

REVISED AS OF NOVEMBER 10, 2015

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, OCTOBER 14, 2015

PRESENT: John M. Barger, Chair

David Green, Vice Chair

Joseph Kelly, Secretary

Shawn Kehoe

Herman B. Santos

Kenneth Simril

Estevan Valenzuela

Valerie Villarreal

ABSENT: Diane Sandoval

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Vache Mahseredjian, Interim Chief Investment Officer

Steven Rice, Chief Counsel

Christopher J. Wagner, Principal Investment Officer – Private Equity

John D. McClelland, Principal Investment Officer – Real Estate

Amit Aggarwal, Investment Office – Real Estate

Wilshire Associates

Patrick Lighaam, Managing Director

STAFF ADVISORS AND PARTICIPANTS (Continued)

The Townsend Group  
Micolyn M. Magee, Consultant

I. CALL TO ORDER

The meeting was called to order by Chair Barger at 9:14 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Simril 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 September 9, 2015.

Mr. Valenzuela made a motion, Mr. Green seconded, to approve the minutes of the regular meeting of September 9, 2015. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. SERVICE AWARD

The Service Award recipient will be recognized at the next Board of Investments meeting on November 10, 2015.

## VII. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Mahseredjian provided a brief update on the Chief Investment Officer's Report. In addition, Mr. Barger requested that staff agendaize for review the asset allocation and Investment Policy Statement for the OPEB Trust fund on the next Corporate Governance Committee meeting.

## VIII. CONSENT AGENDA

(This Item was handled out of order, before Item VII.)

Mr. Santos 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 ACGA 15<sup>th</sup> Annual Conference on November 3 – 4, 2015 in Kuala Lumpur, Malaysia and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the Agenda at the request of Mr. Green)  
(Memo dated September 25, 2015)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 15<sup>th</sup> Annual GSAM Symposium on November 4 – 5, 2015 in New York City and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.  
(Placed on the Agenda at the request of Mr. Barger)  
(Memo dated September 28, 2015)

## IX. NON – CONSENT ITEMS

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer. That the Board delegates authority to the Chief Executive Officer to:

IX. NON – CONSENT ITEMS (Continued)

- 1.) Select the firm(s) that will conduct the Private Equity Management Fee and Carried Interest Validation Project,
- 2.) Execute the contract subject to Legal Office review, and
- 3.) Authorize the Chief Executive Officer to exceed his discretionary spending authority within the range of fee quotes submitted by RFP respondents. (Memo dated October 5, 2015)

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

- B. Recommendation as submitted by Vache Mahseredjian, Interim Chief Investment Officer: That the Board adopt Wilshire's Base Case implementation plan for transitioning to the new asset allocation policy mix selected by the BOI in August 2015. (Memo dated October 6, 2015)

Mr. Valenzuela made a motion, Mr. Green seconded, to approve the base case implementation plan recommendation except for the risk parity implementation which will be implemented following the accelerated pace implementation plan. The motion passed unanimously.

- C. Recommendation as submitted by John D. McClelland, Principal Investment Officer – Real Estate, and Amit Aggarwal, Investment Officer – Real Estate: That the Board approve the Cornerstone Real Estate Debt Program Loan Parameters. (Memo dated September 25, 2015)

IX. NON – CONSENT ITEMS (Continued)

Mr. Santos made a motion, Mr. Kehoe seconded to deny the recommendation.

Mr. Kelly made a substitute motion, Mr. Kehoe seconded, to approve the recommendation with the exception that raw land not be included in the property type. The motion passed unanimously.

- D. Recommendation as submitted by John D. McClelland, Principal Investment Officer – Real Estate, Amit Aggarwal, Investment Officer – Real Estate, and Trina Sanders, Investment Officer – Real Estate: That the Board invite Callan Associates and The Townsend Group to interview with the Board for possible selection as the Real Estate Consultant to the Board. (Memo dated September 28, 2015)

This item was postponed to the next Board of Investments meeting on

November 10, 2015.

- E. Recommendation as submitted by the Ad Hoc Fiduciary Counsel Selection Committee: That the Board retain Nossaman LLP, Reed Smith LLP, and Olsen Hagel & Fishburn LLP as fiduciary counsel. (Memo dated October 2, 2015)

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

X. REPORT

- A. Board Offsite Agenda Planning  
(Memo dated October 5, 2015)

The Board members discussed the 2016 Board Offsite agenda. Mr. Rademacher will provide session outlines as they are developed.

X. REPORT (Continued)

- B. Chief Executive Officer's Report  
(Memo dated October 6, 2015) (For Information Only)

XI. EXECUTIVE SESSION

A. Pursuant to Government Code Section 54957 - Public Employee

- 1. Performance Evaluation  
Title: Chief Executive Officer

The Board met in Executive Session pursuant to Government Code Section 54957 and there is nothing to report at this time.

B. Prior to going into Executive Session, Mr. Rice requested that the Board entertain a motion for approval to discuss a potential claim and anticipated litigation not on the posted agenda pursuant to Government Code Sections 54954.2 Subdivision B and 54956.9, Paragraph 2 of Subdivision D. This would permit the Board to meet in Closed Session to take action on a matter not on the posted agenda if it finds there is a need for immediate action and the immediate action came into contention after the agenda was posted. These two criteria were met.

Ms. Villarreal made a motion, Mr. Valenzuela seconded, to make the two required findings and approve the request. The motion passed unanimously.

The Board met in Executive Session pursuant to California Government Code Section 54956.9 (D)(2) to discuss anticipated litigation and there is nothing to report at this time.

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

Mr. Green reminded the Board that the next Board of Investments meeting will be held on Tuesday, November 10, 2015. Mr. Rademacher provided an update to the Board regarding the Chief Investment Officer search.

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

1. Confirmation Regarding Fiduciary Liability Insurance Coverage for Past Board Members (For Information Only) (Memo dated October 2, 2015)
2. Credit Suisse Settlement – Update No. 2 (For Information Only) (Memo dated October 13, 2015)

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:42 p.m.

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JOSEPH KELLY, SECRETARY

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JOHN M. BARGER, CHAIR