

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, JANUARY 14, 2015, 9:05 A.M.

PRESENT: John M. Barger, Chair

David Green, Vice Chair

Shawn Kehoe, Secretary

Diane Sandoval

Herman B. Santos

Michael Schneider

Valerie Villarreal

ABSENT: Joseph Kelly

Estevan Valenzuela

STAFF, ADVISORS, PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

David E. Kushner, Chief Investment Officer

Vache Mahseredjian, CFA, Principal Investment Officer

Christopher J. Wagner, Principal Investment Officer, Private Equity

Robert Z. Santos, Investment Officer, Fixed Income

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

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STAFF, ADVISORS, PARTICIPANTS (Continued)

Esmeralda Vita del Bosque, Senior Investment Analyst, Equities

Dale Johnson, Investment Officer, Equities

David Simpson, Investment Officer, Private Equity

Elin Szymanowski, Senior Investment Analyst, Private Equity

Robb Van Der Volgen, Chief Counsel

Johanna Fontenot, Senior Staff Counsel

John Nogales, Director – Human Resources

GCM Customized Fund Investment Group

David Almodovar, Vice President

I. PLEDGE OF ALLEGIANCE

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

II. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)

The election of officers was conducted by Secretary Kehoe:

A. Chair of the Board

Mr. Barger was nominated to the position of Chair of the Board of Investments by Mr. Green.

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II. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)

Hearing no other nominations, the nominations were closed on a motion by Ms. Sandoval, seconded by Ms. Villarreal and unanimously approved.

Secretary Kehoe announced Mr. Barger was elected Chair of the Board of Investments.

B. Vice Chair of the Board

Mr. Green was nominated to the position of Vice Chair of the Board of Investments by Mr. Schneider.

Hearing no other nominations, the nominations were closed on a motion by Ms. Sandoval, seconded by Mr. Schneider and unanimously approved.

Secretary Kehoe announced Mr. Green was elected Vice-Chair of the Board of Investments

C. Secretary

Mr. Kelly was nominated to the position of Secretary of the Board of Investments by Ms. Sandoval. Mr. Santos pointed out that due to Mr. Kelly's absence from today's meeting, the election for the position of Secretary should be

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II. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member) (Continued)

tabled to the next regularly scheduled meeting of the Board of Investments to be held on February 11, 2015.

A motion was made by Mr. Santos, seconded by Mr. Kehoe to table the election of Secretary to the Board of Investments to the next regularly scheduled meeting of the Board of Investments. The motion carried by unanimous vote.

D. Audit Committee Member

Mr. Kehoe was nominated to the position of Audit Committee Member by Mr. Barger.

Hearing no other nominations, the nominations were closed on a motion by Ms. Sandoval, seconded by Mr. Schneider and unanimously approved.

Chair Barger announced that Mr. Kehoe was elected Audit Committee Member.

III. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the December 10, 2014 meeting of the Board of Investments.

A motion to approve the Minutes for the December 10, 2014 meeting of the Board of Investments was made by Mr. Green, seconded by Ms. Sandoval. The motion carried with Ms. Villarreal and Mr. Kehoe abstaining.

IV. PUBLIC COMMENT

None.

V. REPORT ON CLOSED SESSION ITEMS

None.

VI. CONSENT

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the International Corporate Governance Network 2015 Madrid, to be held on March 2 and 3, 2015 at the Casino de Madrid, Spain and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated December 17, 2014.)

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VI. CONSENT (Continued)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the 5th Annual SuperReturn China 2015, Beijing, China on March 23 -25, 2015 and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated December 18, 2014.)

A motion to approve the Consent Agenda A-B was made by Mr. Barger, seconded by Mr. Green. The motion carried by unanimous vote.

VII. ACTION ITEMS

- A. Recommendation as submitted by David E. Kushner, Chief Investment Officer: That your Board (1) Cancel the May 13, 2015 meeting; and (2) Reschedule the May 13, 2015 Board of Investments meeting to May 20, 2015 at 9:00 a.m. (Memo dated January 5, 2015.)

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

- B. Recommendation as submitted by John Nogales, Director of Human Resources: That your Board approve the authorization for LACERA's Human Resources to update LACERA's Ordinance Title 6 – Salaries, Section 6.127.010 Positions in the Los Angeles County Code. (Memo dated January 6, 2015.)

Mr. Nogales provided an executive summary on LACERA's Ordinance Title 6 – Salaries, Section 6.127.010 Positions, in the Los Angeles County Code.

VII. ACTION ITEMS (Continued)

A brief discussion followed on the proposed adjustments and budgeted items. This will include the delegation of authority to staff, to match the ordinance based upon the budgeted staff items.

Mr. Rademacher pointed out that a buffer will be placed on the number of ordinance positions, to eliminate having to go to the Board of Supervisors annually. A brief discussion followed.

A motion to approve the recommendation was made by Ms. Sandoval , seconded by Mr. Kehoe.

An amendment to the motion was made by Mr. Kehoe, seconded by Mr. Green to approve and authorize LACERA'S Human Resources Department to delegate authority to the Chief Executive Officer as needed with notice to the Board. The motion carried by unanimous vote.

VII. ACTION ITEMS (Continued)

- C. Recommendation as submitted by John Nogales, Director of Human Resources: Approve authorization to permit the Chief Executive Officer's appointment of a Chief Counsel, for LACERA's Legal Services Division within the fourth quartile of the position's current salary range. (Memo dated January 6, 2015.)

Mr. Nogales provided a brief update on the proposed appointment of a new Chief Counsel to LACERA's Legal Services Division and the position's current salary range. A brief discussion followed.

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

- D. Recommendation as submitted by Board of Investments Equity Committee: That your Board Approve the 2015 Private Equity Annual Investment Plan ("Plan"). (Memo dated January 6, 2015.)

Ms. Szymanowski presented a brief overview on the proposed 2015 Private Equity Annual Investment Plan and reported that the primary purpose of the Plan is to establish an appropriate commitment pace for the 2015 calendar year, identify key investment strategies and review and ensure appropriate diversification to private equity investment strategies. A brief discussion followed on reasonable investment goals and concerns relating to venture capital structure.

VII. ACTION ITEMS (Continued)

A motion was made by Mr. Santos, seconded by Mr. Kehoe to approve the investment target amount of \$2 billion and table the approval of the proposed 2015 Private Equity Annual Investment Plan until the Board of Investments meeting in March 2015 for further clarification. The motion carried with Mr. Schneider voting no.

- E. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer-Private Equity, and Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity: Approve a commitment of up to \$100 million or 35% of total commitments, whichever is less, to Juggernaut Capital Partners III, L.P. (Memo dated January 6, 2015.)

Ms. Tilaye reported on the proposed commitment to Juggernaut Capital Partners III, L.P. its merits and why LACERA should make a commitment of up to \$100 million or 35% of total commitments, whichever is less. A brief discussion followed on fee concerns.

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

Chair Barger pointed out that Executive Session would be handled at this time.

X. EXECUTIVE SESSION

A. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION (Paragraph (1) of subdivision (d) of Section 54956.9)

In the matter of Los Angeles County Employees Retirement Association ex rel. FX Analytics v. The Bank of New York Mellon Corp., 12 MD 2335 (LAK, 12 Civ. 8990 (LAK)

The Board met in executive session pursuant to Government Code Section 54956.9 and there is nothing to report at this time.

Chair Barger indicated the meeting would return to its regular order of business in open session.

VII. ACTION ITEMS (Continued)

- F. Recommendation as submitted by Vache Mahseredjian, CFA, CAIA, FRM, ASA, Principal Investment Officer; Robert Z. Santos, Investment Officer, Fixed Income; and Esmeralda Del Bosque, Senior Investment Analyst, Fixed Income: That your Board invite the following three managers to interview with the Board for a Securitized Credit Mandate: (1) Brookfield Investment Management, (2) DoubleLine Capital, and (3) Trust Company of the West. Staff proposes hiring the two highest-ranked managers and placing the third on a bench. (Memo dated January 5, 2015.)

Mr. Mahseredjian, Mr. Santos, and Ms. Del Bosque presented an executive summary on the proposed recommendation.

VII. ACTION ITEMS (Continued)

Staff pointed out the various steps taken in the selection process, including collaboration with LACERA's consultant, Wilshire Associates in presenting the Board with three finalists for the Securitized Credit Mandate. A brief discussion followed regarding fee concerns.

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

VIII. REPORTS

- A. Credit Suisse Settlement – Update
Vache Mahseredjian, CFA, CAIA, FRM, ASA
Principal Investment Officer (Memo dated January 7, 2015)

Mr. Mahseredjian provided a brief update on the settlement relating to Credit Suisse Asset Management ("CSAM"). A brief discussion followed, and the Report was received and filed.

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

The Board welcomed newly appointed Trustee to the Investment Board, Ms. Villarreal, and congratulated the newly elected officers. The Board also thanked staff for their reports and presentations.

IX. GOOD OF THE ORDER (Continued)

(For discussion purposes only.)

Mr. Rademacher reminded the Board of the upcoming three-day Board Offsite. The first day will focus on retirement benefits and administration, the second day will focus on retiree health care, with the third day focusing on investment operations, with a heavy focus on strategic planning and risks.

Green Folder Items

1. Chief Executive Officer's Report dated January 6, 2015.

X. ADJOURNMENT

There being no further business the meeting adjourned at 11:20 a.m.

Shawn Kehoe, Secretary

John M. Barger, Chair