

APPROVED

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, APRIL 11, 2018

PRESENT: David Green, Chair

Wayne Moore, Secretary

Joseph Kelly (left the meeting at 11:15 a.m.)

David Muir (left the meeting at 11:30 a.m.)

Ronald Okum

Gina V. Sanchez

Herman B. Santos

Michael Schneider

ABSENT: Shawn Kehoe, Vice Chair

STAFF ADVISORS AND PARTICIPANTS

Robert Hill, Interim Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Ted Wright, Principal Investment Officer

Jude Perez, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

David Chu, Investment Officer

Shelly P. Tilaye, Senior Investments Analyst

Dale Johnson, Investment Officer

Brenda Cullen, Investment Officer

Esmeralda Del Bosque, Investment Officer

Jeff Jia, Senior Investment Analyst

Meketa Investment Group

Stephen McCourt, Managing Principal

Timothy Filla, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:22 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Kelly led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Meeting of March 5, 2018

Mr. Santos made a motion, Mr. Green seconded, to approve the minutes of the special meeting of March 5, 2018. The motion passed unanimously.

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. INTERIM CHIEF EXECUTIVE OFFICER'S REPORT  
(Memo dated April 2, 2018)

Mr. Hill provided an update regarding the CEO Search.

Furthermore, Mr. Hill reminded the Board to complete the 2018 Board of Investments

July Board Offsite RSVP form.

VI. CHIEF INVESTMENT OFFICER'S REPORT  
(Memo dated April 2, 2018)

Mr. Grabel provided a brief discussion on the Chief Investment Officer's  
Report.

VII. CONSENT ITEMS

Mr. Schneider made a motion, Mr. Moore seconded, to approve the following agenda items. The motion passed unanimously.

- A. Recommendation as submitted by Wayne Moore, Chair, Fixed Income/Hedge Funds/Commodities Committee: That the Board change the cash sweep vehicle from the State Street Institutional Liquid Reserves Fund to the State Street Institutional U.S. Government Money Market Fund. (Memo dated March 19, 2018)
- B. Recommendation as submitted by Wayne Moore, Chair, Fixed Income/Hedge Funds/Commodities Committee: That the Board adopt the changes to the guidelines for the two diversified hedge fund of funds portfolios managed by Grosvenor Capital Management and Goldman Sachs Asset Management. (Memo dated March 22, 2018)

VII. CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Michael Schneider, Chair, Audit Committee: That the Board approve revised Audit Committee Charter. (Memo dated April 3, 2018)
  
- D. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the Global Real Estate Sustainability Benchmark: Sustainable Real Assets Conference on April 25, 2018 in London, England 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 Mrs. Sanchez) (Memo dated March 30, 2018)
  
- E. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve international attendance for Trustee Sanchez at the 2018 Sustainable Real Assets Conference in London on April 25, 2018 prior to her attendance at the UCLA Anderson Executive Education – Corporate Governance Program on September 25-27, 2018 in Los Angeles, California. (Memo dated March 30, 2018)
  
- F. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the 5th Annual Hispanic Heritage Foundation Investors Group Conference on June 28-29, 2018 in New York, New York 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 Mrs. Sanchez) (Memo dated March 27, 2018)
  
- G. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the National Association of Corporate Directors - Technology Symposium on July 12-13, 2018 in Palo Alto, California 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. Kehoe) (Memo dated March 15, 2018)

VII. CONSENT ITEMS (Continued)

- H. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the 2018 Fortune Brainstorm Tech Conference on July 16 –18, 2018 in Aspen, Colorado 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 March 22, 2018)
- I. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the 2018 Middle East Summit on May 7- 8, 2018 in Dubai, United Arab Emirates 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 Mrs. Sanchez)  
(Memo dated April 3, 2018)
- J. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve international attendance for Trustee Sanchez at the 2018 Middle East Summit in Dubai, United Arab Emirates on May 7- 8, 2018 prior to her attendance at the UCLA Anderson Executive Education – Corporate Governance Program on September 25-27, 2018 in Los Angeles, California.  
(Memo dated April 3, 2018)

VIII. NON - CONSENT AGENDA

- A. Recommendation as submitted by Ted Wright, Principal Investment Officer, Dale Johnson, Investment Officer and Brenda Cullen, Investment Officer: That the Board invite the following firms to interview with the Board for active U.S. small capitalization equity mandates: 1) Quantitative Management Associates, LLC, and 2) Systematic Financial Management, LP. (Memo dated April 2, 2018)

Messrs. Grabel, Wright, Johnson and Ms. Cullen and Mr. Filla of

Meketa Investments Group were present and answered questions from the Board.

VIII. NON - CONSENT AGENDA (Continued)

Mr. Santos made a motion, Mr. Moore seconded, to approve the motion to invite the following firms to interview with the Board for active U.S. small capitalization equity mandates: 1) Quantitative Management Associates, LLC, and 2) Systematic Financial Management, LP. The motion passed unanimously.

- B. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer, Jude Perez, Principal Investment Officer, Esmeralda Del Bosque, Investment Officer and Jeff Jia, Senior Investment Analyst: That the Board adopt the OPEB Master Trust Investment Policy Statement with the proposed revisions. (Memo dated March 15, 2018)

Messrs. Grabel, Perez, Jia, and Ms. Del Bosque were present and answered questions from the Board.

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

IX. REPORTS

- A. Pension Trust Asset Allocation  
Jon Grabel, Chief Investment Officer  
Stephen McCourt, Meketa Investment Group  
Timothy Filla, Meketa Investment Group  
(Memo dated March 22, 2018)

Mr. Grabel and Messrs. McCourt and Filla of Meketa Investment Group were present and answered questions from the Board.

- B. Board of Investments Offsite Tentative Agenda for July 2018  
Jon Grabel, Chief Investment Officer  
(Memo dated March 22, 2018)

Mr. Grabel was present and answered questions from the Board.

IX. REPORTS (Continued)

The following items were received and filed:

- C. Assembly Bill 2571 – Race and Gender Pay Equity Policy  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated April 2, 2018)
- D. Selection of Securities Class Action Claims Filing Agent  
Michael D. Herrera, Senior Staff Counsel  
(For Information Only) (Memo dated April 2, 2018)
- E. Amicus Curiae Brief in Metzler Investments GMBH, v. Corinthian  
Colleges, Inc., etc., 540 F.3d 1049 (9th Cir. 2008)  
Michael D. Herrera, Senior Staff Counsel  
(For Information Only) (Memo dated April 2, 2018)
- F. Cyan, Inc., v. Beaver County Employees Retirement Fund  
Johanna M. Fontenot, Senior Staff Counsel  
(For Information Only) (Memo dated March 28, 2018)
- G. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated April 3, 2018)
- H. Securities Litigation Report for Calendar Year 2017  
Michael D. Herrera, Senior Staff Counsel  
(For Information Only) (Memo dated April 2, 2018)
- I. Council of Institutional Investors Business Meeting and  
Public Funds Director Ballots  
Scott Zdrazil, Senior Investment Officer  
Dale Johnson, Investment Officer  
(For Information Only) (Memo dated March 30, 2018)
- J. Notice of Change of Ownership Structure RREEF America LLC  
John McClelland, Principal Investment Officer  
(For Information Only) (Memo dated March 27, 2018)

IX. REPORTS (Continued)

- K. March 2018 Fiduciary Counsel Contact and Billing Report  
Steven P. Rice, Chief Counsel  
(Memo dated April 3, 2018) (Privileged and Confidential)  
(Attorney-Client Communication/Attorney Work Product)

X. REPORT ON STAFF ACTION ITEMS

The Board requested for staff to review the Securities Litigation Policy. Lastly, the Board requested that Board of Investment related policies be added to Boardvantage for easy reference.

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

Mr. Grabel announced that Chad Timko has been promoted to Financial Analyst III position.

(Mr. Kelly left the meeting at 11:15 a.m.)

(Mr. Muir left the meeting at 11:30 a.m.)

XII. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)

1. Juggernaut Capital Partners IV, L.P.

Mr. Wagner, Mrs. Tilaye and Jose Fernandez of StepStone Group LP, provided a brief presentation and answered questions from the Board.

XII. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, Mr. Okum seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Green, Moore, Okum, and Santos voting yes and Mrs. Sanchez and Mr. Schneider voting no.

The Board's decision and vote to approve an investment of up to \$125 million in Juggernaut Capital Partners IV, L.P., was reported out in open session. Juggernaut Capital Partners IV, L.P. is a private equity fund targeting small companies primarily in the United States with a focus in the healthcare/pharmaceuticals, consumer, and business services sectors.

B. Conference with Legal Counsel - Existing Litigation

(Pursuant to Paragraph (1) of Subdivision (d) of Government Code Section 54956.9)

1. LACERA v. Justin Caldbeck  
Santa Clara County Superior Court,  
Case No. 17CV316347  
Counsel: Glaser Weil

The Board met in Executive Session pursuant to Paragraph (1) of

Subdivision (d) of California Government Code Section 54956.9. There was nothing to report at this time.

2. LACERA's Amicus Brief filed in *Cal Fire Local 2881 v. CalPERS et al.*,  
California Supreme Court  
Case No. S239958  
Counsel: Greines, Martin, Stein & Richland LLP

April 11, 2018

Page 10

XII. EXECUTIVE SESSION (Continued)

The Board met in Executive Session pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report at this time.

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:09 p.m.

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WAYNE MOORE, SECRETARY

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DAVID GREEN, CHAIR