

# APPROVED

## MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, DECEMBER 9, 2020

This meeting was conducted by teleconference under the Governor's Executive Order  
No. N-29-20.

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

Ted Granger, Interim Chief Financial Officer

Christine Roseland, Senior Staff Counsel

Michael Herrera, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Christopher Wagner, Principal Investment Officer

Jude Perez, Principal Investment Officer

James Rice, Principal Investment Officer

Ted Wright, Principal Investment Officer

David Chu, Senior Investment Officer

Esmeralda del Bosque, Senior Investment Officer

Scott Zdrazil, Senior Investment Officer

Chad Timko, Senior Investment Officer

Derek Kong, Investment Officer

Cheryl Lu, Investment Officer

Quoc Nguyen, Investment Officer

Mel Tsao, Senior Investment Analyst

Jeff Jia, Senior Investment Analyst

Adam Cheng, Senior Investment Analyst

Calvin Chang, Senior Investment Analyst

Terra Elijah, Investment Analyst

Barry W. Lew, Legislative Affairs Officer

Meketa Investment Group

Leandro Festino, Managing Principal

Timothy Filla, Principal

Alina Yuan, Associate

StepStone Group LP

Jose Fernandez, Partner

STAFF ADVISORS AND PARTICIPANTS (Continued)

Milliman

Nick Collier, Actuary  
Mark Olleman, Actuary  
Craig Glyde, Actuary

Klausner, Kaufman, Jensen & Levinson

Robert Klausner, Partner  
Adam Levinson, Partner

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:00 a.m., in the Board Room of Gateway Plaza.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of November 5, 2020

Mr. Bernstein made a motion, Ms. Sanchez seconded, to approve the minutes of the regular meeting of November 5, 2020. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

III. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported that:

At the October 14, 2020 Board of Investments meeting, under Executive Session Agenda Item XI.A.3, on a motion by Ms. Sanchez, seconded by Mr. Moore, the Board voted 8-0 to approve a full redemption from AQR Liquid Enhanced Alternative Premia (LEAP) Fund II, L.P. managed by AQR Capital Management, LLC, as recommended by the Credit and Risk Mitigation Committee. Ms. Greenwood was absent from the Board

### III. REPORT ON CLOSED SESSION ITEMS (Continued)

vote. The Credit and Risk Mitigation Committee's recommendation was made following a motion and vote at the committee's September 9, 2020 meeting under Agenda Item VII.B. of that committee agenda.

### IV. PUBLIC COMMENT

Damien Goodmon, Donald Byers, Margaret Totty, and Jan Williams addressed the Board regarding LACERA's exposure to Baldwin Hills Crenshaw Plaza.

Jordan Fein, Nikolai Dressbach and Silvia Resendiz from Unite Here Local 11 addressed the Board regarding PAI Europe VII's investment in Areas. Mr. Fein also submitted a letter from Seth Magaziner to Leonard Green & Partners.

### V. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated November 18, 2020)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report and answered questions from the Board.

### VI. CHIEF INVESTMENT OFFICER'S REPORT (Presentation dated December 5, 2020)

Mr. Grabel provided a brief presentation on the Chief Investment Officer's Report and answered questions from the Board.

### VII. CONSENT ITEMS

Mr. Santos made a motion, Mr. Knox seconded, to approve the following consent items. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

VII. CONSENT ITEMS (Continued)

- A. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board approve the proposed private equity consultant search Minimum Qualifications, Evaluation Criteria, and Scope of Work advanced by the Equity Committee. (Memo dated November 17, 2020)
- B. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board approve the Growth Functional Category Biennial Structure Review. (Memo dated November 25, 2020)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by David Chu, Senior Investment Officer and Cheryl Lu, Investment Officer: That the Board approve the replacement of Greenhill & Co. with Jefferies LLC on the list of firms authorized to provide LACERA with private equity secondary sale and purchase consulting services. (Memo dated November 17, 2020)

Mr. Chu and Ms. Lu provided a presentation and answered questions from the Board.

Mr. Santos made a motion, Ms. Sanchez seconded, to approve the replacement of Greenhill & Co. with Jefferies LLC on the list of firms authorized to provide LACERA with private equity secondary sale and purchase consulting services. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

- B. Recommendation as submitted by Esmeralda del Bosque, Senior Investment Officer, Adam Cheng, Senior Investment Analyst and Mel Tsao, Senior Investment Analyst: That the Board approve establishing a bench of three transition management service providers including BlackRock Institutional Trust Company, N.A., Citigroup Global Markets, Inc., and State Street Bank and Trust. (Memo dated November 19, 2020)

VIII. NON-CONSENT ITEMS (Continued)

Messrs. Tsao, Cheng and Ms. Del Bosque provided a presentation and answered questions from the Board.

Ms. Sanchez made a motion, seconded by Mr. Santos, to approve establishing a bench of three transition management service providers including BlackRock Institutional Trust Company, N.A., Citigroup Global Markets, Inc., and State Street Bank and Trust. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, and Ms. Sanchez voting yes.

- C. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Board review the 2021 meeting calendar and consider rescheduling meeting dates that conflict with a holiday and/or the potential of a lack of quorum. (Memo dated November 13, 2020)

Mr. Kreimann provided a presentation and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Bernstein seconded, to schedule the May meeting to May 19, 2021 and the November meeting to November 17, 2021. The motion passed unanimously. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, and Ms. Sanchez voting yes.

- D. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer and Ted Granger, Interim Chief Financial Officer: That the Board:
1. Accept the June 30, 2020, Actuarial Valuation of Retirement Benefits (Valuation) as submitted by the plan actuary (Milliman).

VIII. NON-CONSENT ITEMS (Continued)

2. Adopt recommended employer contribution rates (all plan tiers) and employee contribution rates (plan tiers General Plan G and Safety Plan C).
3. Delegate authority to the Chief Executive Officer to communicate the results of the 2020 Actuarial Valuation of Retirement Benefits to the Board of Supervisors by May 15, 2021, with a recommendation to implement the employer and employee rates no later than September 29, 2021. (Memo dated November 30, 2020)

Mr. Granger and Messrs. Olleman, Glyde and Collier of Milliman provided a presentation and answered questions from the Board.

Mr. Moore made a motion, Ms. Sanchez seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, and Ms. Sanchez voting yes.

IX. REPORTS

- A. Strategic Asset Allocation Discussion  
Jonathan Grabel, Chief Investment Officer  
Jude Pérez, Principal Investment Officer  
Stephen McCourt, Principal, Meketa Investment Group  
Tim Filla, Principal, Meketa Investments Group  
(Memo dated November 25, 2020)

Messrs. Perez and Grabel and Mr. Filla of Meketa Investment Group provided a presentation and answered questions from the Board.

- B. LACERA "Towards Inclusion, Diversity, And Equity" – Or "T.I.D.E" – Initiative in the Investment Program  
Jonathan Grabel, Chief Investment Officer  
Jude Perez, Principal Investment Officer  
Scott Zdrazil, Senior Investment Officer  
Cheryl Lu, Investment Officer  
(Memo dated November 24, 2020)

IX. REPORTS (Continued)

Messrs. Grabel, Perez, Zdrazil and Ms. Lu provided a presentation and answered questions from the Board.

- C. Assembly Bill 2833 Report – Fiscal Year 2020  
Quoc Nguyen, Investment Officer  
Calvin Chang, Senior Investment Analyst  
Terra Elijah, Investment Analyst  
(Memo dated November 25, 2020)

Messrs. Nguyen, Chang and Ms. Elijah provided a presentation and answered questions from the Board.

- D. Principles for Responsible Investment Election Ballot  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated November 19, 2020)

This item was received and filed.

- E. LACERA Holdings in Securities Subject to Executive Order 13959  
Related to Investments That Finance Chinese Military Companies  
Ted Wright, Principal Investment Officer  
Mel Tsao, Senior Investment Analyst  
(For Information Only) (Memo dated November 18, 2020)

This item was received and filed.

- F. Custody Services Overview and Search Timeline – Update  
Jude Pérez, Principal Investment Officer  
Esmeralda del Bosque, Senior Investment Officer  
Michael Huang, Accounting Officer II  
(For Information Only) (Memo dated November 24, 2020)

This item was received and filed.

- G. LACERA Quarterly Performance Report  
Meketa Report: Total Fund Performance Report  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated November 25, 2020)



IX. REPORTS (Continued)

This item was received and filed.

- H. OPEB Master Trust Quarterly Performance Report  
Meketa Report: OPEB Master Trust Performance Report  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated November 25, 2020)

This item was received and filed.

- I. Real Estate Recoveries Report  
Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo dated November 24, 2020)

This item was received and filed.

- J. 2020 Year-End Legislative Report  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated November 23, 2020)

This item was received and filed.

- K. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated November 30, 2020)

This item was received and filed.

- L. Monthly Education and Travel Reports for October 2020  
Ted Granger, Interim Chief Financial Officer  
(For Information Only)

Monthly Education and Travel Reports for October 2020  
(Public Memo dated November 18, 2020)  
(Confidential Memo dated November 18, 2020 – Includes Anticipated  
Travel)

1st Quarter Education and Travel Expenditure Reports  
(Memo dated November 18, 2020)

This item was received and filed.

IX. REPORTS (Continued)

- M. November 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 November 23, 2020)

This item was received and filed.

X. ITEMS FOR STAFF REVIEW

The Board requested for staff to add an agenda item at the next meeting on PAI.

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

Mr. Green recognized Michael Romero for volunteering to assist with the presentation at the Board of Investment meetings.

XII. EXECUTIVE SESSION

Before going into Executive Session, Chief Counsel, Steven P. Rice stated that Agenda Item XII.C related to one item of investment-related litigation and Item XII.D related to two items of employment-related litigation.

- 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. Proposed Modifications to Private Equity Program based on Growth Functional Category Biennial Structure Review  
Christopher J. Wagner, Principal Investment Officer  
Ted Wright, Principal Investment Officer  
(Memo dated November 16, 2020)

Mr. Wagner and Mr. Wright provided a presentation and answered questions from the Board.

XII. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, seconded by Mr. Knox, to approve a private equity mandate change for the Morgan Stanley GTB II separate account consistent with the open session action on Agenda Item VII.B. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

2. Hedge Funds Emerging Manager Program Separate Account Manager Search Recommendation  
James Rice, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
(Memo dated November 17, 2020)

Messrs. Rice, Timko and Nguyen provided a presentation and answered questions the Board.

Ms. Greenwood made a motion, seconded by Mr. Moore, to approve (1) a change in the definition of “emerging hedge fund manager,” and (2) an investment of \$250 million into an emerging manager portfolio to be managed by Stable Asset Management. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

3. Potential Manager Termination  
Ted Wright, Principal Investment Officer  
Jeff Jia, Senior Investment Analyst  
(Memo dated November 17, 2020)

The Board took action. It will be reported out at a future date in accordance with the Brown Act.

XII. EXECUTIVE SESSION (Continued)

4. Private Equity Secondary Investment Update  
David Chu, Senior Investment Officer  
Derek Kong, Investment Officer  
(For Information Only) (Memo dated November 13, 2020)

The Board received an information only report providing notice that LACERA completed a \$70 million secondary investment in three companies managed by Ampersand Capital Partners. The secondary purchase was made in compliance with LACERA's secondary investment guidelines.

- B. Conference with Legal Counsel – Pending Litigation (Pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9)
  1. In re BP Securities Litigation  
(MDL No. 10-md-2185)  
Michael D. Herrera Senior Staff Counsel  
(Memo dated November 24, 2020)

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

The Board took action. It will be reported out at a future date in accordance with the Brown Act.

2. In re FirstEnergy Corp. Securities Litigation  
(Case No. 2:20-cv-03785)  
Michael D. Herrera Senior Staff Counsel  
(For Information Only) (Memo dated November 25, 2020)

The Board received an information only report regarding the above-referenced action pending in the United States District Court for the Southern District of Ohio, including the Court's November 23, 2020 order granting LACERA's application to serve as lead plaintiff and approving LACERA's choice of Robbins Geller Rudman & Dowd to serve as class counsel.

XII. EXECUTIVE SESSION (Continued)

(Ms. Sanchez left the meeting momentarily at 1:00 p.m.)

- C. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9) And Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9)

Number of Cases: 1

The Board met with legal counsel to discuss one case of anticipated investment-related litigation. The Board did not take action. There is nothing to report.

- D. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

Number of Cases: 2

The Board met with legal counsel to discuss one case of anticipated investment related litigation. The Board did not take action. There is nothing to report.

(Ms. Sanchez returned to the meeting at 1:30 p.m.)

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:40 p.m.

Signature on File

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WAYNE MOORE, SECRETARY

Signature on File

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DAVID GREEN, CHAIR