

# 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, MAY 13, 2020

*This meeting was conducted by teleconference pursuant to the Governor's Executive Order N-29-20. The public may attend the meeting at LACERA's offices.*

PRESENT: David Green, Chair

Herman B. Santos, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

Elizabeth Greenwood

Shawn Kehoe

Keith Knox

David Muir (Mr. Muir departed the meeting at 11:45 a.m.)

Gina V. Sanchez

#### 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

Chad Timko, Senior Investment Officer

Ted Granger, Interim Chief Financial Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Richard Bendall, Chief Audit Executive

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Timothy Filla, Managing Principal

Christy Fields, Managing Principal

Brandon Jernigan – Vice President

StepStone Group LP

Jose Fernandez, Partner

The Townsend Group

Rob Kochis, Partner

Albourne

James Walsh, Head of Portfolio Advisory

Stephen Kennedy, Portfolio Analyst

Tom Cawkwell, 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. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Meeting of March 23, 2020

Mr. Muir made a motion, Mr. Santos seconded, to approve the minutes of the special meeting of March 23, 2020. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Greenwood and Ms. Sanchez voting yes.

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#### IV. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

#### V. PUBLIC COMMENT

Messrs. Farrell, Goodmon, Guynn, Batie, Wyatt, Akili, and Ms. Ryan addressed the Board regarding an investment transaction at Baldwin Hills Crenshaw Plaza.

Messrs. Johnson, Sanchez, Fein, Ms. Farfan, Ms. Resendiz and Ms. Rios from Unite Here Local 11 addressed the Board regarding an investment in Areas by PAI Europe VII.

#### VI. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated April 27, 2020)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report and answered questions from the Board.

#### VII. CHIEF INVESTMENT OFFICER'S REPORT

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

#### VIII. CONSENT ITEMS

Mr. Santos made a motion, Mr. Moore seconded, to approve the following staff recommendations. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

### VIII. CONSENT ITEMS (Continued)

- A. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board approve issuance of the Request for Proposals for Fiduciary Counsel Legal Services. (Memo dated April 30, 2020)
- B. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board approve issuance of the Request for Proposals for Media and Public Relations Consultant. (Memo dated April 30, 2020)
- C. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board revise its Charter to recognize the ability of the Chair of the Board to make meeting date changes when LACERA may not safely conduct regular operation because there is a declared state of emergency or governmental directive or when there is a natural disaster or other extraordinary circumstances. (Memo dated April 30, 2020)
- D. Recommendation that the Board approve the attendance of trustees at the Harvard Business School – Audit Committees in a New Era of Governance program on July 22 – 24, 2020 and November 12 – 14, 2020 in Boston, MA and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated April 20, 2020)
- E. Recommendation that the Board approve attendance of trustees at the Oxford Impact Measurement Program on July 27–31, 2020 or September 28-October 2, 2020 in Oxford, United Kingdom and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated April 20, 2020)

### IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer, Richard Bendall, Chief Audit Executive and Ted Granger, Interim Chief Financial Officer: That the Board authorize and approve amendments to the Milliman Actuarial Consulting and Cavanaugh Macdonald Actuarial Auditing Services Agreements incorporating fee changes and additional services for the valuation years FYE 2018 through FYE 2021. Additional services are required to modify existing reports and reporting methods of Los Angeles County’s Other Post-Employment Benefits (OPEB) program as a result of plan restructuring from a cost sharing multiple employer plan to an agent multiple employer plan. (Memo dated May 6, 2020)

IX. NON-CONSENT ITEMS (Continued)

Messrs. Granger and Bendall provided a brief presentation and answered questions from the Board.

Mr. Muir made a motion, Ms. Greenwood seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

X. REPORTS

- A. Real Estate Performance Reporting Review of Processes and Controls  
Jonathan Grabel, Chief Investment Officer  
Christy Fields, Managing Principal – Meketa Investment Group  
Christy Gahr, Principal – Meketa Investment Group  
Brandon Jernigan – Vice President – Meketa Investment Group  
(Memo dated April 15, 2020)

Mr. Grabel and Ms. Fields and Mr. Jernigan of Meketa Investment Group provided a presentation and answered questions from the Board.

The following agenda items were received and filed:

- B. Functional Asset Category Update – Growth Investments  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated March 25, 2020)
- C. Functional Asset Category Update – Risk Reduction and Mitigation Investments  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated April 2, 2020)
- D. Functional Asset Category Update – Real Assets and Inflation Hedges  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated April 9, 2020)

X. REPORTS (Continued)

- E. Functional Asset Category Update – Credit Investments  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated April 16, 2020)
  - F. Functional Asset Category Update – Corporate Governance  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated April 23, 2020)
  - G. Monthly Status Report on Legislation  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated April 28, 2020)
  - H. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated May 1, 2020)
  - I. Capri Urban Investors and Baldwin Hills Crenshaw Plaza  
Jonathan Grabel, Chief Investment Officer  
(For Information Only) (Memo dated May 7, 2020)
- Mr. Grabel was present and answered questions from the Board.
- J. Update Regarding Employee Status of LACERA Trustees  
Michael D. Herrera, Senior Staff Counsel  
(Privileged and Confidential Attorney-Client Communication)  
(For Information Only) (Memo dated May 6, 2020)
  - K. Monthly Education and Travel Report for March 2020  
Ted Granger, Interim Chief Financial Officer  
(For Information Only) (Public Memo dated April 20, 2020)  
(Confidential Memo dated April 24, 2020 – Includes Anticipated Travel)
  - L. April 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 April 28, 2020)

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## XI. ITEMS FOR STAFF REVIEW

The Board requested that staff provide a presentation to Trustees on the trustee role in Limited Partnerships investments and an explanation of LACERA's role in Limited Partnerships.

The Board requested staff to provide a potential road map if there the Board's Real Estate Consultant is replaced.

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

Mr. Bernstein suggested creating a committee to work with LACERA staff to document the lessons learned during COVID-19 and the changes LACERA will make in response to the pandemic.

Mr. Grabel announced the Ron Senkandwa has been promoted to Financial Analyst III in the Equities investment team.

Mr. Grabel welcomed Chery Lu, Financial Analyst III and intern Noah Damsky to the Private Equity investment team.

Mr. Grabel also congratulated Didier Acevedo for being named to Trusted Insight's Top 30 Pension Private Equity Investor list and Derek Kong for being named in the Private Equity International Future 40 list.

Mr. Rice welcomed Soo Park to the Legal Division, who has been assigned to work with the Investment team.

The Board provided comments regarding Agenda item V. Public Comment.

### 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. Canaan XII, L. P.  
Christopher Wagner, Principal Investment Officer  
Jose Fernandez, Partner – StepStone Group  
(Memo dated May 13, 2020)

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

Mr. Santos made a motion, seconded by Ms. Sanchez, to approve a commitment of up to \$100 million to Canaan XII, L.P., which is a primarily U.S. early-stage venture capital private equity fund that will invest in areas of its expertise, including biotechnology, consumer, digital health and medical technology, financial technology, and frontier technology. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Muir was absent.

2. Thoma Bravo Fund XIV, L.P. and Thoma Bravo Discover Fund III, L.P.  
Christopher Wagner, Principal Investment Officer  
Jose Fernandez, Partner – StepStone Group  
(Memo dated April 24, 2020)

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



XIII. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, seconded by Ms. Sanchez, to approve commitments of up to \$100 million in Thoma Bravo Fund XIV, L.P. and \$50 million in Thoma Bravo Discover Fund III, L.P., both of which are private equity buyout funds with a focus in primarily U.S. enterprise software technology companies. Thomas Bravo Fund XIV, L.P. will invest in companies having an enterprise value greater than a specified threshold. Thoma Bravo Discover Fund III, L.P. will invest in companies having an enterprise value in a lower range. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Muir was absent.

3. Hudson Bay Fund, L.P.  
James Rice, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
James Walsh, Head of Portfolio Advisory – Albourne  
Stephen Kennedy, Portfolio Analyst – Albourne  
Tom Cawkwell, Partner – Albourne  
(Memo dated April 26, 2020)

Mr. Timko and Messrs. Walsh and Kennedy of Albourne provided a presentation and answered questions from the Board.

Mr. Santos made a motion, seconded by Mr. Bernstein, to approve an investment of \$300 million in Hudson Bay Fund, L.P., which is a relative value multi-strategy hedge fund. The investment will be part of LACERA's direct hedge funds portfolio. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Muir was absent.

XIII. EXECUTIVE SESSION (Continued)

4. Magnetar Financial LLC – Illiquid Credit Recommendation  
Vache Mahseredjian, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Didier Acevedo, Investment Officer  
Jeff Jia, Senior Investment Analyst  
James Walsh, Head of Portfolio Advisory – Albourne  
Stephen Kennedy, Portfolio Analyst – Albourne  
Tom Cawkwell, Partner – Albourne  
(Memo dated April 28, 2020)

Mr. Timko and Messrs. Walsh and Kennedy of Albourne provided a presentation and answered questions from the Board.

Mr. Santos made a motion, seconded by Ms. Sanchez, to approve an investment of \$400 million to Magnetar Financial LLC, which is within the illiquid credit component of LACERA's Credit functional asset category. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Muir was absent.

XIV. ADJOURNMENT

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

*Signature on File*

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WAYNE MOORE, SECRETARY

*Signature on File*

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DAVID GREEN, CHAIR