

## AGENDA

### A SPECIAL MEETING OF THE BOARD OF INVESTMENTS

#### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., WEDNESDAY, MAY 20, 2015

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
  - A. Approval of the Minutes of the Regular Meeting of April 8, 2015
- IV. REPORT ON CLOSED SESSION ITEMS
- V. RECOGNITION
  - A. Mark Saladino
  - B. Crenshaw High School Students
- VI. PUBLIC COMMENT
- VII. CONSENT AGENDA
  - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Latin America Markets 2015 Private Equity Forum on June 8-9, 2015 in New York City and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.  
(Memo dated April 13, 2015)

VII. CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the NASP 26<sup>th</sup> Annual Pension and Financial Services Conference on June 15 –17, 2015 in Chicago, Illinois and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 30, 2015)
- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Fortune Brainstorm Tech Conference on July 13-15, 2015 in Aspen, Colorado and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 23, 2015)
- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Robbins Geller Rudman & Dowd LLP's 2015 Public Funds Forum on September 8-10, 2015 in Laguna Beach, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 13, 2015)

VIII. ACTION ITEMS

- A. Recommendation as submitted by the Portfolio Risk Committee: That the Board approve the selection of Pension Consulting Alliance to conduct the Investment Best Practice and Risk Management Study and authorize staff to negotiate and execute the agreement. (Memo dated May 1, 2015)
- B. Recommendation as submitted by the Real Estate Committee: That the Board approve the proposed minimum qualifications, evaluation criteria, and scope of work to be utilized in the Request for Proposal for a Real Estate Consultant. (Memo dated April 14, 2015)

VIII. ACTION ITEMS (Continued)

- C. Recommendation as submitted by the Real Estate Committee: That the Board adopt the revised Real Estate Objectives, Policies and Procedures. (Memo dated April 9, 2015)
- D. Recommendation as submitted by David E. Kushner, Chief Investment Officer: That the Board adopt the optimal portfolios proposed by Wilshire Associates for further analysis in the 2015 Asset/Liability Valuation Study. (Memo dated May 5, 2015)
- E. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer - Private Equity, and Elin Szymanowski, Senior Investment Analyst – Private Equity: That the Board approve a commitment of up to \$100 million to Clearlake Capital Partners IV, L.P. (Memo dated May 5, 2015)
- F. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer - Private Equity and David Chu, Investment Officer - Private Equity: That the Board approve a commitment of up to \$150 million to BDCM Opportunity Fund IV, L.P. (Memo dated May 1, 2015)

IX. REPORTS

- A. Educational Session on Risk Parity: Theoretical Concept & Implementation Options and LACERA Asset Only Optimization.

Wilshire Associates Incorporated  
Patrick Ligham, Managing Director  
Steve Foresti, Managing Director

- B. Educational Session on China Private Equity Investment Environment.

Cadwalader, Wickersham & Taft LLP  
Rocky Lee, Asia Managing Partner

IX. REPORTS (Continued)

- C. Fund Performance Review as of March 31, 2015  
Wilshire Associates Performance Report as of March 31, 2015  
David E. Kushner, Chief Investment Officer
  
- D. Deutsche Bank  
Trina Sanders, Investment Officer  
(Memo dated April 30, 2015) (For Information Only)
  
- E. Quarterly Report for the OPEB Trust Fund  
Vache Mahseredjian, Principal Investment Officer –  
Fixed Income (Memo dated April 29, 2015)  
(For Information Only)
  
- F. Implications of an All-ADR International Portfolio  
David E. Kushner, Chief Investment Officer  
(Memo dated May 1, 2015) (For Information Only)

X. EXECUTIVE SESSION

Public Employee Performance Evaluation  
(Pursuant to Government Code Section 54957)

- 1. Performance Evaluation  
Title: Chief Executive Officer

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

XII. ADJOURNMENT

*Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement 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 Retirement 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 SPECIAL MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., WEDNESDAY, MAY 20, 2015

PRESENT: John M. Barger, Chair

David Green, Vice Chair

Shawn Kehoe (Left at 12:15 p.m.)

Keith Knox (Sitting in for Joseph Kelly)

Diane Sandoval

Herman B. Santos

Kenneth Simril

Estevan Valenzuela

Valerie Villarreal

ABSENT: Joseph Kelly, Secretary

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Steven Rice, Chief Counsel

David E. Kushner, Chief Investment Officer

Vache Mahseredjian, Principal Investment Officer, Fixed Income

Robert Z. Santos, Investment Officer, Fixed Income

Christopher J. Wagner, Principal Investment Officer, Private Equity

STAFF ADVISORS AND PARTICIPANTS (Continued)

Elin Szymanowski, Senior Investment Analyst, Private Equity

David Chu, Investment Officer, Private Equity

John McClelland, Principal Investment Officer, Real Estate

Trina Sanders, Investment Officer, Real Estate

Amit Aggarwal, Investment Officer, Real Estate

Richard Bendall, Chief Internal Auditor

Micolyn Magee, The Townsend Group

Rocky Lee, Cadawalader, Wickersham & Taft, LLP

Wilshire Associates

Patrick Lighaam, Managing Director

Steve Foresti, Managing Director

Stephen Marshall, Managing Director

GCM Customized Fund Investment Group

David Almodovar, Vice President

The National Association of Securities Professionals (NASP) –  
F.A.S.T. Track Program

Ramsey Jay, Jr., Director

Norice Rice, NASP Chapter President

I. CALL TO ORDER

The meeting was called to order by Chair Barger at 9:01 a.m., in the Board Room of Gateway Plaza.

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## II. PLEDGE OF ALLEGIANCE

Mr. Ramsey Jay, Jr. 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 April 8, 2015

Mr. Green made a motion, Mr. Knox seconded, to approve the minutes of the regular meeting of April 8, 2015. The motion passed with Messrs. Santos, Knox and Ms. Sandoval abstaining.

## IV. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

## V. RECOGNITION

### A. Mark Saladino

Mr. Rademacher presented a Board Service Scroll to Mr. Saladino for his 16½ years of dedicated service as Ex-Officio to the Board of Retirement and Board of Investments.

### B. Crenshaw High School Students

Participating students from Crenshaw High School's Business and Entrepreneurship Academy and mentors from the F.A.S.T. Program were recognized and introduced to the Board.

## VI. PUBLIC COMMENT

There were no requests from the public.

## VII. CONSENT AGENDA

Ms. Sandoval made a motion, Mr. Green seconded, to approve the following agenda items. The motion passed unanimously.

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Latin America Markets 2015 Private Equity Forum on June 8-9, 2015 in New York City and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 13, 2015)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the NASP 26<sup>th</sup> Annual Pension and Financial Services Conference on June 15 –17, 2015 in Chicago, Illinois and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 30, 2015)
- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Fortune Brainstorm Tech Conference on July 13-15, 2015 in Aspen, Colorado and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 23, 2015)
- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the Robbins Geller Rudman & Dowd LLP's 2015 Public Funds Forum on September 8-10, 2015 in Laguna Beach, California and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated April 13, 2015)

## VIII. ACTION ITEMS

- A. Recommendation as submitted by the Portfolio Risk Committee: That the Board approve the selection of Pension Consulting Alliance to conduct the Investment Best Practice and Risk Management Study and authorize staff to negotiate and execute the agreement. (Memo dated May 1, 2015)

Richard Bendall was present to provide an overview and answer questions from the Board.

Mr. Santos made a motion, Ms. Sandoval seconded, to approve the recommendation. The motion passed with Mr. Valenzuela voting no.

- B. Recommendation as submitted by the Real Estate Committee: That the Board approve the proposed minimum qualifications, evaluation criteria, and scope of work to be utilized in the Request for Proposal for a Real Estate Consultant. (Memo dated April 14, 2015)

John McClelland and Amit Aggarwal provided an overview of the RFP selection process and answered questions from the Board.

Mr. Valenzuela made a motion, Mr. Barger seconded, to approve the recommendation. The motion passed unanimously.

- C. Recommendation as submitted by the Real Estate Committee: That the Board adopt the revised Real Estate Objectives, Policies and Procedures. (Memo dated April 9, 2015)

John McClelland, Trina Sanders and Townsend Consultant, Micolyn Magee, were present to answer questions from the Board.

Mr. Santos made a motion, Mr. Green seconded, to approve the recommendation. The motion passed unanimously.

VIII. ACTION ITEMS (Continued)

- D. Recommendation as submitted by David E. Kushner, Chief Investment Officer: That the Board adopt the optimal portfolios proposed by Wilshire Associates for further analysis in the 2015 Asset/Liability Valuation Study. (Memo dated May 5, 2015)

Patrick Lighaam and Stephen Marshall from Wilshire Associates provided an analysis of the 2015 Asset/Liability Valuation Study and answered questions from the Board. This Item was handled out of order, after IX.A.

Mr. Valenzuela made a motion, Mr. Santos seconded, to approve the optimal portfolios proposed by Wilshire Associates for further analysis in the 2015 Asset/Liability Valuation Study modeling Frontier 1 of the Other Opportunities 0-5%; HF and Commodities 0-5%. The motion passed unanimously.

- E. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer - Private Equity, and Elin Szymanowski, Senior Investment Analyst – Private Equity: That the Board approve a commitment of up to \$100 million to Clearlake Capital Partners IV, L.P. (Memo dated May 5, 2015)

Christopher J. Wagner, Elin Szymanowski and GCM Grosvenor Consultant, David Almodovar, provided an overview and answered questions from the Board. This Item was handled out of order, after Item IX.B.

Mr. Santos made a motion, Ms. Villarreal seconded, to approve the recommendation. The motion passed with Messrs. Kehoe and Simril voting no.

## VIII. ACTION ITEMS (Continued)

- F. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer - Private Equity and David Chu, Investment Officer - Private Equity: That the Board approve a commitment of up to \$150 million to BDCM Opportunity Fund IV, L.P. (Memo dated May 1, 2015)

Christopher J. Wagner, David Chu and GCM Grosvenor Consultant, David Almodovar, provided an overview and were present to answer questions from the Board. This Item was handled out of order, after Item VIII.E.

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the recommendation. The motion passed with Ms. Sandoval voting no.

## IX. REPORTS

- A. Educational Session on Risk Parity: Theoretical Concept & Implementation Options and LACERA Asset Only Optimization.

Wilshire Associates Incorporated  
Patrick Ligham, Managing Director  
Steve Foresti, Managing Director

(Mr. Kehoe left the Board Meeting at 12:15 p.m.)

David Kushner and consultants from Wilshire Associates presented an educational session on Risk Parity and answered questions from the Board. This Item was held out of order, after Item X. 1.

IX. REPORTS (Continued)

- B. Educational Session on China Private Equity Investment Environment.

Cadawalader, Wickersham & Taft LLP  
Rocky Lee, Asia Managing Partner

Rocky Lee presented an educational session to the Board on investing in Private Equity in China. Christopher J. Wagner was also present to answer questions from the Board. This Item was handled out of order, after Item VIII. C.

- C. Fund Performance Review as of March 31, 2015  
Wilshire Associates Performance Report as of March 31, 2015  
David E. Kushner, Chief Investment Officer

The report was received and filed.

- D. Deutsche Bank  
Trina Sanders, Investment Officer  
(Memo dated April 30, 2015) (For Information Only)

The Item was received and filed.

- E. Quarterly Report for the OPEB Trust Fund  
Vache Mahseredjian, Principal Investment Officer – Fixed Income  
(Memo dated April 29, 2015) (For Information Only)

The report was received and filed.

- F. Implications of an All-ADR International Portfolio  
David E. Kushner, Chief Investment Officer  
(Memo dated May 1, 2015) (For Information Only)

The Item was received and filed.

X. EXECUTIVE SESSION

Public Employee Performance Evaluation  
(Pursuant to Government Code Section 54957)

This Item was handled out of order, after Item VIII. F.

1. Performance Evaluation  
Title: Chief Executive Officer

The Board met in Executive Session pursuant to California Government Code Section 54957 in the matter of a Public Employee Performance Evaluation.

There is nothing further to report at this time.

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

The Board welcomed Alternate Ex-Officio Board Member, Keith Knox, and New Board Member, Kenneth Simril, to the Board of Investments.

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

1. OPEB Trust Fund (Memo dated May 19, 2015)
2. Chief Executive Officer's Report (Memo dated May 12, 2015)
3. Securities Litigation Recoveries vs. Investment Losses – Privileged and Confidential Attorney Client Communication (Memo dated May 18, 2015)
4. Potential Litigation Against Real Estate Counsel and Real Estate Investment Advisor – Privileged and Confidential Attorney Client Communication (Memo dated May 6, 2015)

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XI. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:50 p.m.

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JOSEPH KELLY, SECRETARY

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JOHN M. BARGER, CHAIR