

APPROVED

MINUTES OF THE 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, JULY 8, 2020

This meeting was conducted by the Board of Retirement by teleconference under the Governor's Executive Order No. N-29-20.

PRESENT: David Green, Chair

Herman B. Santos, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

Elizabeth Greenwood

Keith Knox

David Muir

Gina V. Sanchez

ABSENT: Shawn Kehoe

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

Jude Perez, Principal Investment Officer

John McClelland, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Vache Mahseredjian, Principal Investment Officer

Scott Zdrazil, Senior Investment Officer

David Chu, Senior Investment Officer

Noah Damsky, Investments Intern

Robert Santos, Investment Officer

Terra Elijah, Investment Analyst

Esmeralda V. del Bosque, Senior Investment Officer

Michael Huang, Accounting Officer II

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

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 June 10, 2020

Mr. Santos made a motion, Ms. Greenwood seconded, to approve the minutes of the regular meeting of June 10, 2020. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

III. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported that:

At its March 23, 2020 meeting, under Agenda Item IV.A.3, the Board met in closed session under Government Code Section 54956.81, to discuss the purchase or sale of particular, specific public pension investments. On a motion by Mr. Santos, seconded by Ms. Greenwood, the Board voted 8-0 to terminate global equity managers Eagle Asset Management for US small/mid-cap, Acadian Asset Management for emerging markets only, and AQR Capital Management for emerging markets and to approve the engagement of JP Morgan as a manager for the factors-based strategy. Trustee Moore was absent.

At its June 10, 2020 meeting, under Agenda Item XI.A.2, the Board again met in closed session under Government Code Section 54956.81. On a motion by Mr. Santos, seconded by Mr. Moore, the Board voted 8-0 to engage State Street as LACERA's sole securities lending agent. State Street previously was responsible only for lending non-US equities, US Treasuries, and US agency securities. As a result of the Board's action, LACERA's agreement with Goldman Sachs Agency Lending for securities lending services for corporate bonds and domestic equities will terminate, and State Street will also have responsibility for these lending activities in addition to continuing with its prior areas of responsibility. Trustee Greenwood was not present for this vote.

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IV. PUBLIC COMMENT

Ms. Parisian addressed the Board regarding Leonard Green & Partners.

Messrs. Jaruin, Fein, Munoz, Ms. Mejia, Ms. Campbell, and Ms. Rodriguez from Unite

Here Local 11 addressed the Board regarding PAI Europe VII investment in Areas.

V. CHIEF EXECUTIVE OFFICER'S REPORT

(Memo dated June 22, 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 Wayne Moore, Chair, Credit and Risk Mitigation Committee: That the Board approve the High Yield Fixed Income Investment Management Services Request for Proposal Minimum Qualifications advanced by the Credit and Risk Mitigation Committee. (Memo dated June 25, 2020)

Messrs. Mahseredjian and Santos were present to answer questions from the Board.

Mr. Moore made a motion, seconded by Mr. Bernstein, to approve the High Yield Fixed Income Investment Management Services Request for Proposal Minimum Qualifications. The motion passed (roll call) with Messrs. Bernstein, Green, Knox, Moore, Muir, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

VII. NON-CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Jude Perez, Principal Investment Officer and Terra Elijah, Investment Analyst: That the Board approve the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposal for a bench of transition management service providers. (Memo dated June 24, 2020)

Mr. Perez and Ms. Elijah provided a presentation and answered questions from the Board.

Mr. Santos made a motion, Ms. Sanchez seconded, to approve the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposal for a bench of transition management service providers. The motion passed (roll call) with Messrs. Bernstein, Green, Knox, Moore, Muir, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

VIII. REPORTS

- A. General Partner Stakes Investment Overview
David Chu, Senior Investment Officer
Noah Damsky, Investments Intern
(Memo dated June 26, 2020)

Messrs. Chu and Damsky provided a presentation and answered questions from the Board.

- B. Strategic Asset Allocation Process Review
Jonathan Grabel, Chief Investment Officer
Jude Perez, Principal Investment Officer
(Memo dated June 25, 2020)

Messrs. Grabel and Perez provided a presentation and answered questions from the Board.

VIII. REPORTS (Continued)

- C. Custody Bank Services Search Overview and Search Timeline
Jude Perez, Principal Investment Officer
Esmeralda V. del Bosque, Senior Investment Officer
John Kim, Senior Investment Analyst
Michael Huang, Accounting Officer II
(Memo dated June 24, 2020)

Messrs. Perez, Huang, and Ms. del Bosque provided a presentation and answered questions from the Board.

- D. Master OPEB Trust - Investment Policy Statement Update Review
Jude Perez, Principal Investment Officer
Esmeralda V. del Bosque, Senior Investment Officer
(Memo dated June 24, 2020)

Mr. Perez and Ms. del Bosque provided a presentation and answered questions from the Board.

- E. Rescinding Meketa Fee Increase
Leandro Festino, Meketa Investment Group, Partner
Stephen McCourt, Meketa Investment Group, Partner
Timothy Filla, Meketa Investment Group, Partner
(Memo dated June 24, 2020)

Messrs. Festino and McCourt of Meketa Investment Group were present and answered questions from the Board.

- F. International Corporate Governance Network Board of Governors
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated June 18, 2020)

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

Mr. Moore made a motion, seconded by Mr. Santos, to nominate Ms. Sanchez to the International Corporate Governance Network Board of Governors. The motion passed (roll call) with Messrs. Bernstein,

VIII. REPORTS (Continued)

Green, Knox, Moore, Muir, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

- G. Asian Corporate Governance Association Voting Ballot
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated June 18, 2020)

This item was received and filed.

- H. PAI Europe VII Update
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated June 30, 2020)

Ms. Greenwood made a motion, Mr. Muir seconded, to direct staff to send a letter to PAI Europe VII regarding the issues addressed during public comment and report back their response.

Mr. Santos called for the question. The motion failed (roll call) with Messrs. Knox, Muir, Bernstein voting no and Messrs. Green, Moore, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

With the approval of Ms. Greenwood and Mr. Muir, and without objection, the motion was revised to direct staff to convey LACERA's concerns to PAI, in consultation with legal counsel, with the matters discussed and to provide the trustees with a report on related items including fund performance and recent allegations pertaining to the investment at an upcoming meeting. The motion passed (roll call) with Messrs. Knox, Muir, Bernstein, Green, Moore, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

VIII. REPORTS (Continued)

- I. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated June 22, 2020)

This item was received and filed.

- J. Semi- Annual Report on Approved Engagements
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated June 29, 2020)

This item was received and filed.

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

This item was received and filed.

- L. Monthly Education and Travel Reports for May 2020
Ted Granger, Interim Chief Financial Officer
(Public Memo dated June 18, 2020)
(Confidential Memo dated June 18, 2020 – Includes Anticipated Travel)

This item was received and filed.

- M. June 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 June 23, 2020)

This item was received and filed.

IX. ITEMS FOR STAFF REVIEW

Mr. Bernstein and Ms. Greenwood requested that staff review LACERA's labor peace standards in RFP's.

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

Mr. Knox introduced Ms. Ginsberg, Chief Deputy of the Treasurer and Tax Collector Officer to the Board and staff.

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 Assets Supplemental Information
John McClelland, Principal Investment Officer
(Memo dated June 22, 2020)

The Board met in Executive Session. There was nothing to report.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:16 p.m.

Signature on File

WAYNE MOORE, SECRETARY

Signature on File

DAVID GREEN, CHAIR