

APPROVED

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., WEDNESDAY, MAY 15, 2019

PRESENT: Shawn Kehoe, Chair

Joseph Kelly, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

David Green

David Muir

Ronald Okum

Gina V. Sanchez

Herman B. Santos

STAFF ADVISORS AND PARTICIPANTS

Lou Lazatin, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Ted Wright, Principal Investment Officer

Esmeralda del Bosque, Senior Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Calvin Chang, Senior Investment Analyst

Ron Senkandwa, Senior Investment Analyst

Jeff Jia, Senior Investment Analyst

Cindy Rivera, Investment Analyst

DaJuan Bennett, Investment Intern

Wei-Wei Lee, Investment Intern

Meketa Investment Group

Leandro A. Festino, Managing Principal

Tim Filla, Senior Vice President

StepStone Group LP

Jose Fernandez, Partner

Harvey Leiderman, Fiduciary Counsel

Reed Smith LLP

I. CALL TO ORDER

The meeting was called to order by Chair Kehoe at 9:16 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Moore 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 April 10, 2019

Mr. Santos made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of April 10, 2019. The motion passed by all members present, except Mr. Muir who abstained.

May 15, 2019

Page 3

IV. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported:

First, at the Board's February 13, 2019

meeting, under Agenda Item XIII.A.1, the Board met in closed session under Government Code Section 54956.81 to discuss the purchase or sale of a particular, specific public pension investment. On a motion by Mr. Santos, seconded by Mr. Green, the Board voted 6-0 to approve the termination of Global Asset Management, which had a Pacific Basin equity mandate. Mr. Bernstein, Mr. Green, Mr. Kehoe, Mr. Kelly, Mr. Muir, and Mr. Santos voted yes; Ms. Sanchez, Mr. Okum, and Mr. Moore were absent. The transition of assets following the termination was completed on March 25, 2019. The termination was the subject of a unanimous recommendation to the Board from the Public/Private Equity Committee that was made in closed session at the committee's January 9, 2019 meeting.

Second, also at the Board's February 13, 2019 meeting, under Agenda Item XIII.A.4, the Board voted 6-0, on a motion by Mr. Santos, seconded by Mr. Muir, to sell LACERA's interest in SH Partners Holdings, L.P., which is a commingled real estate fund. Mr. Bernstein, Mr. Green, Mr. Kehoe, Mr. Kelly, Mr. Muir, and Mr. Santos voted yes; Ms. Sanchez, Mr. Okum, and Mr. Moore were absent. The sale was completed on March 29, 2019.

V. PUBLIC COMMENT

Omar Jason from Mobile Workers Alliance addressed the Board regarding the risks presented by Uber and Lyft to LACERA.

VI. CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated April 22, 2019)

Ms. Lazatin provided a brief overview of the Chief Executive Officer's Report and answered questions from the Board.

VII. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated May 6, 2019)

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

VIII. CONSENT ITEMS

Mr. Kelly made a motion, Mr. Bernstein seconded, to approve the following agenda items. The motion passed unanimously by all members present.

- A. Recommendation as submitted by Ronald Okum, Chair, Real Assets Committee: That the Board:
 - 1. Accept the proposed Real Estate Structure Review Update for Fiscal Year 2019-2020.
 - 2. Approve allocation of up to \$500 million for investment by the Fund's separate account equity managers.
(Memo dated May 1, 2019)
- B. Recommendation as submitted by Alan Bernstein, Chair, Joint Organizational Governance Committee: That the Board approve the revised Joint Organizational Governance Committee Charter.
(Memo dated April 17, 2019)
- C. Recommendation as submitted by Alan Bernstein, Chair, Joint Organizational Governance Committee: That the Board not adopt the proposed Joint Policy regarding External Communications of Board Members and maintain the current practice with respect to such communications without change.
(Memo dated April 17, 2019)

VIII. CONSENT ITEMS (Continued)

- D. Recommendation that the Board approve attendance of Board members at the Oxford Impact Measurement Program on July 15 -19, 2019 in Oxford, United Kingdom 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 Mrs. Sanchez)
(Memo dated May 7, 2019)

- E. Recommendation that the Board approve attendance of Board members at the 6th Annual Hispanic Heritage Foundation Forum on June 6, 2019 in Oakland, 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. Moore)
(Memo dated May 6, 2019)

- F. Recommendation that the Board approve attendance of Board members at the 2019 Annual International Corporate Governance Network Conference Tokyo on July 16 –18, 2019 in Tokyo, Japan 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. Bernstein)
(Memo dated May 6, 2019)

- G. Recommendation that the Board approve attendance of Board members at the African Pension and Sovereign Wealth Fund Leaders' Summit and AI CEO Infrastructure Project Developers Summit on September 2–3, 2019 in Cape Town, South Africa 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. Green)
(Memo dated May 7, 2019)

IX. NON-CONSENT ITEMS

There were no items under this section.

X. REPORTS (The following items were held out of order after XIII.)

- A. Update on Cooperation with Institutional Limited Partners Association
Regarding Fiduciary Protections
Christopher Wagner, Principal Investment Officer
Scott Zdrazil, Senior Investment Officer
(Memo dated April 19, 2019)

This item will be presented at the June Board of Investments meeting.

- B. Real Estate Administrative Services RFI - Update
Esmeralda del Bosque, Senior Investment Officer
Trina Sanders, Investment Officer
(Memo dated May 3, 2019)

Mrs. del Bosque provided a presentation and answered questions from the

Board.

- C. Investment – Related Services Procurement Process
John McClelland, Principal Investment Officer
(Memo dated May 3, 2019)

This item will be presented at the June Board of Investments meeting.

- D. Real Estate Investments in Latin America
Cindy Rivera, Investment Analyst
DaJuan Bennett, Investment Intern
(Memo dated April 24, 2019)

Mr. Bennett and Ms. Rivera provided a presentation and answered

questions from the Board.

- E. Venture Capital Accelerator Activities in the U.S.
David Simpson, Investment Officer
Wei-Wei Lee, Investment Intern
(Memo dated April 24, 2019)

Ms. Lee and Mr. Wagner provided a presentation and answered

questions from the Board.

X. REPORTS (Continued)

- F. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer
Calvin Chang, Senior Investment Analyst
(Memo dated May 3, 2019)

This item will be presented at the June Board of Investments meeting.

- G. Public Markets Internal Asset Management Assessment
Jonathan Grabel, Chief Investment Officer
Ted Wright, Principal Investment Officer
Brenda Cullen, Investment Officer
(Memo dated May 6, 2019)

This item will be presented at the June Board of Investments meeting.

- H. Real Estate Recoveries Report
Christine Roseland, Senior Staff Counsel
(Memo dated April 19, 2019)

This Item was received and filed.

- I. Securities Lending Program – 2018 Annual Review
Adam Cheng, Senior Investment Analyst
(For Information Only) (Memo dated April 26, 2019)

This Item was received and filed.

- J. Systematic Financial Management – Organizational Update
Ted Wright, Principal Investment Officer
Brenda Cullen, Investment Officer
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- K. Implementation Update on LACERA Pension Trust Strategic Asset Allocation
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

X. REPORTS (Continued)

- L. Final Procedures and Schedule for 2019 Board Elections
Lou Lazatin, Chief Executive Officer
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated April 16, 2019)

This Item was received and filed.

- M. Corporate Credit Card Audit Report
Richard Bendall, Chief Audit Executive
(For Information Only) (Memo dated April 19, 2019)

This Item was received and filed.

- N. OPEB Master Trust Quarterly Performance Report
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- O. LACERA Quarterly Performance Report
Meketa Report: First Quarter Total Fund Performance Report
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated April 19, 2019)

This Item was received and filed.

- P. Securities Litigation Report for Calendar Year 2018
Michael D. Herrera, Senior Staff Counsel
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- Q. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated April 20, 2019)

This Item was received and filed.

X. REPORTS (Continued)

- R. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- S. April 2019 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(For Information Only) (Memo dated April 22, 2019)

This Item was received and filed.

XI. ITEMS FOR STAFF REVIEW

In regards to item V.I., the Board requested for staff to provide an education/training session on the 1982 retiree healthcare agreement at a future BOR/OOC meeting with an invitation to BOI members.

In regards to item XIII.A., the Board requested for staff to label all closed session documents as confidential.

In regards to item VII., the Board directed staff over time to look into the possibility of enhancing any future reporting for the following items: a.) Adding a section titled Fee Attribution; b.) Adding a section related to Alpha Return vs. Fees and Benchmark; c.) Monitoring what fees we expect to pay in each asset class and what the variances would be with what we are currently paying; and d.) Be able to assess the money we are paying and what we are getting in return and what risks we are accepting.

May 15, 2019

Page 10

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

Mr. Kelly shared that at today's Los Angeles County Board of Supervisors Budget deliberations meeting, several nurses attended the Budget deliberations meeting and complained about not receiving certain bonuses yet. The County CEO said that a Board letter would be on the Board of Supervisors agenda shortly but that discussions had been on going on between the County CEO and LACERA to clarify the pensionability of certain bonuses. Supervisor Mark Ridley Thomas suggested that the Boards send a five signature letter to LACERA to stress the importance of processing these bonuses as soon as possible. The County CEO stated that the agencies have been deliberating.

Mr. Muir shared his experience in attending the 2019 Milken Institute Global Conference in Los Angeles on April 28-May 1, 2019 and the 2019 Forum for Institutional Investors: Protecting Shareholder Rights in New Orleans, Louisiana on April 10-13, 2019 and that Michael Herrera was a panelist on one of the sessions titled Foreign Litigation Roundtable.

Mr. Green congratulated Mr. Moore on the grand opening of the Avis & Mark Ridley-Thomas Life Learning Center.

Mr. Moore shared that on Thursday, May 16, 2019 he will be attending a meeting with the California Trustees Network.

Mr. Santos shared his experience in attending the International Foundation of Employee Benefits Plans (IFEBC) on May 6-8, 2019 in Boston, Massachusetts.

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

Mrs. Sanchez shared her experience in attending the SACRS conference on May 7 – 10, 2019 in Olympic Valley, California and announced that she will be co-leading the SACRS Trustee breakout meeting at the SACRS Fall Conference.

Mr. Kehoe shared that he really appreciated the presentations from the interns and asked Mr. Grabel and his team to start thinking about the possibility of adding a research team to the Investment Division and report back to the Board.

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. ACCEL – KKR CAPITAL PARTNERS VI. L.P.

Messrs. Wagner and Chang and Mr. Fernandez of StepStone Group provided a brief presentation and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Okum seconded, to approve a commitment of up to \$150 million to Accel-KKR Capital Partners VI, L.P., which is a lower middle market private equity buyout fund targeting enterprise software and tech-enabled services companies primarily in North America and Western Europe. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Kelly, Moore, Muir, Okum, Santos and Mrs. Sanchez voting yes.

XIII. EXECUTIVE SESSION (Continued)

2. Other Manager: 2

Messrs. Wright, Senkandwa and Jia were present to answer questions from the Board. The Board took action, but that action is not reportable at this time. The action will be reported out at the appropriate time as required by the Brown Act.

- B. Public Employee Performance Evaluation
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)
Title: Chief Executive Officer

The Board met in closed session under Government Code Section 54957(b)(1) to discuss the Chief Executive Officer's performance evaluation. There was nothing to report.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:40 p.m.

Signature on File

WAYNE MOORE, SECRETARY

Signature on File

SHAWN KEHOE, CHAIR