

# APPROVED

## MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

### A REGULAR MEETING OF THE BOARD OF INVESTMENTS

#### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, JUNE 10, 2020

*This meeting was conducted by teleconference pursuant to the Governor's Executive Order N-29-20. The public may attend the meeting at LACERA's offices.*

PRESENT: David Green, Chair

Herman B. Santos, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

Elizabeth Greenwood

Shawn Kehoe

Keith Knox

David Muir

Gina V. Sanchez

#### STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christopher Wagner, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

John McClelland, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

Scott Zdrazil, Senior Investment Officer

Robert Santos, Investment Officer

Derek Kong, Investment Officer

Calvin Chang, Senior Investment Analyst

Adam Cheng, Senior Investment Analyst

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

The Townsend Group

Rob Kochis, Partner

Felix Fels, Vice President

Albourne

James Walsh, Head of Portfolio Advisory

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:00 a.m., in the Board Room of Gateway Plaza.

## II. APPROVAL OF MINUTES

### A. Approval of the Minutes of the Regular Meeting of May 13, 2020

Mr. Kehoe made a motion, Mr. Bernstein seconded, to approve the minutes of the regular meeting of May 13, 2020. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, and Ms. Sanchez and Ms. Greenwood voting yes.

## III. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

## IV. PUBLIC COMMENT

Messrs. Goodmon, Guynn, McBroom, and Ms. Cambell addressed the Board regarding investment transaction, Baldwin Hills Crenshaw Plaza.

Messrs. Jaruin, Fein and Ms. Appolon from Unite Here Local 11 addressed the Board regarding PAI Europe VII investment in Areas.

## V. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated May 26, 2020)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report and answered questions from the Board.

## VI. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Grabel provided a brief presentation on the Chief Investment Officer's Report and answered questions from the Board.

## VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer: That the Board approve the following:
1. Approve a one-year extension to the Investment Consulting Services Agreement (“Agreement”) with Meketa Investment Group, Inc. (“Meketa”), and
  2. Increase the current fees of the Agreement by \$20,000 for the Los Angeles County Employees Retirement Association (“LACERA”) and \$5,000 for the OPEB Master Trust.

(Memo dated May 27, 2020)

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

Ms. Greenwood made a motion, Mr. Muir seconded, to approve staff’s recommendation. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

## VIII. REPORTS

- A. Framework for Review of Matters Raised by Interested Parties Related to LACERA Investments  
Jonathan Grabel, Chief Investment Officer  
Scott Zdrazil, Senior Investment Officer  
(Memo dated May 27, 2020)

Mr. Zdrazil provided a presentation and answered questions from the Board.

- B. Private Equity Exposure Analysis  
David Chu, Senior Investment Officer  
Calvin Chang, Senior Investment Analyst  
(Memo dated May 22, 2020)

Mr. Chang provided a presentation and answered questions from the Board.

VIII. REPORTS (Continued)

- C. Securities Lending Program – 2019 Annual Review  
Adam Cheng, Senior Investment Analyst  
(For Information Only) (Memo dated May 29, 2020)

Messrs. Mahseredjian, Cheng, and Robert Santos were present and answered questions from the Board.

- D. Dedicated Managed Account Services – Search Update  
James Rice, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
(For Information Only) (Memo dated May 28, 2020)

This item was received and filed.

- E. Hedge Funds Emerging Manager Program Separate Account Manager – Search Update  
James Rice, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
(For Information Only) (Memo dated May 28, 2020)

This item was received and filed.

- F. Investment Procedures Manual Update – Investment Grade, Hedge Funds and Credit  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated May 27, 2020)

This item was received and filed.

- G. Total Fund Performance Measure RFP Update  
Esmeralda V. del Bosque, Senior Investment Officer  
(For Information Only) (Memo dated May 27, 2020)

This item was received and filed.

- H. Alternative Asset Administrator RFP Update  
Esmeralda V. del Bosque, Senior Investment Officer  
(For Information Only) (Memo dated May 27, 2020)

VIII. REPORTS (Continued)

This item was received and filed.

- I. Board of Investment Offsite  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated May 26, 2020)

This item was received and filed.

- J. Real Estate Investment-Capri Urban Investors and Baldwin Hills Crenshaw Plaza  
Jonathan Grabel, Chief Investment Officer  
John McClelland, Principal Investment Officer  
(For Information Only) (Memo dated May 29, 2020)

This item was received and filed.

- K. LACERA Quarterly Performance Book Update  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated May 28, 2020)

This item was received and filed.

- L. OPEB Quarterly Performance Book  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated May 29, 2020)

This item was received and filed.

- M. Securities Litigation Report for Calendar Year 2019  
Michael D. Herrera, Senior Staff Counsel  
(For Information Only) (Memo dated June 1, 2020)

This item was received and filed.

- N. Notice of Chief Executive Officer's Emergency Purchase of IT Consulting Services  
Santos H. Kreimann, Chief Executive Officer  
(For Information Only) (Memo dated May 28, 2020)

VIII. REPORTS (Continued)

Board of Retirement Action regarding the Chief Executive Officer's Emergency Purchasing Authority to Address Administrative Needs Presented by COVID-19  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated June 1, 2020)

This item was received and filed.

- O. Monthly Status Report on Legislation  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated April 28, 2020)

This item was received and filed.

- P. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated June 1, 2020)

This item was received and filed.

- Q. PAI Europe VII Update  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated June 3, 2020)

Messrs. Grabel and Wagner were present and answered questions from the Board.

- R. Monthly Education and Travel Reports for April 2020  
Ted Granger, Interim Chief Financial Officer  
(Public Memo dated May 21, 2020)  
(Confidential Memo dated May 21, 2020 – Includes Anticipated Travel)

3rd Quarter Education and Travel Expenditure Reports  
(Memo dated May 22, 2020)

This item was received and filed.

VIII. REPORTS (Continued)

- S. May 2020 Fiduciary Counsel Contact and Billing Report  
Steven P. Rice, Chief Counsel  
(For Information Only) (Privileged and Confidential)  
(Attorney-Client Communication/Attorney Work Product)  
(Memo dated May 26, 2020)

This item was received and filed.

IX. ITEMS FOR STAFF REVIEW

There were no items for review.

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

There is nothing to report.

XI. 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. Update on COVID –19 Challenged Real Estate Assets  
John McClelland, Principal Investment Officer  
(Memo dated June 1, 2020)

The Board took no action. There is nothing to report out.

- 2. State Street – Securities Lending Recommendation  
Vache Mahseredjian, Principal Investment Officer  
Robert Santos, Investment Officer  
Jeff Jia, Senior Investment Analyst  
Adam Cheng, Senior Investment Analyst  
(Memo dated May 29, 2020)

The Board took action. However, in accordance with the Brown Act, the report out will be made at a later date.



XI. EXECUTIVE SESSION (Continued)

3. CVC Capital Partners VIII  
Christopher Wagner, Principal Investment Officer  
Derek Kong, Investment Officer  
Jose Fernandez, Partner – StepStone Group  
(Memo dated May 27, 2020)

Mr. Wagner and Kong and Mr. Fernandez of StepStone provided a presentation and answered questions from the Board.

Mr. Santos made a motion, Ms. Sanchez seconded, to approve a commitment of up to €200 million (or approximately \$218 million) to CVC Capital Partners VIII, which is a European-focused private equity buyout fund, with a sector focus in consumer, financials, healthcare, industrials, information technology, materials, and communication services. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez, and Ms. Greenwood voting yes.

4. Capri Urban Investors, LLC  
Jonathan Grabel, Chief Investment Officer  
(No additional material is provided)

The Board discussed this investment. No action was taken. There is nothing to report out.

5. PAI Europe VII  
Jonathan Grabel, Chief Investment Officer  
(No additional material is provided)

The Board discussed this investment. No action was taken. There is nothing to report out.

XI. EXECUTIVE SESSION (Continued)

6. Private Equity Co – Investment Update  
Christopher Wagner, Principal Investment Officer  
David Chu, Senior Investment Officer  
Didier Acevedo, Investment Officer  
(For Information Only) (Memo dated May 29, 2020)

Staff provided an information only report on a \$20 million co-investment in RB OTP Co-Invest, L.P., which invests in the media rights industry. The co-investment was approved by the Chief Investment Officer in accordance with LACERA's Private Equity Co-investment Program Guidelines.

7. Silver Lake Capital Partners VI  
Christopher Wagner, Principal Investment Officer  
Shelly P. Tilaye, Senior Investment Analyst  
(For Information Only) (Memo dated May 22, 2020)

Staff provided an information only report on a re-up commitment of up to \$200 million to Silver Lake Capital Partners VI, L.P., approved by the Chief Investment Officer in accordance with LACERA's investment policies and procedures. Silver Lake Capital Partners VI is a private equity buyout fund that focuses in the technology, media, and entertainment sectors primarily in North America.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:00 p.m.

June 10, 2020

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*Signatures on File*

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WAYNE MOORE, SECRETARY

*Signatures on File*

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DAVID GREEN, CHAIR