

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

WEDNESDAY, MARCH 12, 2014, 9:00 A.M.

- I. PLEDGE OF ALLEGIANCE
- II. APPROVAL OF THE MINUTES
 - A. Approval of the Minutes of the February 12, 2014 meeting of the Board of Investments.
- III. PUBLIC COMMENT
- IV. REPORT ON CLOSED SESSION ITEMS
- V. ACTION ITEMS
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer, that your Board:
 - 1. Accept the June 30, 2013, Retirement Benefit Actuarial Valuation prepared by the plan's consulting actuary, Milliman.
 - 2. Adopt recommended employer and employee contribution rates.
 - 3. Direct the Chief Executive Officer to communicate the results of the Retirement Benefit Actuarial Valuation to the Board of Supervisors by May 15, 2014, with a recommendation to implement the employer and employee rates no later than September 30, 2014.

V. ACTION ITEMS (Continued)

4. Receive and file the June 30, 2013 Actuarial Audit Reports prepared by your audit actuary, The Segal Company.

Milliman
Nick Collier, ASA, EA, MAAA
Jennifer D. Senta, ASA, MAAA

The Segal Consulting
Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

- B. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to \$150 million to The Energy and Minerals Group Fund III, L.P. (Memo dated March 4, 2014.)
- C. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and David E. Simpson, CFA, Investment Officer, Private Equity: That your Board approve a commitment of up to \$100 million to ABRY Advanced Securities FUND III, L.P. (Memo dated March 4, 2014.)
- D. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to \$200 million to Vista Equity Partners Fund V, L.P. (Memo dated March 4, 2014.)

March 12, 2014

Page 3

V. ACTION ITEMS (Continued)

- E. Recommendation as submitted by James Rice, CFA, Senior Investment Officer, Hedge Funds, June Kim, Principal Investment Officer, Equities, and Ingrid Tang, Senior Investment Analyst, Hedge Funds: That your Board authorize Staff to retain Blackstone for a \$250 million custom diversified hedge fund of funds mandate. (Memo dated February 28, 2014.)
- F. Recommendation as submitted by the Corporate Governance Committee: That your Board adopt LACERA's revised U.S. Proxy Voting Guidelines. (Memo dated February 27, 2014.)
- G. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board approve attendance of Board members at the Latin America Markets 2014 Private Equity Forum on May 19-20, 2014 in New York City and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated March 4, 2014.) (Placed on the Agenda at the request of Mr. Santos.)

VI. REPORTS

- A. AQR Capital, LLC Manager Presentation
June Kim Principal Investment Officer, Equities
Dale Johnson, Investment Officer, Equities

AQR Capital, LLC
Gregor Andrade - Principal, Client Strategies
David Kupersmith - Vice President, Portfolio Manager

March 12, 2014

Page 4

VI. REPORTS (Continued)

- B. Western Asset's Settlements with the SEC/DOL
Vache Mahseredjian, CFA, CAIA, FRM, ASA,
Principal Investment Officer

Western Asset Management Company
James W. Hirschmann, President and Chief Executive Officer
Kevin Ehrlich, Manager of Regulatory Affairs,
Chief Compliance Officer
Karlen R. Powell, Client Service Executive

- C. Continuation of Board Offsite Discussion –
Commodities and Fees
David Kushner, CFA, Chief Investment Officer
(Memo dated February 24, 2014.)
- D. 2013 Fourth Quarter Hedge Fund Performance Report
James Rice, CFA, Senior Investment Officer
(Memo dated February 28, 2014.) (For information only.)
- E. Securities Lending Program – 2013 Annual Review
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated February 26, 2014.) (For information only.)

VII. GOOD OF THE ORDER (For discussion purposes only.)

XIII. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

MINUTES OF THE MEETING OF THE BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101
WEDNESDAY, MARCH 12, 2014, 9:00 A.M.

PRESENT: John M. Barger, Chair

David Green, Vice Chair

Shawn Kehoe, Secretary

Mark J. Saladino

Diane Sandoval

Herman B. Santos

Michael Schneider

Leonard Unger (Mr. Unger left of 1:25 p.m.)

Estevan Valenzuela

STAFF, ADVISORS, PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

JJ Popovich, Assistant Executive Officer

David E. Kushner, Chief Investment Officer

John D. McClelland, Principal Investment Officer, Real Estate

Vache Mahseredjian, CFA, Principal Investment Officer

March 12, 2014

Page 2

STAFF, ADVISORS, PARTICIPANTS (Continued)

Christopher J. Wagner, Principal Investment Officer, Private Equity

June H. Kim, Principal Investment Officer, Equities

James Rice, CFA, Senior Investment Officer

Robert Z. Santos, Investment Officer, Fixed Income

Juan Almaguer, Senior Investment Analyst

Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity

Esmeralda Vita del Bosque, Senior Investment Analyst, Equities

Dale Johnson, Senior Investment Analyst, Equities

Robert S. Van Der Volgen, Chief Counsel

Michael Herrera, Senior Staff Counsel

Christine Roseland, Senior Staff Counsel

John Harrington, Staff Counsel

John Nogales, Director, Human Resources

Wilshire Associates

William (Bill) G. Bensur, Jr., CFA, Managing Director

GCM Customized Fund Investment Group

David Almodovar, Vice President

STAFF, ADVISORS, PARTICIPANTS (Continued)

Milliman

Nick Collier, ASA, EA, MAAA
Jennifer D. Senta, ASA, MAAA

The Segal Consulting

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

AQR Capital, LLC

Gregor Andrade - Principal, Client Strategies
David Kupersmith - Vice President, Portfolio Manager

Western Asset Management Company

James W. Hirschmann, President and Chief Executive Officer
Kevin Ehrlich, Manager of Regulatory Affairs,
Chief Compliance Officer
Karlen R. Powell, Client Service Executive

I. PLEDGE OF ALLEGIANCE

Mr. Kehoe led the Board members and staff in reciting the Pledge of Allegiance.

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the February 12, 2014 meeting of the Board of Investments.

II. APPROVAL OF THE MINUTES (Continued)

A motion to approve the Minutes of the February 12, 2014 meeting of the Board of Investments was made by Mr. Schneider, seconded by Mr. Green. The motion carried by unanimous vote.

III. PUBLIC COMMENT

None.

IV. REPORT ON CLOSED SESSION ITEMS

None.

V. ACTION ITEMS

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer, that your Board:
1. Accept the June 30, 2013, Retirement Benefit Actuarial Valuation prepared by the plan's consulting actuary, Milliman.
 2. Adopt recommended employer and employee contribution rates.
 3. Direct the Chief Executive Officer to communicate the results of the Retirement Benefit Actuarial Valuation to the Board of Supervisors by May 15, 2014, with a recommendation to implement the employer and employee rates no later than September 30, 2014.

V. ACTION ITEMS (Continued)

4. Receive and file the June 30, 2013 Actuarial Audit Reports prepared by your audit actuary, The Segal Company.

Milliman
Nick Collier, ASA, EA, MAAA
Jennifer D. Senta, ASA, MAAA

Mr. Rademacher provided an executive summary on the proposed recommendation and introduced Nick Collier and Jennifer Senta of Milliman, LACERA's actuary and they gave a presentation on the Actuarial Valuation Results for June 30 2013.

It was reported for the fiscal year ending 2013 the fund returned 12.1% on a market basis, a rate of return greater than the 7.5% assumed rate. The recognition of net asset losses from prior years resulted in a loss on the actuarial value of assets for the current year. The final large asset loss that occurred in the fiscal year ending June 30, 2009 has now been recognized in the actuarial value of assets, and is the the most significant factor in causing the increase of the total required employer contribution rate from the prior valuation by 1.52% (from 19.82% to 21.34% of payroll). LACERA's funded ratio decreased from 76.8% to 75.0%.

V. ACTION ITEMS (Continued)

It was also reported that at the December 2013 Board of Investment meeting, the Board adopted new assumptions with the 2013 Investigation of Experience report. All assumptions changes have been reflected in the June 30, 2013 actuarial valuation.

It was also reported that the Public Employees' Pension Reform Act of 2013 (PEPRA) changed the benefits for most members of LACERA who enter on or after January 1, 2013. The PEPRA provisions apply for the current valuation.

Segal Consulting
Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

Mr. Angelo, Senior Vice President and Actuary at Segal Consulting ("Segal") provided an executive summary on Segal's audit of Milliman's June 30, 2013 Actuarial Valuation and the 2013 Investigation of Experience. Mr. Angelo reported that having performed the actuarial audit of LACERA's June 30, 2013 Actuarial Valuation and the 2013 Investigation of Experience, he finds that Segal's audit confirms that the actuarial calculations as of June 30, 2013 are reasonable and based on generally accepted actuarial principles and practices and to provide assurance to LACERA's Audit Committee and Board of Investments, that

the actuarial calculations are reasonable and that both actuarial process and the investigation of experience were conducted according to generally accepted actuarial principles and practices.

A motion was made by Mr. Santos, seconded by Mr. Saladino: (1) to Accept the June 30, 2013, Retirement Benefit Actuarial Valuation prepared by the plan's consulting actuary, Milliman; (2) Adopt recommended employer and employee contribution rates; (3) Direct the Chief Executive Officer to communicate the results of the Retirement Benefit Actuarial Valuation to the Board of Supervisors by May 15, 2014, with a recommendation to implement the employer and employee rates no later than September 30, 2014; and to receive and file the June 30, 2013 Actuarial Audit Reports prepared by your audit actuary, Segal Consulting. The motion carried with Ms. Sandoval voting no.

March 12, 2014

Page 8

V. ACTION ITEMS (Continued)

- B. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to \$150 million to The Energy and Minerals Group Fund III, L.P. (Memo dated March 4, 2014.)

Ms. Tilaye provided a brief overview on the proposed commitment to The Energy & Minerals Group Fund III, L.P. ("EMG"). Ms. Tilaye also reported that EMG has an experienced investment team with attractive investment strategies and a solid performance track record. LACERA's private equity consultant, CFG, concurred with Staff's conclusion.

A motion to approve the recommendation was made by Mr. Santos, seconded by Ms. Sandoval. The motion carried by unanimous vote.

- C. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and David E. Simpson, CFA, Investment Officer, Private Equity: That your Board approve a commitment of up to \$100 million to ABRY Advanced Securities Fund III, L.P. (Memo dated March 4, 2014.)

Mr. Simpson gave a presentation on the proposed commitment to ABRY Advanced Securities Fund III, L.P. ("ABRY"). He reported on ABRY's investment strategy and philosophy and pointed out that ABRY Partners possess a

March 12, 2014

Page 9

V. ACTION ITEMS (Continued)

deep established team which is solely focused on the media space. They have consistently generated top quartile results across the capital structure and their proven strategy and process has translated into sustainable competitive advantages in the marketplace which have propelled superior performance. LACERA's private equity consultant, CFGI, concurs with Staff's conclusion that this commitment is a high quality investment opportunity. A brief discussion followed on fee concerns.

A motion to approve the recommendation was made by Mr. Santos, seconded by Mr. Schneider. The motion carried with Mr. Kehoe and Mr. Valenzuela voting no.

- D. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to \$200 million to Vista Equity Partners Fund V, L.P. (Memo dated March 4, 2014.)

Ms. Tilaye gave a brief presentation on the proposed commitment to Vista Equity Partners Fund V, L.P. ("Vista V"), and reported on Vista V's investment strategy and philosophy. She pointed out that Vista V will pursue a primarily

V. ACTION ITEMS (Continued)

U.S.-focused, technology buyout investment strategy and a commitment will assist LACERA in achieving increased exposure to technology companies. She also noted that Visa has an experienced and well-regarded investment team that currently manages two existing commitments on behalf of LACERA. LACERA's private equity consultant, CFGI, concurred with said commitment.

A motion to approve the recommendation was made by Mr. Santos, seconded by Mr. Barger. The motion carried by unanimous vote.

- E. Recommendation as submitted by James Rice, CFA, Senior Investment Officer, Hedge Funds, June Kim, Principal Investment Officer, Equities, and Ingrid Tang, Senior Investment Analyst, Hedge Funds: That your Board authorize Staff to retain Blackstone for a \$250 million custom diversified hedge fund of funds mandate. (Memo dated February 28, 2014.)

Mr. Rice reported on the proposed retention of Blackstone for a custom diversified hedge fund of funds mandate. He pointed out that at the March 13, 2013 Board of Investments meeting the Board had authorized an RFI for a hedge fund of funds (HFoF) manager. The RFI was issued in March of 2013 and staff evaluated the managers using LACERA's customary two-phase process. Phase

V. ACTION ITEMS (Continued)

one entailed an evaluation of written responses and Phase Two, which consisted of interviews. It was reported that staff recommended hiring Blackstone and provided a historical background on their investment strategy and philosophy. A brief discussion followed on issues relating to having the following candidates present before the Board: Blackstone Alternative; The Rock Creek Group; and Goldman Sachs.

A new motion was made by Mr. Green, seconded by Mr. Kehoe to bring the top three candidates to present before the Board. The motion carried with Mr. Saladino, Mr. Valenzuela and Ms. Sandoval voting no.

- F. Recommendation as submitted by the Corporate Governance Committee: That your Board adopt LACERA's revised U.S. Proxy Voting Guidelines. (Memo dated February 27, 2014.)

A motion to adopt LACERA's revised U.S. Proxy Voting Guidelines was made by Mr. Santos seconded by Mr. Kehoe. The motion carried by unanimous vote.

V. ACTION ITEMS (Continued)

- G. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That your Board approve attendance of Board members at the Latin America Markets 2014 Private Equity Forum on May 19-20, 2014 in New York City and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated March 4, 2014.)

A motion to approve the recommendation was made by Mr. Saladino, seconded by Mr. Green. The motion carried by unanimous vote.

VI. REPORTS

- A. AQR Capital, LLC Manager Presentation
June Kim Principal Investment Officer, Equities
Dale Johnson, Investment Officer, Equities

AQR Capital, LLC
Gregor Andrade - Principal, Client Strategies
David Kupersmith - Vice President, Portfolio Manager

Dale Johnson introduced the principals of AQR Capital, LLC ("AQR") who followed with a presentation on the Firms perspective on emerging markets. They also provided an overview on AQR's emerging equity strategy, their investment philosophy, process and risk controls. A brief discussion followed and the Report was received and filed.

VI. REPORTS (Continued)

- B. Western Asset's Settlements with the SEC/DOL
Vache Mahseredjian, CFA, CAIA, FRM, ASA,
Principal Investment Officer

Western Asset Management Company
James W. Hirschmann, President and Chief Executive Officer
Kevin Ehrlich, Manager of Regulatory Affairs,
Chief Compliance Officer
Karlen R. Powell, Client Service Executive

Mr. Mahseredjian introduced the principals of Western Asset Management Company ("Western") who followed with a presentation on their firm's settlements with the Securities and Exchange Commission and the Department of Labor. A brief discussion followed and the Report was received and filed.

- C. Continuation of Board Offsite Discussion –
Commodities and Fees
David Kushner, CFA, Chief Investment Officer
(Memo dated February 24, 2014.)

Mr. Kushner asked that the Board contact him relating to any questions they may have on the Commodities segment of the discussion and that the Fees segment would be addressed at a later date.

VI. REPORTS (Continued)

- D. 2013 Fourth Quarter Hedge Fund Performance Report
James Rice, CFA, Senior Investment Officer
(Memo dated February 28, 2014.) (For information only.)

The 2013 Fourth Quarter Hedge Fund Performance Report is for information only and was received and filed.

- E. Securities Lending Program – 2013 Annual Review
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated February 26, 2014.) (For information only.)

The 2013 Annual Review of the Securities Lending Program is for information only and was received and filed.

VII. GOOD OF THE ORDER
(For discussion purposes only.)

The Board commended staff on their reports and presentations.

Mr. Valenzuela commended LACERA's Systems Division staff on the upgrades and successful implementation of the electronic Board package.

Green Folder Items

1. Memo dated March 10, 2014 from Robert Santos, Investment Officer, Fixed Income, regarding Brian Weinstein's departure. Mr. Weinstein co-heads BlackRock's multi-sector institutional Fixed Income. His last day is June 30, 2014.
2. Chief Executive Officer's Report dated February 28, 2014.

March 12, 2014
Page 15

XIII. ADJOURNMENT

There being for further business the meeting adjourned at 1:58 p.m.

Shawn Kehoe, Secretary

John M. Barger, Chair