

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

10:00 A.M., WEDNESDAY, JUNE 13, 2018

PRESENT: David Green, Chair

Wayne Moore, Secretary (Left the meeting at 1:40 p.m.)

Joseph Kelly

David Muir (Left the meeting at 1:50 p.m.)

Ronald Okum

Herman B. Santos

Michael Schneider

ABSENT: Shawn Kehoe, Vice Chair

Gina V. Sanchez

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

Jim Rice, Senior Investment Officer

Calvin Chang, Senior Investment Analyst

Reed Smith LLP

Harvey L. Leiderman

STAFF ADVISORS AND PARTICIPANTS (Continued)

Meketa Investment Group

Leandro Festino, 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 1:20 p.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of May 9, 2018

Mr. Kelly made a motion, Mr. Moore seconded, to approve the minutes of the regular meeting of May 9, 2018. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported that, at the December 13, 2017 Board of Investments meeting, the Board met in closed session under agenda item XIII.A., pursuant to California Government Code Section 54956.9 (d) (4), to consider the initiation of litigation. On a motion by Mr. Santos, seconded by Mr. Okum, the Board voted 6-0 to seek to become a named plaintiff in In re Interest Rate Swaps Antitrust Class Action Litigation, United States District Court, Southern District of

IV. REPORT ON CLOSED SESSION ITEMS (Continued)

New York, Case No. 16 MD 2704 (PAE). Messrs. Kehoe, Okum, Santos and Green and Mrs. Sandoval and Mrs. Villarreal voted yes. Messrs. Kelly, Moore and Schneider were absent.

On May 10, 2018, the court granted LACERA's motion to allow an amended complaint to be filed, adding the fund as a named plaintiff. The litigation is now proceeding with LACERA as a named plaintiff.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. INTERIM CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated June 4, 2018)

Mr. Hill did not have any comments.

VII. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated May 31, 2018)

Mr. Grabel did not have any comments.

VIII. 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 Jonathan Grabel, Chief Investment Officer and Scott Zdrzil, Senior Investment Officer: That the Board authorize LACERA's Chief Investment Officer to sign an addendum to LACERA's current 2017-2019 proxy voting platform contract.
(Memo dated May 31, 2018)

VIII. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer: That the Board approve LACERA's member ballot regarding members of governing boards of the International Corporate Governance Network. (Memo dated May 31, 2018)

IX. NON - CONSENT AGENDA

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer: That the Board approve Meketa's proposed Asset Allocation Policy Ranges for the LACERA Pension Trust. (Memo dated May 31, 2018)

Mr. Grabel and Messrs. Festino and Filla of Meketa Investment Group

were present and answered questions from the Board.

Mr. Kelly made a motion, Mr. Santos seconded, to approve Meketa's proposed Asset Allocation Policy Ranges. The motion passed unanimously.

- B. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: Adopt the final proposed LACERA Fiscal Year 2018-2019 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets. (Memo dated June 5, 2018)

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

Mr. Santos made a motion, Mr. Moore seconded, to adopt the final proposed LACERA Fiscal Year 2018-2019 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets. The motion passed unanimously.

IX. NON - CONSENT AGENDA (Continued)

- C. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board authorize staff to submit a letter to the California Franchise Tax Board in response to the request for comments at the Third Interested Parties Meeting on Market-Based Rules for Sales Other Than Sales of Tangible Personal Property (California Code of Regulations, Title 18, Section 25136-2). (Memo dated June 1, 2018)

Mr. Steven Rice and Mr. Lew were present and answered questions from the Board.

Mr. Santos made a motion, Mr. Muir seconded, to authorize staff to submit a letter to the California Franchise Tax Board in response to the request for comments at the Third Interested Parties Meeting on Market-Based Rules for Sales Other Than Sales of Tangible Personal Property (California Code of Regulations, Title 18, Section 25136-2). The motion passed unanimously.

X. REPORTS

- A. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer
(Memo dated June 1, 2018)

Mr. Wagner and Mr. Chang were present and answered questions from the Board.

- B. 2018 First Quarter Hedge Fund Performance Report
James Rice, Senior Investment Officer
(Memo dated May 24, 2018)

Mr. Grabel and Mr. Jim Rice were present and answered question from the Board.

X. REPORTS (Continued)

(Mr. Moore left the meeting at 1:40 p.m.)

(Mr. Muir left the meeting at 1:50 p.m.)

The following items were received and filed:

- C. Securities Lending Program – 2017 Annual Review
Robert Z. Santos, Investment Officer
Adam Cheng, Senior Investment Analyst
(For Information Only) (Memo dated May 31, 2018)
- D. Asian Corporate Governance Association Annual General Meeting
Ballot
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated May 23, 2018)
- E. State Street Incident Report
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated May 18, 2018)
- F. OPEB Master Trust New Strategic Asset Allocation – Update
Implementation Plan
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated June 1, 2018)
- G. Implementation Update on LACERA Pension Trust Asset Allocation
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated May 31, 2018)
- H. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated June 4, 2018)
- I. May 2018 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(Memo dated June 4, 2018) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)

XI. REPORT ON STAFF ACTION ITEMS

There were no items to report out.

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

Mr. Grabel announced that David Chu has been promoted to the Senior Investment Officer position.

Mr. Grabel welcomed Cindy Rivera, Financial Analyst I, to the Investment Team.

XIII. 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. STORM VENTURES FUND VI, L.P.

Steven Rice, Chief Counsel, reported that, the Board received a closed session (For Your Information) memo pursuant to California Government Code Section 54956.81, reporting that, pursuant to the authority granted the CIO under the 2018 Private Equity Objectives, Policy, and Procedures (OPP), the CIO approved a commitment in May 2018 of up to \$50 million in Storm Ventures Fund VI, L.P., which is an early stage enterprise software focused fund investing primarily in Northern California. The closed session report was made available to the Board in compliance with the OPP and was reported out under California Government Code Section 54957.1.

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XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:00 p.m.

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

1. Project Plan for the Revision of LACERA'S Investment Policy Statement (For Information Only) (Memo dated June 4, 2018)
2. LACERA Comment Letter on IRS Notice 2018-24 Concerning Availability of Determination Letters (For Information Only) (Memo dated May 31, 2018)

WAYNE MOORE, SECRETARY

DAVID GREEN, CHAIR