

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 12, 2019

*The Board may take action on any item on the agenda,  
and agenda items may be taken out of order.*

PRESENT: Shawn Kehoe, Chair

Wayne Moore, Secretary

Alan Bernstein

David Green

Keith Knox (Chief Deputy to Joseph Kelly)

David Muir

Ronald Okum

Gina V. Sanchez

Herman B. Santos

ABSENT: Joseph Kelly, Vice Chair

STAFF ADVISORS AND PARTICIPANTS

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

John Popowich, Assistant Executive Officer

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Vache Mahseredjian, Principal Investment Officer

John McClelland, Principal Investment Officer

Jim Rice, Principal Investment Officer

Chad Timko, Senior Investment Officer

David Chu, Senior Investment Officer

Scott Zdrazil, Senior Investment Officer

Brenda Cullen, Investment Officer

Quoc Nguyen, Senior Investment Analyst

Calvin Chang, Senior Investment Analyst

John Nogales, Director Human Resources

Annette Cleary, Assistant Director Human Resources

Kimberley Hines, Administrative Services Division Manager

Holly Henderson, Administrative Services Analyst III

Meketa Investment Group

Stephen McCourt, Managing Principal

Tim Filla, Senior Vice President

StepStone Group LP

Natalie Walker, Partner

Townsend Group

Jennifer Stevens, Partner

Reed Smith LLP

Harvey Leiderman, Fiduciary Counsel

I. CALL TO ORDER

The meeting was called to order by Chair Kehoe at 9:21 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Green 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 15, 2019

Mr. Muir made a motion, Mr. Green seconded, to approve the minutes of the regular meeting of May 15, 2019. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

Steven P. Rice, Chief Counsel, reported:

At the September 12, 2018 Board of Investments meeting, under Agenda item XII.A.5, the Board met in closed session, pursuant to California Government Code Section 54956.81 to consider particular, specific investment transactions. On a motion by Mr. Santos, seconded by Mrs. Sanchez, the Board voted 9-0 to approve a group of 11 real estate transactions. Many of those transactions have already been reported out. It is appropriate and necessary under the Brown Act to report out another transaction at this time. On June 7, 2019, a mixed use property known as the Glendon located in Westwood Village, California was sold by LACERA separate account manager, Clarion Partners, for \$365 million.

IV. REPORT ON CLOSED SESSION ITEMS (Continued)

At the May 15, 2019 Board meeting, under Agenda Item XIII.A.2, on a motion by Mr. Santos, seconded by Mr. Bernstein, the Board voted 9-0 to terminate global equity managers Intech Investment Management and TWIN Capital Management. The terminations were completed on May 21, 2019.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CHIEF COUNSEL'S REPORT  
(Memo dated May 31, 2019)

Mr. Rice provided a brief overview of the Chief Counsel's Report and answered questions from the Board.

VII. CHIEF INVESTMENT OFFICER'S REPORT  
(Memo dated June 3, 2019)

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

VIII. CONSENT ITEMS

Mr. Muir made a motion, Mr. Green seconded, to approve the following agenda items. The motion passed unanimously by all members present.

- A. Recommendation that the Board approve attendance of Board members at the National Association of Corporate Directors - Global Board Leaders' Summit on September 21 – 24, 2019 in Washington D.C. 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 May 24, 2019)

VIII. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Wayne Moore, Trustee, that the Board ratify attendance for Board member, Wayne Moore, at the 6th Annual Hispanic Heritage Foundation (HHF) Investors Group which was held on June 6, 2019 in Oakland, California and approve reimbursement of all costs associated with the conference according to LACERA's Education and Travel Policy. (Memo dated June 3, 2019)

IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer and Scott Zdrazil, Senior Investment Officer: That the Board approve a contract renewal with LACERA's proxy voting platform provider. (Memo dated May 30, 2019)

Messrs. Grabel and Zdrazil were present and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Green seconded, to approve a contract renewal with LACERA's proxy voting platform provider. The motion passed unanimously.

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: Adopt the final proposed LACERA Fiscal Year 2019-2020 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets. (Memo dated June 3, 2019)

Messrs. Rice and Popowich and Mses. Hines and Henderson were present and answered questions from the Board.

Mr. Okum made a motion, Mr. Kehoe seconded, to adopt the final proposed LACERA Fiscal Year 2019-2020 Administrative, Retiree Healthcare Benefits, and Other Post-Employment

IX. NON-CONSENT ITEMS (Continued)

Benefits Trust Budgets. The motion passed, with Mr. Bernstein voting no.

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board determine whether to (1) ratify travel expenses for trustees to attend past Board meetings and (2) direct the Joint Organizational Governance Committee to consider addressing this issue in the revised Travel Policy. (Memo dated June 3, 2019)

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

Mr. Santos made a motion, Mr. Muir seconded, to (1) ratify travel expenses for trustees to attend past Board meetings and (2) direct the Joint Organizational Governance Committee to consider addressing this issue in the revised Travel Policy. The motion passed with Messrs. Bernstein, Kehoe and Knox voting no and Mr. Okum abstaining.

- D. Recommendation as submitted by Gina Sanchez, Trustee: That the Board approve for all meetings with less than 45 day's notice, teleconferencing or video conferencing must be allowed and appropriate Brown-Act compliant venues should be provided by LACERA if necessary to facilitate full board participation at the request of any board member who is unable to attend. Where teleconferencing/video conferencing is not deemed appropriate by the Board Chair or by the CEO, then any travel costs as well as costs of changing personal plans to attend the meeting will be borne by LACERA at the request of any board member who has made previous plans. (Memo dated June 4, 2019)

Mrs. Sanchez made a motion, Mr. Santos seconded, to approve for all meetings with less than 45 days' notice, teleconferencing or video conferencing must be allowed and appropriate Brown Act compliant venues should be provided by LACERA if necessary.

IX. NON-CONSENT ITEMS (Continued)

After a brief discussion and feedback from the Board, Mrs. Sanchez amended her motion, with the approval Mr. Santos as second, to approve that for all meetings with less than 20 days' notice, teleconferencing or video conferencing must be allowed and appropriate Brown Act compliant venues should be provided by LACERA if necessary to facilitate full Board participation at the request of any Board member who is out of state and for any health related matters.

Mr. Kehoe suggested directing staff to draft a policy and return to the Board for review.

Mrs. Sanchez amended her motion to direct staff to draft a policy and return to the Board for review and approval that for all meetings with less than 20 days' notice, teleconferencing or video conferencing must be allowed and appropriate Brown Act compliant venues should be provided by LACERA if necessary to facilitate full Board participation at the request of any Board member who is out of state and for any health related matters.

Mr. Bernstein asked that the policy also be shared with the Board of Retirement for their consideration.

The motion passed unanimously.

IX. NON-CONSENT ITEMS (Continued)

- E. Recommendation as submitted by Gina Sanchez, Trustee: That the BOI require any Committees upon which BOI members serve to be agendized as joint meetings of the BOI, consistent with current the BOI policy regarding Standing Committees which always meet with jointly with the full board. (Memo dated June 4, 2019)

Mrs. Sanchez made a motion, Mr. Moore seconded, that the BOI require any Committees upon which BOI members serve to be agendized as joint meetings of the BOI, consistent with the current BOI policy regarding Standing Committees, which always meet jointly with the full Board. The motion failed with Messrs. Bernstein, Kehoe, Muir, Okum and Knox voting no and Messrs. Green, Santos, Moore and Mrs. Sanchez voting yes.

- F. Recommendation as submitted by John Nogales, Director of Human Resources: That the Board:

- (1) Approve additional compensation for Chief Counsel, LACERA Steven P. Rice for assuming the duties and responsibilities for the Chief Executive Officer, LACERA, in addition to Mr. Rice's duties as Chief Counsel, LACERA.
- (2) Approve reimburse in the amount of \$1,191.20 for airfare expenses incurred by for Mr. Rice and his wife, for Mr. Rice to be present at the June 13, 2019 Board of Retirement Meeting.

(Memo dated June 4, 2019)

Steven P. Rice recused himself from this item and left the Boardroom during the discussion and action.



IX. NON-CONSENT ITEMS (Continued)

Mr. Nogales and Ms. Cleary described the proposed additional compensation as stated in staff's memo, and answered questions from the Board.

Mr. Green made a motion, Mr. Bernstein seconded, to (1) approve additional compensation for Chief Counsel, LACERA Steven P. Rice for assuming the duties and responsibilities for the Chief Executive Officer, LACERA, in addition to Mr. Rice's duties as Chief Counsel, LACERA, and (2) approve reimburse in the amount of \$1,191.20 for airfare expenses incurred by for Mr. Rice and his wife, for Mr. Rice to be present at the June 13, 2019 Board of Retirement Meeting. The motion passed unanimously.

Mr. Rice returned to the Boardroom.

X. REPORTS

- A. Update on Cooperation with Institutional Limited Partners Association Regarding Fiduciary Protections  
Christopher Wagner, Principal Investment Officer  
Scott Zdrazil, Senior Investment Officer  
(Memo dated April 19, 2019)

Messrs. Wagner and Zdrazil provided a brief presentation and answered questions from the Board.

- B. Investment – Related Services Procurement Process  
John McClelland, Principal Investment Officer  
(Memo dated May 3, 2019)

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

X. REPORTS (Continued)

- C. Private Equity Performance Report  
Christopher J. Wagner, Principal Investment Officer  
Calvin Chang, Senior Investment Analyst  
(Memo dated May 3, 2019)

Messrs. Wagner and Chang and Ms. Walker of StepStone Group L.P.

provided a brief presentation and answered questions from the Board.

- D. Public Markets Internal Asset Management Assessment  
Jonathan Grabel, Chief Investment Officer  
Ted Wright, Principal Investment Officer  
Brenda Cullen, Investment Officer  
(Memo dated May 6, 2019)

Mr. Grabel and Ms. Cullen provided a brief presentation and answered

questions from the Board.

- E. Emerging Manager Policy Review–Part 2  
Ted Wright, Principal Investment Officer  
Vache Mahseredjian, Principal Investment Officer  
(Memo dated May 30, 2019)

Messrs. Grabel and Mahseredjian and Messrs. Festino and Filla of Meketa

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

- F. 2019 First Quarter Hedge Fund Performance Report  
Jim Rice, Principal Investment Officer  
Quoc Nguyen, Senior Investment Analyst  
(Memo dated May 28, 2019)

Messrs. Rice and Nguyen provided a brief presentation and answered questions

from the Board.

X. REPORTS (Continued)

- G. Real Estate Performance Measurement Report – 4th Quarter 2018  
John McClelland, Principal Investment Officer  
Michael Romero, Senior Investment Analyst  
(Memo dated May 31, 2019)

Messrs. Grabel, McClelland and Ms. Stevens of Townsend Group provided a brief presentation and answered questions from the Board.

The following items were received and filed.

- H. Global Investment Performance Standards (GIPS®)  
Overview Education  
Jude Pérez, Principal Investment Officer  
(For Information Only) (Memo dated May 31, 2019)
- I. Implementation Update on LACERA Pension Trust Strategic Asset Allocation  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated May 30, 2019)
- J. Asian Corporate Governance Association Annual General Meeting Ballot  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated May 16, 2019)
- K. Comment Letters to U.S. Stock Exchanges in Support of Council of Institutional Investors Petition Regarding Multi-Class Share Structures  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated May 22, 2019)
- L. County Board of Supervisors Action on Abortion as Healthcare  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated June 3, 2019)
- M. Monthly Status Report on Legislation  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated June 3, 2019)

X. REPORTS (Continued)

- N. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated June 3, 2019)
- O. Semi-Annual Report on Approved Engagements  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated June 1, 2019)
- P. May 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 May 31, 2019)

XI. ITEMS FOR STAFF REVIEW

The Board requested staff to bring back to both Boards the items that were approved by the Board of Supervisors at a lower salary range. Staff was directed to not fill any of those items until approved by the Boards.

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

Mr. Bernstein acknowledged Pride Month.

Mr. Grabel shared that Brenda Cullen has will be transferring to the Real Assets Team.

Mr. Grabel welcomed Daniel Joye, Investment Officer, to the Real Assets Team.

XIII. EXECUTIVE SESSION (This item was held out of order before item X.)

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. Joy Capital III, L.P. and Joy Capital Opportunity, L.P.

Messrs. Wagner and Chu and Ms. Walker of StepStone Group provided a brief presentation and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Green seconded, to approve a commitment of up to \$40 million to Joy Capital III, L.P. and \$25 million to Joy Opportunity Fund, L.P. Joy Capital III is a China-focused early-stage venture capital private equity fund focused on technology, media, and telecommunications companies. Joy Opportunity will make follow on investments in Joy Capital's prior funds, which are also China-focused. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Moore, Muir, Okum, Santos and Mrs. Sanchez voting yes. Messrs. Bernstein and Knox were not present.

2. Capula Relative Value Fund L.P.

Messrs. Rice and Timko provided a brief presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Green seconded, to approve an exchange of LACERA's investment in Capula Global Relative Value Fund L.P., which is part

XIII. EXECUTIVE SESSION (Continued)

of the hedge fund portfolio, from US dollar C interests to US dollar D interests. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Moore, Muir, Okum, Santos and Mrs. Sanchez voting yes. Mr. Knox was not present.

B. 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 met in closed session under Government Code Section 54956(d)9 to receive an information only report on pending litigation, LACERA v. BHP Billion Ltd., Federal Court of Australia. There is nothing to report.

C. Consider the Appointment, Employment, Evaluation of Performance, Discipline, or Dismissal of a Public Employee  
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)  
Title: Chief Executive Officer

Report out of Executive Session: At the Joint meeting of the Board of Retirement and Board of Investments on May 31, 2019 on Agenda Item VII.A. Executive Session to Consider the Appointment, Employment, Evaluation of Performance, Discipline, or Dismissal of a Public Employee (Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957) Title: Chief

### XIII. EXECUTIVE SESSION (Continued)

Executive Officer. Mr. Kehoe made a motion, seconded by Mr. Bernstein, (the motion and second were for both Boards) the Boards voted to terminate the LACERA Chief Executive Officer effective at a future date. The termination became effective on June 7, 2019. Today is the first meeting of the Board of Investments following the effective date of termination. The votes of the May 31, 2019 of the Joint Board of Retirement and Board of Investments meeting were as follows: For the Board of Investments, the vote was 6-0, with members Kelly, Santos, Okum, Bernstein, Kehoe and Muir vote in favor, there were no votes against it and no abstentions. Members Moore, Green and Sanchez were absent. For the Board of Retirement, with vote was 8-1, with members Kelly, Gray, Santos, Okum, Bernstein, Kehoe, Robbins and Zapanta-Murphy voted in favor and member Walsh voted against, there were no abstentions or absences.

### XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:12 p.m.

June 12, 2019

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

1. Item IX. C. – Revised Subject Line for Travel Ratification Memo  
(Memo dated June 3, 2019)

*Signature on File*

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WAYNE MOORE, SECRETARY

*Signature on File*

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SHAWN KEHOE, CHAIR