

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, APRIL 10, 2019

PRESENT: Shawn Kehoe, Chair

Wayne Moore, Secretary

Alan Bernstein

David Green

Ronald Okum

Gina V. Sanchez

Herman B. Santos

ABSENT: Joseph Kelly, Vice Chair

David Muir

STAFF ADVISORS AND PARTICIPANTS

Lou Lazatin, Chief Executive Officer

Jonathan Gabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Jude Perez, Principal Investment Officer

Ted Wright, Principal Investment Officer

Dale Johnson, Investment Officer

Chad Timko, Senior Investment Officer

Terra Elijah, Investment Analyst

David Simpson, Investment Officer

Didier Acevedo, Investment Officer

Beulah Auten, Chief Financial Officer

Ted Granger, Assistant Chief Financial Officer

Milliman

Nick Collier, Consulting Actuary

Meketa Investment Group

Leandro A. Festino, Managing Principal

Stephen McCourt, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

Mrs. 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 March 13, 2019

Mr. Green made a motion, Mr. Bernstein seconded, to approve the revised minutes of the regular meeting of March 13, 2019. 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 EXECUTIVE OFFICER'S REPORT
(Memo dated April 1, 2019)

Ms. Lazatin provided a brief overview of the Chief Executive Officer's Report and answered questions from the Board.

VII. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated March 29, 2019)

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

VIII. CONSENT ITEMS

- A. Recommendation as submitted by Wayne Moore, Chair, Credit and Risk Committee: That the Board approve the Minimum Qualifications advanced by the Credit and Risk Mitigation Committee and authorize a Request for Proposal for Syndicated Bank Loan managers.
(Memo dated March 27, 2019)

Mr. Bernstein made a motion, Mrs. Sanchez seconded, to approve agenda item VIII.A. The motion passed unanimously.

VIII. CONSENT ITEMS (Continued)

Mr. Green made a motion, Mr. Kehoe seconded, to approve agenda items, VIII. B, VIII.E. VIII.F, VIII.G and VIII.H. The motion passed unanimously.

- B. Recommendation as submitted by Gina Sanchez, Chair, Equity: Public/Private Committee: That the Board approve the proposed Minimum Qualifications for a factor-based mandate Request For Proposal, thereby authorizing staff to initiate the search. (Memo dated March 22, 2019)
- C. Recommendation as submitted by Wayne Moore, Chair, Credit and Risk Committee: That the Board approve the proposed Minimum Qualifications for a Request For Proposal for an Illiquid Credit investment manager, thereby authorizing staff to initiate the search. (Memo dated March 22, 2019)

Mr. Santos made a motion, Mrs. Sanchez seconded, to approve agenda item VIII.C. The motion passed unanimously.

- D. Recommendation as submitted by Alan Bernstein, Chair, Joint Organizational Governance Committee: That the Board approve a 60-day extension of time to the June 2019 Board meetings for the Joint Organizational Governance Committee (JOGC) to present a recommendation for revisions to the JOGC Charter. (Memo dated March 29, 2019)

Mr. Rice and Ms. Lazatin were present and answered questions from the

Board.

Mr. Moore made a motion, Mrs. Sanchez seconded, to suspend the JOGC until a new charter is approved. Per Chief Counsel, this motion is not in compliance with the Brown Act because the agenda does not provide adequate notice to Board members and the public that this issue might be addressed.

VIII. CONSENT ITEMS (Continued)

Mr. Bernstein made a motion to approve staff's recommendation, Mr. Kehoe seconded.

Mr. Santos made a substitute motion, Mrs. Sanchez seconded, to revise and approve a 30-day extension of time to the May 2019 Board meetings for the Joint Organizational Governance Committee (JOGC) to present a recommendation for revisions to the JOGC Charter. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Moore, Okum and Santos and Mrs. Sanchez voting yes.

- E. Recommendation that the Board approve attendance of Board members at the INCA Investments Latin American Investment Conference on October 16–17, 2019 in Buenos Aires, Argentina 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 March 29, 2019)
- F. Recommendation that the Board approve attendance of Board members at the National Association of Securities Professionals 30th Annual Pension and Financial Services Conference on June 24 –26, 2019 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. Moore)
(Memo dated April 1, 2019)
- G. Recommendation that the Board approve attendance of Board members at the 2019 Fortune Brainstorm Tech Conference on July 15 –17, 2019 in Aspen, Colorado 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 April 1, 2019)

VIII. CONSENT ITEMS (Continued)

- H. Recommendation that the Board approve attendance of Board members at the National Association of Corporate Directors Boot Camp for Aspiring Public Company Directors on May 13, 2019 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 Mrs. Sanchez)
(Memo dated April 1, 2019)

IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by Vache Mahseredjian, Principal Investment Officer: That the Board terminate the current Fixed Income Emerging Manager search and issue a new Request For Proposal after the scheduled update of LACERA's Emerging Manager Policy consistent with the new EMP adopted by the Board.
(Memo dated March 29, 2019)

Messrs. Grabel and Mahseredjian were present and answered questions

from the Board.

Mr. Santos made a motion, Mrs. Sanchez seconded, to terminate the current Fixed Income Emerging Manager search and issue a new Request For Proposal after the scheduled update of LACERA's Emerging Manager Policy consistent with the new EMP adopted by the Board. The motion passed unanimously.

- B. Recommendation as submitted by Jude Perez, Principal Investment Officer, Chad Timko, Senior Investment Officer and Dale Johnson, Investment Officer: That the Board approve Parametric Portfolio Associates LLC to manage a passive cash overlay mandate and approve Alphaengine Global Investment Solutions to run a "paper" active cash overlay portfolio on the total Fund for six months.
(Memo dated by March 28, 2019)

Mrs. Sanchez recused herself and exited the Boardroom.

Messrs. Grabel, Perez, Johnson and Timko were present and answered

IX. NON-CONSENT ITEMS (Continued)

questions from the Board.

Mr. Green made a motion, Mr. Santos seconded, to approve Parametric Portfolio Associates LLC to manage a passive cash overlay mandate and approve Alphaengine Global Investment Solutions to run a “paper” active cash overlay portfolio on the total Fund for six months. The motion passed unanimously.

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board review and approve the Teleconference Meeting Policy.
(Memo dated April 1, 2019)

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

Mr. Bernstein made a motion, Mr. Santos seconded to receive and file the Teleconference Meeting Policy.

Mr. Kehoe made a substitute motion to remove the exclusions from joint meetings and restricting it that it’s at the request of the Board member and if that doesn’t work then it would be the Chairs determination, the motion failed without a second.

The motion to receive and file the Teleconference Meeting Policy passed with Mr. Kehoe voting no.

X. REPORTS

- A. Investment Procedures Manual
Jude Perez, Principal Investment Officer
(Memo dated March 27, 2019)

Messrs. Grabel, and Perez and Ms. Elijah provided a brief presentation and answered questions from the Board.

X. REPORTS (Continued)

- B. Emerging Manager Policy Review
Ted Wright, Principal Investment Officer
Vache Mahseredjian, Principal Investment Officer
(Memo dated March 27, 2019)

Messrs. Mahseredjian, Wright and Mr. Festino of Meketa Investment

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

The following items were received and filed:

- C. Principles for Responsible Investment Election Ballot
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated March 26, 2019)
- D. Private Equity Secondary Sale Summary Report
Christopher Wagner, Principal Investment Officer
David Simpson, Investment Officer
(For Information Only) (Memo dated March 29, 2019)
- E. Board Self-Evaluations in Closed Session: Action Plan for Legislative Proposal
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated March 29, 2019)
- F. Implementation Update on LACERA Pension Trust Strategic Asset Allocation
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated March 29, 2019)
- G. Private Equity Eight Percent Preferred Return Hurdle
Christopher Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
(For Information Only) (Memo dated March 28, 2019)
- H. Oaktree Capital Management — Organizational Update
Vache Mahseredjian, Principal Investment Officer
Jeff Jia, Senior Investment Analyst
(For Information Only) (Memo dated April 1, 2019)

X. REPORTS (Continued)

I. Sexual Harassment Prevention Training for Trustees
John Nogales, Director, Human Resources
Roberta Van Nortrick, Training Coordinator
(For Information Only) (Memo dated March 29, 2019)

J. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated April 1, 2019)

K. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated April 1, 2019)

L. March 2019 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(For Information Only) (Memo dated April 1, 2019)

XI. ITEMS FOR STAFF REVIEW

There was nothing to report.

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

Mr. Green shared his experience in attending and participating as a panelist at the premier of a new movie called FOSTER which will premiere on HBO on May 7, 2019.

Mr. Santos shared his experience in attending the USC Latino Alumni event and thanked Mr. Kehoe for the invitation and suggestion.

Mr. Moore shared that he is on the Board of Los Angeles Child Guidance Clinic and next month on May 8, 2019 is the official grand opening of the Life Learning Center. It's a \$6 million project where they are building the first ever operation that is targeting 16-25 year old transitional age youth and offering a whole array of services that address

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

the issues of homelessness, poverty, education and transition from the foster care system into the regular world and providing a whole array of services to support those young people. This will be the first and only facility in the county and will be able to service about 300 kids at a time.

Mrs. Sanchez shared that she has been named the co-chair of the 100th Anniversary for Save the Children. The 100th Anniversary gala will be in October.

Mr. McCourt thanked staff for attending the Meketa Conference.

XIII. 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. VINCI CAPITAL PARTNERS III, L.P. TERMS
REAPPROVAL

Messrs. Wagner, Simpson and Mr. Fernandez of StepStone provided a presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Green seconded, to reapprove the \$75 million commitment to Vinci Capital Partners III, L.P., following discussion of updated terms of the investment. Vinci is a Brazilian middle market private equity investment. The investment had previously been approved and publicly reported at the February 13, 2019 meeting. The motion passed (roll call) with Messrs. Bernstein, Green, Moore, Okum, Santos and Mrs. Sanchez voting yes and Mr. Kehoe voting no. Messrs. Kelly and Muir were absent.

XIII. EXECUTIVE SESSION (Continued)

2. TA ASSOCIATES XIII, L.P.

Mr. Okum made a motion, Mr. Green seconded, to approve a commitment of up to \$150 million to TA Associates XIII, L.P., which is a private equity venture capital growth investment focused on minority and control-oriented transactions in North America, Europe, and Asia. The fund will target businesses in technology, healthcare, financial services, consumer, and business services. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Moore, Okum, Santos and Mrs. Sanchez voting yes. Messrs. Kelly and Muir were absent.

3. Unknown Number – OPEN RFP

The Board discussed an open request for proposals. The Board took action. However, there is nothing to report at this time. The action will be reported out at the appropriate time under the Brown Act.

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

1. Case One

The Board met with counsel under Government Code Section 54956.9(d)(4) to discuss anticipated litigation. There is nothing to report at this time.

2. Case Two

The Board met with counsel under Government Code Section 54956.9(d)(4) to discuss anticipated litigation. There is nothing to report at this time.

XIII. EXECUTIVE SESSION (Continued)

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

1. *LACERA v. BHP Billiton Limited, et al, etc.*
Victoria Registry, Federal Court of Australia
Case No. VID1218/2018
(For Information Only)

The Board received an information only report from counsel under Government Code Section 54956.9(d)(1). There is nothing to report out.

2. *Cal Fire Local 2881 v. CalPERS et al.,*
California Supreme Court
Case No. S239958
(For Information Only)

The Board received an information only report from counsel under Government Code Section 54956.9(d) (1). There is nothing to report out.

XIV. RECOGNITION

A. National Association of Securities Professionals –
FAST Track Program

Participating students from Crenshaw High School's Business and Entrepreneurship Academy and mentors from the F.A.S.T. Program were recognized and introduced to the Board.

XV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:14 p.m.

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

1. StepStone Group Organizational Update (For Information Only) (Memo dated April 3, 2019)
2. Blackrock – Organizational Update (For Information Only) (Memo dated April 4, 2019)

Signature on File

WAYNE MOORE, SECRETARY

Signature on File

SHAWN KEHOE, CHAIR