

APPROVED

MINUTES OF THE 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., THURSDAY, NOVEMBER 2, 2017

PRESENT: David Green, Chair

Keith Knox (Chief Deputy to Joseph Kelly)

Wayne Moore

Ronald Okum

Diane Sandoval

Herman B. Santos

Michael Schneider

Valerie Villarreal

ABSENT: Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary

STAFF ADVISORS AND PARTICIPANTS

Robert Hill, Interim Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Michael Herrera, Senior Staff Counsel

Elin Szymanowski, Investment Officer

David Chu, Investment Officer

Calvin Chang, Senior Investment Analyst

Shelly Tilaye, Senior Investment Analyst

Richard Bendall, Chief Audit Executive

Quoc Nguyen, Principal Internal Auditor

Reed Smith LLP

Harvey L. Leiderman

Meketa Investment Group

Leandro Festino, Managing Principal

Stephen McCourt, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

I. CALL TO ORDER

The meeting was called to order at 9:10 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Santos led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of October 11, 2017.

Mr. Santos made a motion, Mr. Schneider seconded, to approve the minutes of the regular meeting of October 11, 2017. The motion passed with Mrs. Sandoval and Mr. Knox abstaining.

IV. REPORT ON CLOSED SESSION ITEMS

No items were reported out.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. INTERIM CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated October 26, 2017)

Mr. Hill provided a brief discussion on the Interim Chief Executive Officer's Report and updated the Board regarding the Chief Executive Officer search.

Mr. Hill noted that LACERA held its annual LACERA Forum on October 18, 2017.

Lastly, Mr. Hill mentioned that LACERA held its annual Management Retreat on October 24 – 25, 2017.

VII. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated October 23, 2017)

Mr. Grabel provided a brief discussion on the Chief Investment Officer's Report.

VIII. CONSENT ITEMS

Mr. Santos made a motion, Mr. Moore seconded, to approve the following agenda items. The motion passed unanimously.

- A. Recommendation as submitted by Robert Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the California Institutional Forum on December 7, 2017 in Napa, California 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. Kehoe) (Memo dated October 24, 2017)
- B. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer and Dale Johnson, Investment Officer: That the Board approve LACERA's votes regarding the Principles for Responsible Investment Board of Directors listed on the PRI 2017 Asset Owner Ballot. (Memo dated October 18, 2017)

IX. NON - CONSENT AGENDA

(This item was held out of order, after Item XIII)

- A. Recommendation as submitted by Christopher Wagner, Principal Investment Officer: That the Board invite Adams Street Partners, J.P. Morgan Private Equity Group and Morgan Stanley Alternative Investment Partners for an interview with the Board of Investments to provide discretionary private equity emerging manager services for a three-year, \$300 million separate account mandate. (Memo dated October 19, 2017)

Messrs. Wagner, Chang and Mrs. Szymanowski were present and

answered questions from the Board.

IX. NON - CONSENT AGENDA (Continued)

Mr. Moore made a motion, Mr. Santos seconded, to return the item back to the Equity Committee for further review and a recommendation be brought back to this Board in December 2017 on the selection of candidates for interviews at the January 2018 meeting.

Mr. Moore supported this motion based on concerns about the process to date, including questions about the evaluation of the recommended firms against the RFP criteria in developing the rankings and staff's recommendation.

Mrs. Villarreal make a substitute motion, Mr. Knox seconded, to approve the agenda item. The motion passed (roll call) with Messrs. Green, Knox and Okum and Mrs. Villarreal and Mrs. Sandoval voting yes and Messrs. Moore, Santos and Schneider voting no.

On a separate motion, Mr. Santos made a motion, Mr. Moore seconded, to:

1) review and discuss RFP and due diligence procedures at a future Risk Committee meeting, and.

2) conduct a discussion on the feasibility of bringing the Emerging Manager Program in-house at a future Private Equity Committee meeting.

The motion passed unanimously (roll call) with Messrs. Green, Knox, Moore, Okum, Santos and Schneider and Mrs. Sandoval and Mrs. Villarreal voting yes.

IX. NON - CONSENT AGENDA (Continued)

- B. Recommendation as submitted by Shawn Kehoe, Chair, Joint Organizational Governance Committee: That the Board approve the Policy Concerning Employment of LACERA Board Members. (Memo dated October 25, 2017)

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

Mr. Okum made a motion, Mr. Santos seconded, to approve the agenda item. The motion passed unanimously.

- C. Recommendation as submitted by Shawn Kehoe, Chair, Joint Organizational Governance Committee: That the Board approve the Fiduciary Counsel Policy. (Memo dated October 25, 2017)

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

Mr. Okum made a motion, Mr. Santos seconded, to approve the agenda item. The motion passed unanimously.

- D. Recommendation as submitted by Michael D. Herrera, Senior Staff Counsel: That the Board adopt the proposed changes to its Securities Litigation Policy. (Memo dated October 22, 2017)

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

Mr. Santos made a motion, Mr. Okum seconded, to approve the agenda item. The motion passed unanimously.

IX. NON - CONSENT AGENDA (Continued)

- E. Recommendation as submitted by Quoc Nguyen, Principal Internal Auditor: That the Board engage the tax recovery firm, GlobeTax, to identify the extent, if any, of LACERA's exposure to unclaimed foreign withholding taxes. (Memo dated October 24, 2017)

Mr. Bendall and Mr. Nguyen were present and answered questions from the Board.

Mr. Santos made a motion, Mrs. Sandoval seconded, to invite GLOBETAX and VAT IT to interview with the Board, to identify the extent, if any, of LACERA's exposure to unclaimed foreign withholding taxes. The motion passed unanimously.

X. REPORTS

- A. Discussion on Board of Investments Offsite Agenda
Jonathan Grabel, Chief Investment Officer

This item was received and filed.

- B. OPEB Trust Asset Allocation
Jonathan Grabel, Chief Investment Officer
Stephen McCourt, Managing Partner, Meketa Investment Group
Timothy Filla, Managing Partner, Meketa Investment Group
(Memo dated October 23, 2017)

Mr. Grabel and Messrs. McCourt and Festino of Meketa Investment Group provided a presentation and answered questions from the Board.

- C. Credit Review Memo
Vache Mahseredjian, Principal Investment Officer
Stephen McCourt, Managing Partner, Meketa Investment Group
Timothy Filla, Managing Partner, Meketa Investment Group
(Memo dated October 23, 2017)

X. REPORTS (Continued)

Mr. Mahseredjian and Mr. Festino of Meketa Investment Group

provided a presentation and answered questions from the Board.

The following items were received and filed:

- D. Update on Work Plans for:
 - (1) Proposal that Chief Counsel Report Jointly to the Board of Retirement and Board of Investments, and
 - (2) Proposal that Chief Investment Officer Report to Board of Investments (For Information Only) (Memo dated October 23, 2017)

- E. OPEB Master Trust as of September 30, 2017
Ted Wright, Principal Investment Officer
(For Information Only) (Memo dated October 23, 2017)

- F. LACERA's Iran and Sudan Policy
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated October 23, 2017)

- G. Semi-Annual Interest Crediting for Reserves as of June 30, 2017
(Audited)
Beulah S. Auten, Chief Financial Officer
(For Information Only) (Memo dated October 19, 2017)

- H. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated October 23, 2017)

XI. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

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

Mr. Green thanked staff for their hard work in preparing for the January Board Offsite.

Mr. Green recognized Mr. Okum for being honored at the Methodist Hospital Foundation 28th Annual Crystal Ball.

XIII. EXECUTIVE SESSION

(This Item was handled out of order, after Item VIII.B)

- 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)

(This Item was held out of order after Item XIII.A.2)

1. CLEARLAKE CAPITAL PARTNERS V, L.P.

Mr. Wagner and Mrs. Tilaye, and Jose Fernandez of StepStone Group L.P., provided a brief presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Moore seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Knox, Moore, Okum, Santos and Schneider and Mrs. Sandoval and Mrs. Villarreal voting yes. The Board's decision and vote to approve a commitment of up to \$125 million to Clearlake Capital Partners V, L.P., which is expected to invest in private equity, distressed for control, and special situations in middle market companies primarily in the United States with a

XIII. EXECUTIVE SESSION (Continued)

focus on software and technology enabled, energy related, and industrial companies, was reported out in open session. Mr. Kehoe was absent from this item.

(This Item was held out of order before Item XIII.A.1)

2. PAI EUROPE VII

Mr. Wagner and Ms. Szymanowski, and Jose Fernandez of StepStone

Group L.P., provided a brief presentation and answered questions from the Board.

Mr. Santos made a motion, Mrs. Villarreal seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Knox, Moore, Okum, Santos and Schneider and Mrs. Sandoval and Mrs. Villarreal voting yes. The Board's decision and vote to approve a commitment of up to €150 million (approximately \$177 million) to PAI Europe VII, which is expected to execute a pan-European buy-out investment strategy following a buy and build program operating principally in the business services, food and consumer, general industrials, healthcare, and retail and distribution sectors, was reported out in open session. Mr. Kehoe was absent from this item.

XIII. EXECUTIVE SESSION (Continued)

B. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of Government Code
Section 54956.9)

1. LACERA v. Justin Caldbeck
JAMS, Case No. 1110021489
Santa Clara County Superior Court, Case No. 17CV316347
Counsel: Glaser Weil

The Board met in Executive Session pursuant to Paragraph (1) of
Subdivision (d) of California Government Code Section 54956.9. There was nothing
to report at this time.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was
adjourned at 12:02 p.m.

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

1. United States of America- Before the Securities and Exchange Commission
(For Information Only)
2. LACERA'S Annual Veteran's Day Luncheon Flyer
(For Information Only)
3. LACERA'S Iran and Sudan Policy Memo – Revision
(Memo dated November 1, 2017) (For Information Only)
4. Council of Institutional Investors Joint Investor Statement on the Corporate Governance Reform and Transparency Act Of 2017
(Memo dated October 31, 2017) (For Information Only)

JOSEPH KELLY, SECRETARY

DAVID GREEN, CHAIR