

APPROVED

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF INVESTMENTS

A 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., WEDNESDAY, NOVEMBER 20, 2019

PRESENT: Ronald Okum, Vice Chair

David Green

Keith Knox

David Muir

Herman B. Santos

ABSENT: Shawn Kehoe

Alan Bernstein

Wayne Moore

Gina V. Sanchez

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

John McClelland, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

James Rice, Principal Investment Officer

Jude Perez, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

David Chu, Senior Investment Officer

Didier Acevedo, Investment Officer

Johanna M. Fontenot, Senior Staff Counsel

Ted Granger, Interim Chief Financial Officer

Barry W. Lew, Legislative Affairs Officer

Meketa Investment Group

Stephen McCourt, Managing Principal

Timothy Filla, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

Townsend Group

Jennifer Stevens, Partner

Albourne

James Walsh, Head of Portfolio Advisory

Mark White, Head of Real Assets

Milliman

Mark Olleman, Consulting Actuary

Nick Collier, Consulting Actuary

I. CALL TO ORDER

The meeting was called to order by Mr. Okum at 9:02 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 Special Meeting of October 8, 2019

Mr. Santos made a motion, Mr. Green seconded, to approve the minutes of the special meeting of October 8, 2019. The motion unanimously.

## IV. REPORT ON CLOSED SESSION ITEMS

(For Information Only) (Report dated November 12, 2019)

This item was received and filed.

## V. PUBLIC COMMENT

Jordan Fein, Hemere Dinko, Wade Luneburg and Horacio Hidalgo from UNITE HERE addressed the Board regarding PAI Europe VII investment in Areas, pending labor issues, and the potential effect of those issues on LACERA's investment.

## VI. CHIEF COUNSEL'S REPORT

(Memo dated October 31, 2019)

Mr. Rice provided a brief overview of the Chief Counsel's Report and answered questions from the Board.

## VII. CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report.

## VIII. CHIEF INVESTMENT OFFICER'S REPORT

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

## IX. CONSENT ITEMS

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

- A. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee: That the Board nominate Scott Zdrzil for re-election to the Council of Institutional Investors 2020 board elections. (Memo dated October 9, 2019)
- B. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee: That the Board approve LACERA's endorsement of the Task force on Climate-related Financial Disclosures. (Memo dated October 9, 2019)
- C. Recommendation as submitted by Wayne Moore, Chair, Credit and Risk Mitigation Committee: That the Board approve the proposed Minimum Qualifications for a Request for Proposal for a solutions provider(s) for a dedicated managed account platform thereby authorizing staff to initiate the search. (Memo dated October 24, 2019)
- D. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officers: That the Board:
  - 1. Approve a visit with Congress by Board members and staff as designated by the Chair of the Board of Investments during the week of January 26, 2020 in Washington, D.C.;
  - 2. Approve the visit as an Administrative Meeting; and
  - 3. Approve reimbursement of all travel

(Memo dated November 6, 2019)

IX. CONSENT ITEMS (Continued)

- E. Recommendation that the Board approve attendance at manager meetings in New York on Monday, December 2, 2019 to collect information regarding investments in the Real Estate and Private Equity asset classes. (Memo dated November 8, 2019)
- F. Recommendation that the Board approve attendance of Board members at the 2020 Milken Institute MEA Summit on February 11–12, 2020 in Abu Dhabi, United Arab Emirates and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated November 7, 2019)
- G. Recommendation that the Board Approve attendance of Board members at the 2019 SuperReturn Japan Conference on December 3–4, 2019 in Tokyo, Japan and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated November 7, 2019)
- H. Recommendation that the Board approve attendance of Board members at the International Corporate Governance Network (ICGN) Conference on February 27 – 28, 2020 in Seoul, South Korea and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated November 7, 2019)

X. NON-CONSENT ITEMS

- A. Recommendation as submitted by James Rice, Principal Investment Officer, Daniel Joye, Investment Officer and Brenda Cullen, Investment Officer: That the Board:

1. Approve the Real Assets 2019 Structure Review as advanced to the Board of Investments by the Real Assets Committee.
2. Approve the Addendum to the Structure Review provided by staff.

(Memo dated November 8, 2019)

Mr. James Rice and Messrs. White and Walsh from Albourne provided a presentation and answered questions from the Board.

X. NON-CONSENT ITEMS (Continued)

Mr. Santos made a motion, Mr. Green seconded, to (1) approve the Real Assets 2019 Structure Review as advanced to the Board of Investments by the Real Assets Committee and (2) approve the Addendum to the Structure Review provided by staff. The motion passed unanimously.

- B. Recommendation as submitted by John McClelland, Principal Investment Officer: That the Board adopt the Procurement Policy for Investment-Related Services. (Memo dated November 5, 2019)

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

Mr. Muir made a motion, Mr. Santos seconded, to adopt the Procurement Policy for Investment-Related Services. The motion passed unanimously.

- C. Recommendation as submitted by Jude Perez, Principal Investment Officer: That the Board adopt the Investment Crisis Response Plan. (Memo dated November 6, 2019)

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

Mr. Muir made a motion, Mr. Santos seconded, to adopt the Investment Crisis Response Plan. The motion passed unanimously.

- D. Recommendation as submitted by Johanna M. Fontenot, Senior Staff Counsel: That the Board approve the Chief Counsel Reporting Structure. (Memo dated October 31, 2019)

X. NON-CONSENT ITEMS (Continued)

Mrs. Fontenot was present and answered questions from the Board.

Mr. Santos made a motion, Mr. Green seconded, to approve the Chief Counsel Reporting Structure. The motion passed unanimously.

XI. REPORTS

- A. Actuarial Valuation Review  
Ted Granger, Assistant Chief Financial Officer  
Mark Olleman, Consulting Actuary  
Nick Collier, Principal, Consulting Actuary  
(Memo dated November 1, 2019)

Mr. Granger and Messrs. Olleman and Collier of Milliman were present and answered questions from the Board.

The following items were received and filed:

- B. PAI Partners Manager Update  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated November 8, 2019)
- C. Securities and Exchange Commission Comment Letter Regarding Regulations S-K Human Capital Disclosures  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated November 4, 2019)
- D. Principles for Responsible Investment Meeting Ballot  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated October 11, 2019)
- E. Update on Council of Institutional Investors and Securities and Exchange Commission Reforms  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated November 8, 2019)

XI. REPORTS (Continued)

- F. Semi-Annual Interest Crediting for Reserves as of June 30, 2019  
(AUDITED)  
Ted, Granger, Assistant Chief Financial Officer  
(For Information Only) (Memo dated October 29, 2019)
- G. LACERA OPEB Master Trust as of September 30, 2019  
Meketa OPEB Master Trust as of September 30, 2019  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated November 5, 2019)
- H. Monthly Status Report on Legislation  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated October 24, 2019)
- I. Monthly Board and Staff Education and Travel Report – September  
2019  
Beulah S. Auten, Chief Financial Officer  
(Public Memo dated October 31, 2019)  
(Confidential Memo dated October 31, 2019 – Includes Anticipated  
Travel)
- J. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated November 12, 2019)
- K. October 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 November 1, 2019)

XII. ITEMS FOR STAFF REVIEW

In regards to item XI. A., the Board requested for Milliman to return in December to provide an educational presentation.

In regards to item XI. B., the Board requested for staff to provide a letter to Unithere 11 and to provide the board with an update at the next meeting.



**XIII. GOOD OF THE ORDER**  
(For information purposes only)

The Board extended its deepest gratitude to Steven P. Rice, Chief Counsel, for taking on the Chief Executive Officer responsibilities for the last five months. Lastly, the Board thanked and welcomed new Chief Executive Officer, Santos H. Kreimann to LACERA.

Mr. Santos shared his experience attending the Toigo Foundation.

**XIV. EXECUTIVE SESSION**

**A. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)**

**1. Real Estate Manager**

Messrs. Grabel and McClelland were present and answered questions from the Board. The Board took action which will be reported out at a later date as provided by the Brown Act. There is nothing further to report today.

**2. Sterling Investment Partners IV, L.P.**

The Board received an information only report concerning a re-up commitment under the CIO's authority of \$125 million to Sterling Investment Partners IV, LP, which pursues investments in distribution and service companies in the United States. There is nothing further to report.

**3. Revelstoke Capital Partners Single Asset Fund I, L.P.**

Messrs. Chu and Acevedo and Mr. Fernandez of StepStone Group LP provided a presentation and answered questions from the Board.

XIV. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, seconded by Mr. Green, to approve a commitment to Revelstoke Capital Partners Single Asset Fund I, L.P. Messrs. Green, Knox, Muir, Okum, and Santos voted yes; there were no votes against or abstentions. Messrs. Moore, Kehoe, Bernstein and Mrs. Sanchez were absent.

4. Business Continuity Planning and Cash Management

The Board took action which will be reported out at a later date as provided by the Brown Act. There is nothing further to report today.

5. Real Estate Manager Update (For Information Only)

The Board received an information only real estate manager update. There is nothing to report.

XV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:22 p.m.

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

1. Item V. – PAI Partners Investor Labor Relations Advisory: Areas USA

*Signature on File*

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WAYNE MOORE, SECRETARY

*Signature on File*

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SHAWN KEHOE, CHAIR