

APPROVED

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

LOEWS SANTA MONICA BEACH HOTEL

1700 OCEAN AVENUE, SANTA MONICA, CA 90401

**TUESDAY, JULY 2, 2019
9:00 A.M. – ARCADIA BALLROOM**

PRESENT: Shawn Kehoe, Chair

Joseph Kelly, Vice Chair

Wayne Moore, Secretary

David Green

Keith Knox (Chief Deputy to Joseph Kelly)

David Muir

Ronald Okum

Herman B. Santos

ABSENT: Gina V. Sanchez

Alan Bernstein

BOARD OF RETIREMENT MEMBERS

James P. Harris

Thomas Walsh

STAFF ADVISORS AND PARTICIPANTS

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS

Christopher Wagner, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

Ted Wright, Principal Investment Officer

John McClelland, Principal Investment Officer

Jude Perez, Principal Investment Officer

Jim Rice, Principal Investment Officer

Chad Timko, Senior Investment Officer

Jill Rawal, Staff Counsel

Meketa Investment Group

Leandro Festino, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

Andrew Bratt, Transaction Counsel

Albourne Partners

James Walsh, Head of Portfolio Advisory

The Townsend Group

Jennifer Young Stevens, Partner

I. WELCOME - BUILDING A MORE RESILIENT PORTFOLIO

Jonathan Grabel, Chief Investment Officer

The meeting was called to order by Mr. Grabel at 9:00 a.m. at the Loews Santa Monica Beach Hotel.

II. PUBLIC COMMENT

There were no requests from the public to speak.

III. PRIVATE FUND TERMS

Christopher Wagner; Kirsty McGuire – StepStone; Jennifer Stevens – Townsend

This session will provide an in-depth analysis of selected private fund terms and issues. As private markets go in and out of favor with investors, terms can change from LP friendly to GP friendly and vice-versa. StepStone and Townsend will focus on clauses in the Limited Partnership Agreement that govern economics, management fees and expenses, and general partner removal and liability.

Mr. Wagner, Mr. Bratt of StepStone Group and Ms. Stevens of the Townsend

Group provided a presentation.

IV. INVESTMENT ACCOUNT STRUCTURES

Chad Timko; James Walsh – Albourne; Leandro Festino – Meketa

Implementation details influence investment success, particularly in a low return environment. There are numerous types of investment account structures. We will consider potential benefits, drawbacks, and availability across asset categories for several investment account structures.

Mr. Timko, Mr. Walsh of Albourne and Mr. Festino of Meketa Investment Group

provided a presentation.

V. FORM 700 FILINGS BY CONSULTANTS AND FINANCIAL MANAGERS

Jill Rawal

This session will cover filing procedures, results, and the review process.

Ms. Rawal provided a presentation and answered questions from the Board.

VI. KEY INVESTMENT DIVISION INITIATIVES

Christopher Wagner; John McClelland

As a result of the new strategic asset allocation, LACERA has undertaken several initiatives to implement the new structure and clarify various Investment Division processes and procedures. This session will illustrate LACERA's progress and provide the status of outstanding projects.

Messrs. Wagner and McClelland provided a presentation.

VII. INVESTMENT CULTURE AND STAFFING

Jonathan Grabel

This session will discuss efforts to promote effective culture and staffing within the Investments Division. The discussion will focus on both current avenues and prospective opportunities to inspire innovation, foster productivity, and engender a unified vision among the investment talent working to fulfill LACERA's mission.

Mr. Grabel provided a presentation.

VIII. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of June 12, 2019

Mr. Kehoe made a motion, Mr. Santos seconded, to approve the minutes of the regular meeting of June 12, 2019. The motion passed unanimously.

IX. CONSENT ITEMS

Mr. Okum made a motion, Mr. Santos seconded, to approve the following agenda items. The motion passed unanimously.

- A. Recommendation that the Board approve attendance of Board members at the Milken 2019 Asia Summit on September 19 – 20, 2019 in Singapore 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 June 20, 2019)

IX. CONSENT ITEMS (Continued)

- B. Recommendation that the Board approve attendance of Board members at the Principles for Responsible Investment in Person on September 10 – 12, 2019 in Paris, France 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. Bernstein)
(Memo dated June 24, 2019)

X. NON-CONSENT ITEMS

- A. Recommendation as submitted by Esmeralda del Bosque, Senior Investment Officer; Trina Sanders, Investment Officer; Christine Roseland, Senior Staff Counsel and Margaret Lei Chwa, Senior Accountant: That the Board (1) approve the proposed Minimum Qualifications (“MQs”) thereby authorizing staff to initiate a Request for Proposal (“RFP”) for an Alternative Assets Administrator; (2) approve the proposed MQs thereby authorizing staff to initiate an RFP for a total Fund performance measurement provider.
(Memo dated June 21, 2019)

Mr. Okum made a motion, Mr. Muir seconded, to approve the agenda item. The motion passed unanimously.

- B. Recommendation as submitted by Vache Mahseredjian, Principal Investment Officer and Robert Z. Santos, Investment Officer: That the Board approve the Minimum Qualifications and authorize a Request for Proposal for securities lending services. (Memo dated June 18, 2019)

Mr. Muir made a motion, Mr. Green seconded, to approve the agenda item. The motion passed unanimously.

- C. Recommendation as submitted by John McClelland, Principal Investment Officer: That the Board approve (1) allocating capital for investment in real estate to designated managers rather than by risk category; (2) allowing separate account managers to reinvest sales proceeds, and (3) capital allocations. (Memo dated June 14, 2019)

X. NON-CONSENT ITEMS (Continued)

Mr. Muir made a motion, Mr. Green seconded, to approve the agenda item. The motion passed unanimously.

- D. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board authorize the Chief Counsel to enter into a contract for executive search services for the CEO search, provided that the search firm and key contract terms, including the fee, are disclosed to the Boards at the next meeting following execution of the contract.
(Memo dated June 25, 2019)

Mr. Okum made a motion, Mr. Muir seconded, to approve the agenda item. The motion passed with Mr. Kelly voting no.

XI. REPORTS

The following reports were received and filed:

- A. Update on the Global Investor Statement to Governments on Climate Change
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo date June 17, 2019)
- B. DWS Portfolio Manager Retirement
Kevin Bassi, Senior Investment Analyst
(For Information Only) (Memo date June 11, 2019)
- C. Chief Counsel's Report
(For Information Only) (Memo dated June 24, 2019)
- D. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated June 28, 2019)
- E. June 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 July 1, 2019)

XII. ITEMS FOR STAFF REVIEW

The Board requested for staff to consider a compensation study for the CEO position.

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

There were no comments during Good of the Order.

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. BLACKFIN FINANCIAL SERVICES FUND III

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

The Board met in closed session under Government Code Section 54956.81 to consider the purchase or sale of particular, specific public pension investments.

Mr. Santos made a motion, Mr. Okum seconded, to approve a commitment of up to \$100 million to BlackFin Financial Services Fund III, which is a pan-European middle-market buyout fund focused on financial services companies. The motion passed unanimously (roll call) with Messrs. Green, Kehoe, Kelly, Moore, Muir, Okum and Santos voting yes.

2. SALE OF THREE REAL PROPERTY ASSETS

The Board received a report on the sale of three real property assets. There is nothing to report.

XV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:00 p.m.

SIGNATURE ON FILE

WAYNE MOORE, SECRETARY

SIGNATURE ON FILE

SHAWN KEHOE, CHAIR