

AMENDED

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, SEPTEMBER 10, 2014, 9:00 A.M.

- I. PLEDGE OF ALLEGIANCE
- II. APPROVAL OF THE MINUTES
 - A. Approval of the Minutes of the August 13, 2014 meeting of the Board of Investments.
- III. PUBLIC COMMENT
- IV. REPORT ON CLOSED SESSION ITEMS
- V. ACTION ITEMS
 - A. 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 \$150 million to Baring Asia Private Equity Fund VI, L.P. (Memo dated September 2, 2014.)
 - B. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer-Private Equity, and Shelly P. Tilaye, CASA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to \$150 million to Hellman & Friedman Capital Partners VII, L.P. (Memo dated September 2, 2014.)

VI. CONSENT

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the 2nd Developments and Trends for Institutional Investors 2014 U.S. Conference – Global Investor Protection on October 23 and 24, 2014 in Miami, Florida and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated August 14, 2014.)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the Pacific Pension Institute’s 2014 Executive Seminar to be held in Singapore from November 9 through November 11, 2014 and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated August 28, 2014.)
- C. **Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the ACGA 15th Anniversary Conference in Hong Kong on November 4 and 5, 2014 and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated September 5, 2014.)**

VII. REPORTS

- A. Private Equity Middle-Market Program
Christopher J. Wagner, Senior Investment Officer, Private Equity
(Memo dated September 2, 2014)

Pathway Capital Management
Valerie Ruddick, Director
Derrek Ransford, Director

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VII. REPORTS (Continued)

B. 2014 Second Quarter Hedge Fund Performance Report
James Rice, CFA, Senior Investment Officer
(Memo August 27, 2014.) (For information only.)

C. Semi-Annual Interest Crediting for Reserves
as of June 30, 2014. (Unaudited)
Beulah S. Auten, Chief Financial Officer
(Memo dated August 22, 2014.) (For information only.)

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

IX. 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.

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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, SEPTEMBER 10, 2014, 9:00 A.M.

PRESENT: John M. Barger, Chair

David Green, Vice Chair

Shawn Kehoe, Secretary

Mark J. Saladino

Herman B. Santos

Michael Schneider

Leonard Unger

Estevan Valenzuela

ABSENT: Diane Sandoval

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

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STAFF, ADVISORS, PARTICIPANTS (Continued)

Vache Mahseredjian, CFA, Principal Investment Officer

Christopher J. Wagner, Principal Investment Officer, Private Equity

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, Investment Officer, Equities

Ron Senkandwa, Senior Investment Analyst, Equities

David Simpson, Investment Officer, Private Equities

Ingrid Tang, Senior Investment Analyst, Hedge Funds

Robert Van Der Volgen, Jr., Chief Counsel

Christine Roseland, Senior Staff Counsel

John Harrington, Staff Counsel

GCM Customized Fund Investment Group

David Almodovar, Vice President

Pathway Equity Management

Valerie Ruddick, Director

Derrek Ransford, Director

I. PLEDGE OF ALLEGIANCE

Mr. Valenzuela led Board members and staff in reciting the pledge of Allegiance.

II. APPROVAL OF THE MINUTES

A. Approval of the Minutes of the August 13, 2014 meeting of the Board of Investments.

A motion to approve the Minutes of the August 13, 2014 meeting of the Board of Investments was made by Mr. Green, seconded by Mr. Santos. The motion carried, with Chair Barger, and Messrs. Unger and Valenzuela abstaining.

III. PUBLIC COMMENT

None.

IV. REPORT ON CLOSED SESSION ITEMS

None.

Chair Barger pointed out that item VI. Consent Agenda would be handled at this time, with the V. Action Items to follow.

VI. CONSENT

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the 2nd Developments and Trends for Institutional Investors 2014 U.S. Conference – Global Investor Protection on October 23 and 24, 2014 in Miami, Florida and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated August 14, 2014.)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the Pacific Pension Institute’s 2014 Executive Seminar to be held in Singapore from November 9 through November 11, 2014 and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated August 28, 2014.)

- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the ACGA 15th Anniversary Conference in Hong Kong on November 4 and 5, 2014 and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated September 5, 2014.)

A motion to approve Consent Items A through C was made by Mr. Saladino, seconded by Mr. Kehoe. The motion carried by unanimous vote.

V. ACTION ITEMS

- A. 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 \$150 million to Baring Asia Private Equity Fund VI, L.P. (Memo dated September 2, 2014.)

Mr. Simpson provided an executive summary on the proposed commitment to Baring Asia Private Equity and reported that staff had completed due diligence on Baring and determined that Baring Asia VI represented an excellent investment opportunity and a good fit within the portfolio. He also pointed out that Grosvenor Capital Management Customized Fund Investment Group “CFIG” LACERA’s private Equity Consultant concurs with staff’s assessment. A brief discussion followed on risk and volatility concerns and after a brief discussion staff withdrew this item.

- B. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer-Private Equity, and Shelly P. Tilaye, CASA, Senior Investment Analyst, Private Equity: That your Board approve a commitment of up to \$150 million to Hellman & Friedman Capital Partners VII, L.P. (Memo dated September 2, 2014.)

Ms. Tilaye presented a brief overview on the proposed commitment to Hellman & Friedman Capital Partners (“H&F”) and reported that H&F has a

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V. ACTION ITEMS (Continued)

proven performance track record. Since inception in 1984, the general partner has invested \$19 billion of total capital in 82 companies through their seven institutional private equity funds with an experienced team of investment professionals. It was also reported that their investment strategy utilized by the Fund will be a continuation of the strategy that the firm has successfully used since raising its first fund. A brief discussion followed on due diligence and fee concerns. The Board asked that Chief Counsel provide a report on prospective conflicts.

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

VII. REPORTS

- A. Private Equity Middle-Market Program
Christopher J. Wagner, Senior Investment Officer, Private Equity
(Memo dated September 2, 2014)

Pathway Capital Management
Valerie Ruddick, Director
Derrek Ransford, Director

Mr. Wagner introduced Ms. Ruddick and Mr. Ransford of Pathway Capital Management ("Pathway") who followed with a presentation on Pathway's

VII. REPORTS (Continued)

historical background and LACERA's Private Equity Middle Market Program. In April of 2010 LACERA and Pathway formed the Gateway Private Equity fund. It is a customized fund-of-funds vehicle with \$302.3 million in total commitments, including \$300 million from LACERA. It was reported that Pathway built Gateway's portfolio with experienced and proven general partners. On a vintage year basis, the Gateway portfolio has outperformed industry averages in terms of IRR and distributions and has grown in total value to \$102.3 million as of March 31, 2013. The portfolio is well diversified and, while still very young, has generated encouraging performance across investment strategies. Over the past 12 months, the portfolio generated \$15.6 million in gains, which led to a 1-year net IRR of 22.3%, and the since inception IRR improved by 1,809 basis points. In addition, each of the portfolio's three investment strategies generated 1-year returns in excess of 11%. A brief discussion followed and the Report was received and filed.

- B. 2014 Second Quarter Hedge Fund Performance Report
James Rice, CFA, Senior Investment Officer
(Memo August 27, 2014.) (For information only.)

Chair Barger asked that this item be calendared for the October 8, 2014 meeting.

VII. REPORTS (Continued)

- C. Semi-Annual Interest Crediting for Reserves
as of June 30, 2014. (Unaudited)
Beulah S. Auten, Chief Financial Officer
(Memo dated August 22, 2014.) (For information only.)

The Semi-Annual Interest Crediting for Reserves as of June 30, 2014 is for information only and was received and filed.

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

Mr. Kehoe reported on his attendance at the World Pension Forum in Colorado and pointed out that they provided an excellent presentation on China. Mr. Green commended Rob Hill on his assistance in addressing retroactive payroll concerns with a couple of LACERA members.

Mr. Kushner provided an update on the recruitment status for the Investment Staff positions and reported that the process is in its final phase for the Financial Analyst III selections, which should be completed within a week. Also, candidates are being interviewed for the Financial Analyst II positions on September 11, 2014. Human Resources are in negotiations with an executive recruiter for the Principal Investment position.

VIII. GOOD OF THE ORDER (Continued)
(For discussion purposes only.)

John Nogales, LACERA's Human Resources Director, provided an update on the recruitment status for the LACERA Chief Legal Counsel position.

Green Folder Items

1. Chief Executive Officer's Report dated September 2, 2014.

IX. ADJOURNMENT

There being no further business the meeting adjourned at 12:35 p.m.

Shawn Kehoe, Secretary

John M. Barger, Chair