

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, AUGUST 14, 2019

PRESENT: Shawn Kehoe, Chair

Ronald Okum, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

David Green

Keith Knox

David Muir

Gina V. Sanchez

Herman B. Santos

STAFF ADVISORS AND PARTICIPANTS

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Ted Wright, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

David Chu, Senior Investment Officer

Barry W. Lew, Legislative Affairs Officer

Ted Granger, Assistant Chief Financial Officer

Didier Acevedo, Investment Officer

Shelly Tilaye, Senior Investment Analyst

Dale Johnson, Investment Officer

Jeff Jia, Senior Investment Analyst

Milliman,

Nick Collier, Consulting Actuary

Meketa Investment Group

Stephen McCourt, Managing Principal

StepStone Group LP

Natalie Walker, Partner

Reed Smith LLP

Harvey Leiderman, Fiduciary Counsel

I. CALL TO ORDER

The meeting was called to order by Chair Kehoe at 9:18 a.m., in the Board Room of Gateway Plaza.

II. ELECTION OF OFFICER (Vice Chair)

A. Vice Chair of the Board

Mr. Okum was nominated to the position of Vice Chair of the Board of Investments by Mr. Bernstein.

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II. ELECTION OF OFFICER (Continued)

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

III. PLEDGE OF ALLEGIANCE

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

IV. APPROVAL OF MINUTES

Mr. Muir made a motion, Mr. Okum seconded, to approve the minutes of the special meeting of July 1, 2019 and minutes of the special meeting of July 2, 2019. The motion passed with Mrs. Sanchez abstaining.

a. Approval of the Minutes of the Special Meeting of July 1, 2019

b. Approval of the Minutes of the Special Meeting of July 2, 2019

V. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

VI. PUBLIC COMMENT

There were no requests from the public to speak.

VII. CHIEF COUNSEL'S REPORT
(Memo dated July 31, 2019)

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

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

VIII. CONSENT ITEMS

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

- A. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee. That the Board approve LACERA's affiliation to the Sustainability Accounting Standards Board Investor Advisory Group of the SASB Alliance. (Memo dated July 19, 2019)
- B. Recommendation that the Board approve attendance of Board Members at the Principles for Investment (PRI) in Person 2019 and Responsible Investment in Real Assets on September 9 -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 July 24, 2019)
- C. Recommendation that the Board approve attendance of Board members at the 2019 LAVCA Summit and Investor Roundtable and LAVCA Venture Investors Annual Meeting on September 23 – 26, 2019 in New York City, 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 Mr. Santos)
(Memo dated July 26, 2019)
- D. Recommendation that the Board approve attendance of Board members at the AVCJ Private Equity & Venture Forum on November 12 – 14, 2019 in Hong Kong 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 July 26, 2019)
- E. Recommendation that the Board approve attendance of Board members at the 2019 PPI Executive Seminar on November 3 – 5, 2019 in Shanghai and PPI's Asia Roundtable on November 6 – 8, 2019 in Shanghai 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 July 30, 2019)

IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by Alan Bernstein, Chair, Joint Organization Governance Committee: That the Board approve the revised Education and Travel Policy. (Memo dated July 31, 2019)

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

Mr. Muir made a motion, Mr. Kehoe seconded, to approve the revised Education and Travel Policy including the four changes adopted by the Board of Retirement on August 7, 2019. The motion passed unanimously.

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approve the Teleconference Meeting Policy. (Memo dated August 5, 2019)

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

Mr. Bernstein made a motion, Mr. Green seconded, to approve the Teleconference Meeting Policy with the following revision (1) Section C.1., Teleconference meetings shall be allowed for all meetings set on less than 20 days' notice at the request of any member who will be out of state or due to health-related concerns. A teleconference venue that meets the requirements of the Brown Act shall be provided by LACERA at its expense, only if necessary. The motion passed unanimously.

- C. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board consider whether to:

1. Approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform relating to board self-evaluations held in closed session; or

IX. NON-CONSENT ITEMS (Continued)

2. Alternatively, if the legislative proposal is submitted to but not approved by the SACRS membership for inclusion in the SACRS 2020 Legislative Platform, sponsor legislation relating to board self-evaluations held in closed session.

(Memo dated July 24, 2019)

Mr. Kehoe made a motion, Mrs. Sanchez seconded to 1.) Approve submission of a legislative proposal for inclusion in the SACRS 2020 Legislative Platform relating to board self-evaluations held in closed session; or 2.) Alternatively, if the legislative proposal is submitted to but not approved by the SACRS membership for inclusion in the SACRS 2020 Legislative Platform, sponsor legislation relating to board self-evaluations held in closed session. The motion passed with Messrs. Moore and Santos voting no.

- D. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: that the Board review and adopt the revised Legislative Policy. (Memo dated July 23, 2019)

Mr. Bernstein made a motion, Mr. Santos seconded, to adopt the revised Legislative Policy. The motion passed unanimously.

X. REPORTS

The following reports were received and filed:

- A. Implementation Update on LACERA Pension Trust Strategic Asset Allocation
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated July 31, 2019)
- B. Performance Review of Private Equity Consultant Stepstone Group
Christopher J. Wagner, Principal Investment Officer
(For Information Only) (Memo dated July 24, 2019)

X. REPORTS (Continued)

- C. Update on Pavilion Alternatives Group, LLC
Christopher J. Wagner, Principal Investment Officer
(For Information Only) (Memo dated July 23, 2019)
- D. Update on Chief Executive Officer Executive Recruiter Selection
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated July 31, 2019)
- E. Enhancing Transparency
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated July 31, 2019)
- F. Semi-Annual Interest Crediting for Reserves as of June 30, 2019
(UNAUDITED)
Beulah S. Auten, Chief Financial Officer
(For Information Only) (Memo dated July 25, 2019)
- G. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated July 29, 2019)
- H. July 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 29, 2019)

XI. ITEMS FOR STAFF REVIEW

In regards to item X.A., the Board requested staff to consider in future Travel Policy discussions the addition of a quantum limit for overall travel for each Board member.

In regards to item X.B., the Board requested staff to provide the BOR with the BOI approved Teleconference Meeting Policy for consideration.

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

The Board congratulated Mr. Okum for being elected as the Vice Chair of the Board of Investments.

Mrs. Sanchez shared her experience attending the Said Business School Social Impact Measurement Program.

Mr. Santos asked the Board to unite together in support of the mass shooting victims.

Mr. Knox shared that the global ratings agency, Standard & Poor, raised Los Angeles County's credit rating to AAA, the highest possible credit rating available in the financial markets.

Mr. Grabel welcomed Derek Kong, Investment Officer, to the Private Equity Team and announced Cindy Rivera has been promoted to a Senior Investment Analyst on the Real Estate team, Mel Tsao has been promoted to a Senior Investment Analyst on the Global Equity team and Dale Johnson will be transferring to the Portfolio Analytics team.

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

Lastly, Mr. Grabel shared that Jude Perez was nominated for inclusion on the Chief Investment Officer's 2019 NextGen list, which brings together 30 of those talented and inspiring asset allocators who show a strong ability to become potential game changers.

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. Redbird Capital Partners Series 2019, L.P.

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

Mr. Santos made a motion, Mr. Green seconded, to approve a commitment of up to \$150 million to Redbird Capital Partners Series 2019, L.P. Redbird 2019 is a long dated private equity fund that seeks to hold its portfolio companies for a longer period of time relative to typical funds. Redbird targets investments in communications, leisure, hospitality, and sports, energy and industrials, and opportunistic investments. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Okum, Santos and Mrs. Sanchez voting yes.

2. Atlantic Street Capital IV, L.P.

Mr. Wagner and Mrs. Tilaye and Ms. Walker of StepStone Group provided a brief presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Green seconded, to approve a commitment of up to \$50 million to Atlantic Street Capital IV, L.P. Atlantic IV invests in small buyout transactions in US based companies, targeting companies in retail, healthcare services, and business

XIV. EXECUTIVE SESSION (Continued)

services. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Okum, Santos and Mrs. Sanchez voting yes.

3. MSCI ACWI IMI Index Manager Search

Messrs. Wright, Johnson, Jia and Granger and Mr. Collier of Milliman provided a brief presentation and answered questions from the Board. There is nothing to report at this time. A report will be made at a later date in accordance with the Brown Act.

XV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:36 a.m., in honor of Officer Andre Maurice Moye, Jr., Officer Juan Diaz, and the victims of the mass shootings in El Paso, Texas and Dayton, Ohio. Officer Moye had served with the California Highway Patrol for 3-1/2 years and was assigned to the Riverside Area Office. He is survived by his wife, mother, father, and siblings. Officer Diaz had served with the Los Angeles Police Department for two years and was assigned to the Professional Standards Bureau.

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

1. Item IX. E. – REVISED - 2019 Pacific Pension Institute (PPI) Executive Seminar and Asia Roundtable on November 3 – 8, 2019 in Shanghai, China
2. Item X. A. – Supplemental Memo regarding Proposed Revised Education and Travel Policy

Signature on File

WAYNE MOORE, SECRETARY

Signature of File

SHAWN KEHOE, CHAIR