



April 8, 2019

TO: Each Member
Board of Investments

SUBJECT: BOI Meeting on April 10, 2019 – Green Folder Items

Following are the Green Folder items for the above meeting:

- StepStone Group Organizational Update
- Blackrock – Organization Update

FOR INFORMATION ONLY

April 4, 2019

TO: Each Member
Board of Investments

FROM: Vache Mahseredjian 
Principal Investment Officer

FOR: April 10, 2019 Board of Investments Meeting

SUBJECT: **BLACKROCK – ORGANIZATIONAL UPDATE**

BlackRock is the world’s largest asset manager with over \$6 trillion in assets under management. BlackRock is also a large company that operates in over 30 countries, with over 13,500 employees and 2,000 investment professionals serving clients in over 100 countries.

In early April, BlackRock announced the latest in a series of management changes intended to streamline and simplify the company’s structure and to pave the way for continued growth. The changes give more responsibility to region-specific leaders in anticipation of increasing revenue generated outside the U.S. The restructuring also places increased focus on growing BlackRock’s alternatives business, which generates much higher fees than indexing. The reshuffling of responsibilities also lays the groundwork for an eventual transition from Larry Fink, CEO, and Robert Kapito, President (two of the original founders who established BlackRock in 1988) to a new generation of senior executives.

BlackRock is LACERA’s largest manager, responsible for investing over \$20 billion in LACERA Assets. The following table provides a breakdown of the LACERA assets managed by BlackRock:¹

<u>Strategy</u>	<u>Market Value (1/31/19)</u>
Indexed U.S. Equity	\$10.2 billion
Indexed Non-U.S. Equity	\$ 7.0 billion
Active Non-U.S. Equity	\$ 0.9 billion
Indexed U.S. Fixed Income	\$ 5.7 billion
<u>Credit (Tennenbaum)</u>	<u>\$ 0.3 billion</u>
Total	\$24.1 billion

¹ In 2018, BlackRock acquired Tennenbaum Capital, which manages a direct lending mandate for LACERA. In addition to the figures in the table, the BOI recently selected BlackRock for a \$1.5 billion TIPS mandate, expected to fund in April.

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The announced organizational changes do not directly impact the portfolio management teams that oversee LACERA assets, their investment processes, nor the client service teams dedicated to LACERA. Nevertheless, staff will continue to monitor developments at BlackRock, and will report back with any updates.

Attachment

Noted and Reviewed:

A handwritten signature in black ink, appearing to read 'J. Grabel', written in a cursive style.

Jonathan Grabel
Chief Investment Officer

VM:JJ

FOR INFORMATION ONLY

April 3, 2019

TO: Each Member
Board of Investments

FROM: Christopher J. Wagner 
Principal Investment Officer

FOR: April 10, 2019 Board of Investments Meeting

SUBJECT: **STEPSTONE GROUP ORGANIZATIONAL UPDATE**

Staff was notified on April 2nd that Jay Rose, a founding partner of the Board's private equity consultant StepStone, has decided to retire later this summer. While Jay has no direct involvement on the LACERA contract, he does oversee the research conducted on distressed debt funds for all StepStone clients. Upon Jay's departure, Aiyu Yuan Nicholson will manage the research function for distressed debt funds. Aiyu is a partner at StepStone and very capable. Staff has collaborated with Aiyu on various due diligence projects and found her work to be topnotch.

Attached is the memo from Jose Fernandez notifying LACERA that Jay is leaving StepStone. Please contact me if you have any questions.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

April 1, 2019

Dear LACERA,

As we discussed via telephone earlier, as required by Section 19(n)(2) and Section 19(n)(3) of the Private Equity Consulting Services Agreement among LACERA and StepStone, dated October 1, 2016 we hereby provide LACERA notice that:

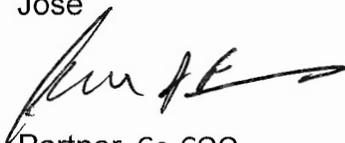
1. Jay Rose has decided to retire from StepStone later this Summer; and
2. Jay Rose has sold a portion of his equity interest in StepStone to StepStone's sole outside investor.

Jay was one of the founding partners of StepStone and we are all grateful for all his contributions, but please rest assured that all his responsibilities in the mid-market and distressed debt research verticals are being assumed by other partners that worked side by side with him for many years. Jay had no direct involvement in the management or service of the LACERA account and there will be no change in the level of research and service that you are accustomed to.

Please reach out with any questions at any time. Written notice will also be provided to Lou Lazatin, Jonathan Grabel and Steven Rice via Fed-Ex as required by the Consulting Agreement.

Best regards,

Jose



Partner, Co-COO
StepStone Group

Cc: Chris Wagner, LACERA; Jason Ment, StepStone Group L.P.