

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, FEBRUARY 12, 2020

PRESENT: David Green, Chair

Herman B. Santos, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

Elizabeth Greenwood

Shawn Kehoe

Keith Knox

David Muir

Gina V. Sanchez

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, 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

David Chu, Senior Investment Officer

Ted Granger, Interim Chief Financial Officer

Mike Romero, Senior Investment Analyst

Trina Sanders, Investment Officer

Terra Elijah, Investment Analyst

Barry W. Lew, Legislative Affairs Officer

Derek Kong, Investment Officer

Meketa Investment Group

Leandro Festino, Managing Principal

Townsend Group

Jennifer Stevens, Partner

StepStone Group LP

Natalie Walker, Partner

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:10 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Knox 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 February 12, 2020

III. APPROVAL OF MINUTES (Continued)

Mr. Santos made a motion, Ms. Sanchez seconded, to approve the revised minutes of the regular meeting of February 12, 2020. The motion passed unanimously by all trustees present.

IV. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported that:

At its September 12, 2018 meeting, the Board took action to direct LACERA's separate account managers to sell select real estate assets. The vote has previously been reported, and individual transactions have been reported out at various times as appropriate under the Brown Act. Today, it is appropriate to report out that the Board at that time directed the sale of Garden City Shopping Center, a 530,629 square foot shopping center located in Cranston, RI. The sale was completed on January 23, 2020. The asset sold for a gross sales price of \$181 million. That completes today's report of prior Board actions.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated January 30, 2020)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report.

VII. CHIEF INVESTMENT OFFICER'S REPORT

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

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted that the Board approve appointing Altus Group U.S. Inc. as the Appraisal Management Service Provider for LACERA's separate account real estate assets, including full service offering.

Mike Romero, Senior Investment Analyst
Trina Sanders, Investment Officer
Inga Tadevosyan, Investment Analyst
Terra Elijah, Investment Analyst
Jennifer Stevens, Principal – Townsend Group
(Memo dated January 27, 2020)

Mrs. Sanders and Mr. Romero and Mrs. Stevens of Townsend Group provided a presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Bernstein seconded, to approve staff recommendation. The motion passed unanimously by all trustees present.

- B. Recommendation as submitted that the Board adopt the revised emerging manager policy.

Ted Wright, Principal Investment Officer and Vache Mahseredjian, Principal Investment Officer and Stephen McCourt, Managing Principal – Meketa Investment Group
Leandro Festino, Managing Principal – Meketa Investment Group
Tim Filla, Senior Vice President – Meketa Investment Group
Alina Yuan, Investment Analyst – Meketa Investment Group
(Memo dated January 27, 2020)

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

Mr. Moore made a motion, Mr. Muir, seconded, adopt the revised emerging manager policy. The motion passed unanimously by all trustees present.

VIII. NON-CONSENT ITEMS (Continued)

- C. Recommendation as submitted that the Board schedule the 2020 Board of Investments (BOI) offsite meeting on Tuesday, July 7 and Wednesday, July 8 at the Hilton Hotel in Glendale, California.
Jon Grabel, Chief Investment Officer
(Memo dated January 28, 2020)

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

Mr. Santos made a motion, Ms. Greenwood seconded, to approve the staff recommendation. The motion passed unanimously by all trustees present.

- D. Recommendation as submitted that the Board provide further instruction to staff on the legislative proposal to provide for board self-evaluations in closed session.

Barry W. Lew, Legislative Affairs Officer
(Memo dated January 22, 2020)

This item was received and filed.

- E. Recommendation as submitted that the Board approve the attached ballot insert entitled “Powers and Duties of Investments Board Trustees,” which will be included with the ballot materials for the election of the Second and Eighth Members of the Board of Investments and posted on lacera.com.
Steven P. Rice, Chief Counsel
(Memo dated January 29, 2020)

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

Mr. Kehoe made a motion, Mr. Santos seconded, to approve staff recommendation, except the word “trustee” will not be used as this time. The motion passed unanimously by all trustees present.

IX. REPORTS

- A. Investment Procedures Manual Update – Growth Assets
Jude Perez, Principal Investment Officer
Terra Elijah, Investment Analyst
(Memo dated January 30, 2020)

Mr. Perez and Ms. Elijah provided a presentation and answered questions from the Board.

- B. 2020 Board Election Process Update
Steven P. Rice, Chief Counsel
(Memos dated January 29, 2020 and February 4, 2020)

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

The following agenda items were received and filed:

- C. Meketa Investment Group Self-Evaluation
Stephen McCourt, Managing Principal – Meketa Investment Group
Leandro Festino, Managing Principal – Meketa Investment Group
Tim Filla, Senior Vice President – Meketa Investment Group
Alina Yuan, Investment Analyst – Meketa Investment Group
(For Information Only) (Memo dated January 31, 2020)
- D. Manager Resignation
John McClelland, Principal Investment Officer
(For Information Only) (Memo dated January 28, 2020)
- E. AB 2833 Reporting: Reimbursement of Costs
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated January 14, 2020)
- F. LACERA Quarterly Performance Book Update
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated January 30, 2020)
- G. Real Estate Consultant Change in Professional Staff
John McClelland, Principal Investment Officer
Jennifer Stevens, Principal – Townsend Group
Rob Kochis, Principal – Townsend Group
(For Information Only) (Memo dated January 28, 2020)

IX. REPORTS (Continued)

- H. OPEB Quarterly Performance Book
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated January 28, 2020)
- I. Update Regarding Employee Status of Trustees Following Recent
Legislation and State Court Decisions
Michael D. Herrera, Senior Staff Counsel
(For Information Only) (Memo dated January 23, 2020)
- J. Update on Windfall Elimination Provision and Government Pension
Offset
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated January 27, 2020)
- K. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated January 23, 2020)
- L. Semi-Annual Interest Crediting for Reserves as of
December 31, 2019 (UNAUDITED)
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated January 21, 2020)
- M. Monthly Education and Travel Report for December 2019
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Public Memo dated January 29, 2020)
(Confidential Memo dated January 29, 2020– Includes Anticipated Travel)
- N. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated January 31, 2020)
- O. January 2020 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(Memo dated January 28, 2020)

X. ITEMS FOR STAFF REVIEW

The Board requested for staff to look into the Self- Evaluation Policy that was adopted.

The Board requested the CEO to have a discussion regarding the CIO's compensation at the next BOI meeting.

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

Mr. Muir announced that the Retired Employees of Los Angeles County Annual Luncheon will be held on Thursday, January 23, 2020.

Mr. Kreimann and the Board congratulated Mr. Knox on his appointment to the Treasurer and Tax Collector and commented on his swearing in ceremony.

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. Private Equity Secondary Sale Recommendation
Jonathan Grabel, Chief Investment Officer
(Memo dated January 28, 2020)

The Board met in closed session under Government Code Section 54956.81 to consider certain particular, specific pension investments.

2. Summit Partners Europe Growth Equity
Christopher Wagner, Principal Investment Officer
Derek Wong, Investment Officer
Natalie Walker, Principal – StepStone Group

XII. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, seconded by Mr. Muir, to approve a commitment of up to \$50 million to Summit Partners Europe Growth Equity Fund III, SCSp, which is a pan European small market growth private equity buyout investment targeting minority and majority stakes in founder-owned, sector leading companies primarily in technology, healthcare and life sciences, and other growth products and services. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

3. Clearlake Capital Partners Fund V.I., L.P.
Christopher Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
Natalie Walker, Principal – StepStone Group
(For Information Only) (Memo dated January 14, 2020)

The Board received an information only memo concerning are re-up commitment by the CIO under his authority under the Private Equity OPP of up to \$200 million to Clearlake Capital Partners Fund VI, LP, which will focus on acquisition of interests in North American middle market companies across various macroeconomic conditions.

4. Private Equity Secondary Purchase Update
Christopher Wagner, Principal Investment Officer
David Chu, Senior Investment Officer
Derek Kong, Investment Officer
(For Information Only) (Memo dated January 16, 2020)

The Board received an information only memo concerning the completion of a \$23.1 million secondary purchase of a minority interest in Access Foundation Partners Group II, LLC, which is a single asset fund in the human death care services

XII. EXECUTIVE SESSION (Continued)

industry. The purchase was completed in accordance with LACERA's secondary investment guidelines.

- B. Public Employee Performance Evaluation
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Investment Officer

The Board met in Executive Session pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957. There was nothing to report.

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:18 p.m.

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

1. Item XII. B. – Closed Session/Chief Investment Officer Performance Evaluation (Privileged and Confidential)

Signature on File

WAYNE MOORE, SECRETARY

Signature on File

DAVID GREEN, CHAIR