

AGENDA

MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

WEDNESDAY, APRIL 8, 2015, 9:00 A.M.

I. PLEDGE OF ALLEGIANCE

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the March 11, 2015, meeting of the Board of Investments.

III. PUBLIC COMMENT

IV. REPORT ON CLOSED SESSION ITEMS

V. CONSENT AGENDA

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the Trustee Leadership Forum for Retirement Security at the Harvard Kennedy School, The Houser Institute for Civil Society on June 4 and 5, 2015 in Cambridge, Massachusetts and approve reimbursement of all travel costs incurred. (Memo dated March 22, 2015.)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the Institutional Investor Roundtable for Public & Taft Hartley Plans on April 22-24, 2015 to be held in Beverly Hills, California. (Memo dated March 31, 2015.)

VI. ACTION ITEMS

- A. Recommendation as submitted by David E. Kushner, Chief Investment Officer: Adopt the Assumptions and Constraints proposed by Wilshire Associates to be used in the 2015 Asset Liability Valuation Study. (Memo dated March 31, 2015.)

Wilshire Associates

Patrick Lighaam, Managing Director

Steve Foresti, Managing Director

- B. Recommendation as submitted to Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment analyst, Private Equity: Approve a commitment of up to \$200 million to Blackstone Capital Partners VII, L.P. (Memo dated March 30, 2015.)
- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That your Boards authorize the Legal Division to engage Nossaman to provide fiduciary counsel services to LACERA and the Boards under the terms stated in the attached engagement letter and to conduct an RFP for such services no later than then the third quarter of 2015. (Memo dated March 30, 2015.)

VII. REPORTS

- A. General Consultant Relationship Structure
Gregg Rademacher, Chief Executive Officer
(Memo dated March 26, 2015.)
- B. Securities Litigation Report for Calendar Year 2014
Michael D. Herrera, Senior Staff Counsel
(Memo dated March 19, 2015.)

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VII. REPORTS (Continued)

- C. Debt Program Update
John McClelland, Principal Investment Officer, Real Estate
Amit Aggarwal, Investment Officer, Real Estate
(Memo dated March 26, 2015.) (For information only.)
- D. Securities Lending Program, 2014 Annual Review
Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated March 26, 2015.) (For information only.)
- E. International Investing Post Morrison v. National Australia Bank: Buyers Beware!
Michael D. Herrera, Senior Staff Counsel
(Memo dated March 20, 2015.) (For information only.)

VIII. EXECUTIVE SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Paragraph 1 of Subdivision (d) of Government Code Section 54956.9)
 - 1. In the matter of Los Angeles County Employees Retirement Association ex rel. FX Analytics v. The Bank of New York Mellon Corp., (Case No. 12-MD-02335(LAK))

IX. GOOD OF THE ORDER (For discussion purposes only.)

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X. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

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MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

WEDNESDAY, APRIL 8, 2015, 9:00 A.M.

PRESENT: John M. Barger, Chair

David Green, Vice Chair

Joseph Kelly, Secretary

Shawn Kehoe

Herman B. Santos

Estevan Valenzuela

Valerie Villarreal

ABSENT: Diane Sandoval

STAFF, ADVISORS, PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

David E. Kushner, Chief Investment Officer

Vache Mahseredjian, CFA, Principal Investment Officer

Christopher J. Wagner, Principal Investment Officer, Private Equity

John McClelland, Principal Investment Officer, Real Estate

Robert Z. Santos, Investment Officer, Fixed Income

Shelly P. Tilaye, CAIA, Senior Investment Analyst, Private Equity

STAFF, ADVISORS, PARTICIPANTS (Continued)

Amit Aggarwal, Investment Officer, Real Estate

Steven Rice, Chief Counsel

Johanna Fontenot, Senior Staff Counsel

Michael D. Herrera, Senior Staff Counsel

Wilshire Associates

Patrick Lighaam, Managing Director

Steve Foresti, Managing Director

GCM Customized Fund Investment Group

David Almodovar, Vice President

The Townsend Group

Micolyn M. Magee, Principal

Chris Cunningham, Consultant

I. PLEDGE OF ALLEGIANCE

Mr. Kehoe led Board members and staff in reciting the Pledge of Allegiance.

II. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the March 11, 2015, meeting of the Board of Investments.

A motion to approve the Minutes for the meeting of March 11, 2015 was made by Mr. Green, seconded by Mr. Santos. The motion carried with Mr. Kehoe abstaining.

III. PUBLIC COMMENT

There were no requests from the public.

IV. REPORT ON CLOSED SESSION ITEMS

There was nothing to report at this time.

V. CONSENT AGENDA

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the Trustee Leadership Forum for Retirement Security at the Harvard Kennedy School, The Houser Institute for Civil Society on June 4 and 5, 2015 in Cambridge, Massachusetts and approve reimbursement of all travel costs incurred. (Memo dated March 22, 2015.)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: Approve attendance of Board members at the Institutional Investor Roundtable for Public & Taft Hartley Plans on April 22-24, 2015 to be held in Beverly Hills, California. (Memo dated March 31, 2015.)

A motion to approve the Consent Agenda, Items A and B was made by Mr. Green, seconded by Mr. Kehoe. The motion carried by unanimous vote.

VI. ACTION ITEMS

- A. Recommendation as submitted by David E. Kushner, Chief Investment Officer: Adopt the Assumptions and Constraints proposed by Wilshire Associates to be used in the 2015 Asset Liability Valuation Study. (Memo dated March 31, 2015.)

Wilshire Associates
Patrick Lighaam, Managing Director
Steve Foresti, Managing Director

Mr. Lighaam and Mr. Foresti presented an executive summary on the proposed assumptions and constraints projected by Wilshire Associates to be used in the 2015 Asset Liability Valuation Study. Mr. Lighaam emphasized the proposed assumptions and constraints are for use in the model to understand various asset allocation policy decisions. Adopting the model assumptions and constraints would not change the current Board approved asset allocation targets. A brief discussion followed.

A motion was made by Mr. Barger, seconded by Mr. Valenzuela to adopt the Assumptions and Constraints proposed by Wilshire Associates to be used in the 2015 Asset Liability Valuation Study. The motion carried by unanimous vote.

Chair Barger pointed out that Item A. of VIII. Executive Session would be handled at this time.

VIII. EXECUTIVE SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Paragraph 1 of Subdivision (d) of Government Code Section 54956.9)

1. In the matter of Los Angeles County Employees Retirement Association ex rel. FX Analytics v. The Bank of New York Mellon Corp., (Case No. 12-MD-02335(LAK))

The Board met with counsel in Executive Session pursuant to Paragraph 1 of Subdivision (d) of Government Code Section 54956.9 and there is nothing to report at this time.

Chair Barger informed the Board the meeting would return to its regular order of business in open session.

VI. ACTION ITEMS (Continued)

- B. Recommendation as submitted to Christopher J. Wagner, Principal Investment Officer, Private Equity and Shelly P. Tilaye, CAIA, Senior Investment analyst, Private Equity: Approve a commitment of up to \$200 million to Blackstone Capital Partners VII, L.P. (Memo dated March 30, 2015.)

Ms. Tilaye presented an overview on the proposed commitment of up to \$200 million to Blackstone Capital Partners VII, L.P., its merits, and why LACERA should make a commitment of up to \$200 million.

VI. ACTION ITEMS (Continued)

A motion to approve the recommendation was made by Mr. Santos, seconded by Mr. Valenzuela. The motion carried with Mr. Kelly voting no.

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That your Boards authorize the Legal Division to engage Nossaman to provide fiduciary counsel services to LACERA and the Boards under the terms stated in the attached engagement letter and to conduct an RFP for such services no later than the third quarter of 2015. (Memo dated March 30, 2015.)

Mr. Rice presented a brief overview on the proposed recommendation and a brief discussion followed.

A motion to approve the recommendation was made by Mr. Kehoe, seconded by Mr. Green. The motion was carried by unanimous vote.

VII. REPORTS

- A. General Consultant Relationship Structure
Gregg Rademacher, Chief Executive Officer
(Memo dated March 26, 2015.)

Mr. Rademacher provided an executive summary on how the California State Teachers' Retirement System (CalSTRS) and California Public Employees'

VII. REPORTS (Continued)

Retirement System (CalPERS) structure their general investment consultant relationship. He also presented each system's long term asset allocation targets including whether a consultant is assigned to the asset class and pointed out that each system has adopted a different structures for its consultants. A brief discussion followed and the Report was received and filed.

- B. Securities Litigation Report for Calendar Year 2014
Michael D. Herrera, Senior Staff Counsel
(Memo dated March 19, 2015.)

Mr. Herrera presented the Securities Litigation Report for Calendar Year 2014. He pointed out that as of December 31, 2014; the Legal Office has recovered more than \$62 million in securities class action settlement proceeds on behalf of the Fund since the Board first adopted its Policy. This included recoveries obtained through the successful prosecution of securities cases, and LACERA's ongoing securities claims filing efforts. A brief discussion followed and the Board asked staff to report back with an update on the International Investing Post Morrison matter and commended staff on the Report which was received and filed.

VII. REPORTS (Continued)

- C. Debt Program Update
John McClelland, Principal Investment Officer, Real Estate
Amit Aggarwal, Investment Officer, Real Estate
(Memo dated March 26, 2015.) (For information only.)

The Debt Program Update is for information only and was received and filed.

- D. Securities Lending Program, 2014 Annual Review

Robert Z. Santos, Investment Officer, Fixed Income
(Memo dated March 26, 2015.) (For information only.)

The Securities Lending Program's 2014 Annual Review is for information only and was received and filed.

- E. International Investing Post Morrison v. National Australia Bank: Buyers Beware!
Michael D. Herrera, Senior Staff Counsel
(Memo dated March 20, 2015.) (For information only.)

The memorandum dated March 20, 2015 on International Investment Post Morrison v. National Australia Bank is for information only and was received and filed.

Green Folder Items

1. Chief Executive Officer's Report dated March 9, 2015.
2. Chief Executive Officer's Report dated March 31, 2015.
3. Memo dated April 6, 2015 from Vache Mahseredjian, CFA, CAIA, FRM, ASA, Principal Investment Officer regarding Long-Term Capital Market Assumptions.

IX. GOOD OF THE ORDER

For discussion purposes only.

X. ADJOURNMENT

There being no further business, the meeting adjourned at 11:55 a.m.

Joseph Kelly, Secretary

John M. Barger, Chair