. The motion passed unanimously.

IV. PUBLIC COMMENT

Jordan Fein, Mitra Elie, Juan Chavez and Isabel Ponce from UNITE HERE addressed the Board regarding CBRE Global Investors.

V. INTERIM CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated August 31, 2018)

Mr. Hill shared that staff has been working closely with the Chief Executive Officer at CALAPRS to make the retirement transfer process more effective.

Furthermore, Barry Lew, James Brekk, and Joe Ackler visited State Legislators in Sacramento earlier this month.

Lastly, Mr. Hill provided the Board with a timeline regarding the OPEB valuation.

VI. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated August 30, 2018)

Mr. Grabel provided a brief discussion on the Chief Investment Officer's Report.

VII. CONSENT ITEMS

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the following agenda items. The motion passed unanimously by all members present. Mr. Okum was absent for the vote.

- A. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the approve attendance of Board members at the Association for Asian American Investment Managers' National Conference on September 19 –20, 2018 in Los Angeles, 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 September 4, 2018)
- B. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the AVCJ's 31st Annual Private Equity & Venture Forum on November 13–15, 2018 in Hong Kong, China and ChrysCapital Annual Investor Conference on November 15–16, 2018 Hong Kong, China 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 August 31, 2018)
- C. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at The Harvard Business School – Executive Education: Women on Boards: Succeeding as a Corporate Director on November 26 – 30, 2018 in Boston, Massachusetts, 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 Ms. Sanchez)
(Memo dated September 4, 2018)

VII. 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 2018 Crypto Invest Summit on October 22 – 24, 2018 in Los Angeles, 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. Kehoe) (Memo dated September 4, 2018)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer: That the Board approve Meketa's benchmarks for LACERA Pension Trust's New Asset Allocation. (Memo dated August 28, 2018)

Mr. Grabel, Mr. Filla and Ms. Light of Meketa Investment Group

were present and answered questions from the Board.

Mr. Santos made a motion, Ms. Sanchez seconded, to approve Meketa's benchmarks for LACERA Pension Trust's New Asset Allocation. The motion passed unanimously.

- B. Recommendation as submitted by John McClelland, Principal Investment Officer: That the Board adopt the proposed Manager-Specific return objectives. (Memo dated August 23, 2018)

Mr. McClelland and Mrs. Magee of the Townsend Group were present

and answered questions from the Board.

Mr. Santos made a motion, Mr. Okum seconded, to adopt the proposed Manager-Specific return objectives. The motion passed unanimously.

IX. REPORTS

- A. Draft Investment Policy Statement
Jude Perez, Principal Investment Officer
(Memo dated August 31, 2018)

Mr. Perez and Ms. del Bosque provided a presentation and received feedback from the Board and suggested changes to the draft Investment Policy Statement.

- B. Fund Performance Review as of June 30, 2018
Meketa Performance Report as of June 30, 2018
Leandro Festino, Managing Principal
Timothy Filla, Managing Principal

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

- C. State Street Update
Andrew Erickson, Executive Vice President

Mr. Erickson of State Street was present and answered questions from the Board.

- D. Secured Oversight Financing Rate
Adam Cheng, Senior Investment Analyst
(For Information Only) (Memo dated August 23, 2018)

- E. OPEB Master Trust
Jude Perez, Principal Investment Officer
(For Information Only) (Memo Dated August 6, 2018)

- F. Implementation Update on LACERA Pension Trust Strategic Asset Allocation
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated August 30, 2018)

IX. REPORTS (Continued)

- G. Hedge Fund Performance Report – 2018 Second Quarter
James Rice, Principal Investment Officer
(For Information Only) (Memo dated August 30, 2018)
- H. CEO Search Update
CEO Search Ad-Hoc Committee and Korn Ferry
(For Information Only) (Memo dated September 5, 2018)
- I. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated August 31, 2018)
- J. August 2018 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(Memo dated September 4, 2018) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)

X. REPORT ON STAFF ACTION ITEMS

There were no items to report out.

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

Mr. Kehoe congratulated Mr. Kelly for completing his fellowship with the National Association of Corporate Directors.

Mr. Kelly shared that on September 18, 2018 the Los Angeles County Treasurer and Tax Collector's office will be receiving an award from Supervisor Barger for September's National Preparedness Month.

Mr. Muir shared that the California Secure Choice Retirement Savings Plan is going to become operational in 2019 and congratulated Meketa Investment Group for advising the Investment Board on the saving plan.

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

Mr. Santos and Mr. Moore requested that staff review the documents provided by Unite Here and compose a letter to address their concerns.

Mr. Santos and Mr. Green emphasized the importance of the California Secure Choice Retirement Savings Plan.

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. PIMCO TACTICAL OPPORTUNITIES ONSHORE FUND,
L.P.

Messrs. Jim Rice and Timko and Messrs. Rowland and Preda of GCM Grosvenor were present and answered questions from the Board.

Mr. Santos made a motion, Ms. Sanchez seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Kelly, Moore, Muir, Okum, Santos, Schneider and Mrs. Sanchez voting yes.

The Board's decision and vote to approve a commitment of up to \$250 million in PIMCO Tactical Opportunities Onshore Fund, L.P., which is a hedge fund investment that pursues a relative value strategy across public and private credit, including residential mortgages, commercial mortgages, private non-qualified mortgages, corporate loans, asset

XII. EXECUTIVE SESSION (Continued)

backed securities, and bridge and receivable financing, was reported out.

2. RIVERSIDE MICRO-CAP FUND V, L.P.

Messrs. Wagner, Simpson and Jose Fernandez of StepStone Group LP were present and answered questions from the Board.

Mr. Santos made a motion, Mr. Muir seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Kelly, Moore, Muir, Okum, Santos, Schneider and Ms. Sanchez voting yes.

The Board's decision and vote to approve a commitment of up to \$100 million in Riverside Micro-Cap Fund V, L.P., which is a private equity fund investment with a U.S. small buyout strategy targeting the information technology, consumer, healthcare, and industrial sectors, was reported out.

3. TRITON FUND V, L.P.

Mr. Wagner, Ms. Szymanowski and Mrs. Zar Walker of StepStone Group LP were present and answered questions from the Board.

Mr. Santos made a motion, Mr. Okum seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Kelly, Moore, Muir, Okum, Santos, Schneider and Ms. Sanchez voting yes.

XII. EXECUTIVE SESSION (Continued)

The Board's decision and vote to approve a commitment of up to 150 million Euros (or approximately \$175 million) in Triton Fund V, L.P., which is a private equity fund investment with a European buyout strategy targeting middle market companies, primarily in Northern Europe, in the industrial, business services, consumer, and healthcare sectors, was reported out.

4. TPG REAL ESTATE PARTNERS III

Mrs. Sanders, Mr. Bassi and Mrs. Magee of the Townsend Group were present and answered questions from the Board.

Mr. Santos made a motion, Mr. Kehoe seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Kelly, Moore, Muir, Okum, Santos, Schneider and Ms. Sanchez voting yes.

The Board's decision and vote to approve a commitment of up to \$100 million in TPG Real Estate Partners Fund III, which is a real estate fund investment, primarily in North America, up to 1/3 in Europe, and smaller allocations outside these geographies, was reported out.

5. Other Managers/Assets: 11

Messrs. Gabel, McClelland and Mrs. Magee of the Townsend Group were present and answered questions from the Board.

XII. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, Mr. Sanchez seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Kelly, Moore, Muir, Okum, Santos, Schneider and Ms. Sanchez voting yes.

The Board's decision and vote to approve a group of 11 real estate related transactions. Additional details will be reported out and available to the public at the earlier of the close of each separate transaction or the transfer of pension assets in accordance with the requirements of the Brown Act.

6. GGV DISCOVERY II L.P., GGV CAPITAL VII L.P., AND GGV CAPITAL VII PLUS L.P. (For Information Only)

The Board was provided with an information only memo confirming a re-up commitment by staff, in accordance with the authority and criteria set forth in the Board's 2018 Private Equity Objectives, Policies, and Procedures, of \$100 million allocated to three private equity funds – GGV Discovery II L.P., GGV Capital VII L.P., and GGV Capital VII Plus L.P. GGV Discovery II is focused on early-stage investments; GGV Capital VII is focused on providing follow-on capital to GGV Discovery II companies and other high growth early-stage companies; and GGV Capital VII Plus is focused on providing later stage capital to GGV Capital VII companies.

XII. EXECUTIVE SESSION (Continued)

7. HELLMAN & FRIEDMAN CAPITAL PARTNERS IX, L.P.
(For Information Only)

The Board was provided with an information only memo confirming a re-up commitment by staff, in accordance with the authority and criteria set forth in the Board's 2018 Private Equity Objectives, Policies, and Procedures, of \$180 million as a private equity investment in Hellman & Friedman Capital Partners IX, L.P., which will focus on buyout opportunities in financial and business services, software/Internet and digital media, consumer discretionary, and healthcare companies.

B. Conference with Legal Counsel - Anticipated Litigation Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9)

Number of Potential Cases: One

The Board met in closed session with counsel under Government Code Section 54956.9(d)(2) to discuss a matter of anticipated litigation. On a motion by Mr. Santos, seconded by Ms. Sanchez, the Board voted 7-0 (with Mr. Moore and Mr. Kehoe absent for the vote) to initiate litigation. Additional details will be reported out and be available to the public after the case has been filed in accordance with the Brown Act.

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:30 p.m.

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

1. LACERA's Long Term Returns (CIO Presentation)
2. Modification of Resolution of Potential Claims Regarding Calculation of Retiree Healthcare Premium Subsidy for New L Items Under PEPPRA (Privilege & Confidential) (Memo dated September 4, 2018)

WAYNE MOORE, SECRETARY

DAVID GREEN, CHAIR