

AGENDA

A SPECIAL 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., MONDAY, SEPTEMBER 11, 2017

*The Board may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of August 9, 2017
- IV. REPORT ON CLOSED SESSION ITEMS
- V. PUBLIC COMMENT
- VI. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated August 30, 2017)
- VII. CONSENT ITEMS
 - A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 2017 LAVCA Summit and Investor Roundtable on September 25 – 27, 2017 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 Mr. Santos)
(Memo dated August 30, 2017)

VII. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 2017 SuperReturn Middle East Summit on October 22 – 24, 2017 in Abu Dhabi 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. Schneider) (Memo dated August 30, 2017)
- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 11th Annual GCM Grosvenor Small and Emerging Managers Conference on November 7 – 8, 2017 in Chicago, Illinois 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 August 31, 2017)
- D. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 2017 SuperReturn Africa on December 4 – 6, 2017 in Cape Town, South Africa 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. Moore) (Memo dated August 30, 2017)
- E. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the International Corporate Governance Network conference on December 6 – 7, 2017 in Paris, France 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. Muir) (Memo dated August 30, 2017)
- F. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer and Dale Johnson, Investment Officer: That the Board approve LACERA's vote in support of the Council of Institutional Investors General Members' Business Meeting Ballot Item 1 regarding a revised membership dues structure. (Memo dated September 1, 2017)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board 1) Approve the revision of LACERA's Emerging Manager Policy to include a target range of 0-5% within the Non-U.S. equity composite; 2) Approve a direct investment program for the public equity emerging manager program; 3) Approve the transition plan from an indirect to a direct investment program as detailed in the attached memo which includes the termination of the current fund-of-funds managers, FIS Group and Northern Trust; and 4) Approve the updated Emerging Manager Policy to reflect recommendations one and two above. (Memo dated August 29, 2017)
- B. Recommendation as submitted by Herman Santos, Chair, Equity: Public/Private Committee: That the Board adopt the following revision to Appendix A of the 2017 Private Equity Objectives, Policies, and Procedures, which address LACERA's Private Equity Secondary Policy to authorize the CIO authority to approve secondary sales of up to \$500 million per year without Board of Investment approval. (Memo dated August 31, 2017)
- C. Recommendation as submitted by Christopher Wagner, Principal Investment Officer and David E. Simpson, Investment Officer: That the Board approve the following revision to Appendix A of the 2017 Private Equity Objectives, Policies, and Procedures, which address LACERA's Private Equity Secondary Policy to grant the CIO authority to purchase secondary interests in funds, including those not currently in the LACERA portfolio. Constrain the value of purchases the CIO can authorize to \$50 million in year one, \$100 million in year two, \$250 million/year in years three through five, and \$500 million/year after year five. (Memo dated August 31, 2017)
- D. Recommendation as submitted by Jonathan Grabel, Chief Investments Officer: That the Board approve Meketa Investment Group's proposed 10-year capital market assumptions for use in determining LACERA's policy portfolio in upcoming Asset Allocation Studies for both the Total Fund and the OPEB Trust. Approve Meketa's 20 year assumptions for use in testing the reasonableness of LACERA's long-term return assumption. (Memo dated August 28, 2017)

IX. REPORT

- A. Hedge Fund Performance Report – 2017 Second Quarter
James Rice, Senior Investment Officer
(Memo dated August 22, 2017)

- B. Private Equity Fee Recalculation Project
Quoc Nguyen, Principal Internal Auditor
Todd E. Crouthamel, Kreisler Miller
John M. Guerrieri, Kreisler Miller
(Memo dated August 30, 2017)

- C. Investment Fees Audit Report
Quoc Nguyen, Principal Internal Auditor
(Memo dated August 24, 2017)

- D. Alternative Investment Fee Transparency
Steven P. Rice, Chief Counsel
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated August 28, 2017)

- E. Board Secretary Classification Study
John Nogales, Director Human Resources
(For Information Only) (Memo dated August 29, 2017)

- F. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated August 29, 2017)

- G. Chief Executive Officer's Report
(For Information Only) (Memo dated August 28, 2017)

X. REPORT ON STAFF ACTION ITEMS

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

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. WATERLAND PRIVATE EQUITY FUND VII, C.V.

- B. Conference with Legal Counsel - Anticipated Litigation
(Initiation of Litigation Pursuant to Paragraph (4) of
Subdivision (d) of California Government Code Section 54956.9)

- 1. Number of Potential Cases: 3

XIII. 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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