

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

9:00 A.M., THURSDAY, NOVEMBER 8, 2018

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Wayne Moore, Secretary

Keith Knox (Chief Deputy to Joseph Kelly)

David Muir

Ronald Okum

Herman B. Santos

Michael Schneider

ABSENT: Gina V. Sanchez

Joseph Kelly

STAFF ADVISORS AND PARTICIPANTS

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

James Brekk, Interim Deputy Chief Executive Officer

Christine Roseland, Senior Staff Counsel

Jude Perez, Principal Investment Officer

Esmeralda V. del Bosque, Senior Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Scott Zdrazil, Senior Investment Officer

Mel Tsao, Investment Analyst

Quoc Nguyen, Senior Investment Analyst

Michael Herrera, Senior Staff Counsel

John McClelland, Principal Investment Officer

Trina Sanders, Senior Investment Officer

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:14 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Muir 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 10, 2018

Mr. Santos made a motion, Mr. Muir seconded, to approve the minutes of the regular meeting of October 10, 2018. The motion passed with Mr. Schneider abstaining.

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IV. REPORT ON CLOSED SESSION ITEM

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 29, 2018)

Mr. Brekk provided a brief discussion on the Interim Chief Executive Officer's Report.

VII. CHIEF INVESTMENT OFFICER'S REPORT  
(Memo dated October 30, 2018)

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

VIII. CONSENT ITEMS

Mr. Santos made a motion, Mr. Kehoe seconded, to move agenda item VIII.A. to the next Board of Investments meeting. The motion passed unanimously.

- A. Recommendation as submitted by Shawn R. Kehoe, Chair, Corporate Governance Committee: That the Board approve LACERA formally nominating Board member, Gina Sanchez, for the Council of Institutional Investor's 2019 board elections.  
(Memo dated October 16, 2018)

## VIII. CONSENT ITEMS (Continued)

Mr. Santos made a motion, Mr. Schneider seconded, to approve agenda items VIII. B and VIII. C. The motion passed unanimously.

- B. Recommendation as submitted by Shawn R. Kehoe, Chair, Corporate Governance Committee: That the Board approve LACERA signing the Global Investor Statement to Governments on Climate Change. (Memo dated October 19, 2018)
- C. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer: That the Board approve LACERA's ballot for Principles for Responsible Investment 2019 board elections. (Memo dated October 16, 2018)

## IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jude Perez, Principal Investment Officer: That the Board approve adoption of the revised Investment Policy Statement. (Memo dated October 26, 2018)

Messrs. Grabel, Perez and Zdrazil and Ms. del Bosque were present and answered questions from the Board.

Mr. Muir made a motion, Mr. Okum seconded, to adopt the revised Investment Policy Statement to revise Appendix Section B. Chief Investment Officer Delegated Authorities, to read: Authority to sign, or delegate authority to sign, all investment-related contracts and agreements necessary to implement Board-approved action. Thereafter, during the original term, authority to sign all amendments and modifications with respect to such contracts and agreements, and make

IX. NON-CONSENT ITEMS (Continued)

all decisions with respect to their day-to-day operation and implementation where the investment mandate remains substantially unchanged. Upon expiration of a contract or agreement, it may be extended or modified only with Board approval. The motion passed unanimously.

- B. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer: That the Board approve changes to the Standing Committees. (Memo dated October 29, 2018)

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

Mr. Schneider made a motion, Mr. Santos seconded, to approve changes to the Standing Committees, which include:

1. Dissolve the Risk Committee.
2. Grant Board of Investments Standing Committees flexibility to meet whenever deemed necessary by its committee members, but at a minimum of twice per year.
3. The Board of Investments (BOI) will evaluate BOISCs once every two years, beginning at the BOI offsite meeting in 2019. The motion passed unanimously.

X. REPORTS

- A. Investment Manager Scorecard  
Jonathan Grabel, Chief Investment Officer  
(Memo dated October 30, 2018)

Messrs. Perez, Zdrazil, Tsao and Nguyen provided a presentation and answered questions from the Board.

X. REPORTS (Continued)

- B. Implementation Update on LACERA Pension Trust Strategic Asset Allocation  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated October 30, 2018)

This Item was received and filed.

- C. Council of Institutional Investors General Members Business Meeting Ballot  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated October 19, 2018)

This Item was received and filed.

- D. Comment Letter to Securities and Exchange Commission Roundtable on the Proxy Process  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated October 30, 2018)

This Item was received and filed.

- E. LACERA and Meketa Performance Book Delivery –  
Total Fund and OPEB Reports: Third Quarter Performance Report  
Meketa Report: Third Quarter Total Fund Performance Report  
(For Information Only) (Memo dated October 30, 2018)

This Item was received and filed.

- F. Update on FPPC Advice Letter re Trustee Sanchez  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated October 30, 2018)

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

- G. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated November 1, 2018)

This Item was received and filed.

X. REPORTS (Continued)

- H. October 2018 Fiduciary Counsel Contact and Billing Report  
Steven P. Rice, Chief Counsel  
(Memo dated November 1, 2018) (Privileged and Confidential)  
(Attorney-Client Communication/Attorney Work Product)

This Item was received and filed.

XI. ITEMS FOR STAFF REVIEW

There was nothing to report.

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

Mr. Santos and Mr. Kehoe shared their experience of attending the 2018 Pacific Pension Institute Executive Seminar and Pacific Pension Institute Asia Roundtable in Australia. In addition, Mr. Muir shared his experience attending the CII 2018 Fall Conference in Boston.

Mr. Green congratulated Mr. Grabel for being selected as one of the Power 100 Chief Investment Officers.

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. Other Managers/Assets

The Board met in Executive Session with counsel pursuant to California Government Code Section 54956.81, to consider a specific pension fund investment. There is nothing to report at this time.

XIII. EXECUTIVE SESSION (Continued)

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

1. LACERA v. BHP Billiton Limited, et al, etc.  
Victoria Registry, Federal Court of Australia,  
Case No. VID1218/2018  
(For Information Only)

The Board met in Executive Session with Counsel pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9, to receive an information only report on an existing litigation matter LACERA v. BHP Billiton Limited, et al, etc., pending in Federal Court in Australia. There is nothing to report at this time.

- C. Pursuant to Government Code Section 54957 - Public Employee Performance Evaluation:

1. Performance Evaluation  
Title: Chief Investment Officer

The Board met in Executive Session Pursuant to Government Code Section 54957, to discuss the performance evaluation of the Chief Investment Officer.

There is nothing to report.



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#### XIV. ADJOURNMENT

There being no further business to come before the Board, Mr. Kehoe adjourned the meeting at 12:20 p.m., in honor of Ventura County Sergeant Ron Helus who was shot and killed after responding to an active shooter at a bar in Thousand Oaks on November 7, 2018. Sergeant Helus served with the Ventura County Sheriff's Office for 29 years. He is survived by his wife and son.

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

1. Chief Investment Officer's Report Presentation Slides
2. SACRS 2019 Legislative Platform (Memo dated October 23, 2018)

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WAYNE MOORE, SECRETARY

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DAVID GREEN, CHAIR