

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, SEPTEMBER 9, 2015

PRESENT: John M. Barger, Chair

David Green, Vice Chair

Joseph Kelly, Secretary

Shawn Kehoe

Diane Sandoval

Herman B. Santos

Kenneth Simril

Estevan Valenzuela

Valerie Villarreal

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Vache Mahseredjian, Interim Chief Investment Officer

Steven Rice, Chief Counsel

Christopher J. Wagner, Principal Investment Officer – Private Equity

David Chu, Investment Officer – Private Equity

STAFF ADVISORS AND PARTICIPANTS (Continued)

James Rice, Senior investment Officer – Hedge Funds

Dale Johnson, Investment Officer – Equities

Wilshire Associates

Patrick Lighaam, Managing Director

I. CALL TO ORDER

The meeting was called to order by Chair Barger at 9:05 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Ms. Villarreal led the Board Members and staff in reciting the Pledge of Allegiance.

A. Approval of the Minutes of the Regular Meeting of August 12, 2015

III. APPROVAL OF MINUTES

Mr. Santos made a motion, Mr. Green seconded, to approve the minutes of the regular meeting of August 12, 2015. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Mahseredjian provided a brief update on the Chief Investment Officer's Report.

## VII. CONSENT AGENDA

Mr. Valenzuela made a motion, Ms. Sandoval seconded, to approve the following agenda items. The motion passed unanimously.

Additionally, Mr. Barger requested that staff include on the agenda the name of the Board member who is requesting travel approval.

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the AVCJ's 28<sup>th</sup> Annual Private Equity & Venture Forum on November 3 – 5, 2015 in Hong Kong, China and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated August 20, 2015)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the 2015 Energy Game Change Conference on December 10, 2015 in Houston, Texas and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated August 20, 2015)
- C. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the GGV Capital's 15<sup>th</sup> Anniversary Summit on October 27-29, 2015 in Beijing, China and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated September 3, 2015)

## VIII. NON – CONSENT ITEMS

- A. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer – Private Equity, and David Chu, Investment Officer – Private Equity: That the Board approve a second commitment of up to \$300 million to LACERA's private equity separate account, Gateway Private Equity Fund-B, L.P. managed by Pathway Capital Management. (Memo dated August 31, 2015)

Mr. Valenzuela made a motion, Mr. Green seconded, to approve the recommendation. The motion passed unanimously.

VIII. NON CONSENT ITEMS (Continued)

- B. Recommendation as submitted by James Rice, Senior Investment Officer – Hedge Funds: That the Board 1) Approve the Hedge Fund Strategic Plan, 2) Approve an additional allocation of \$150 million to the Grosvenor Diversified Portfolio, and 3) Approve an additional allocation of \$200 million to the Goldman Sachs Diversified Portfolio.  
(Memo dated August 27, 2015)

Mr. Kelly made a motion, Mr. Valenzuela seconded, to refer item VIII. B. 1. back to the Fixed Income/Hedge Funds/Commodities Committee for further development and to approve VIII. B. 2–3. The motion passed with Mr. Simril voting no.

- C. Recommendation as submitted by Dale Johnson, Investment Officer – Equities: That the Board approve Staff's recommendation to vote "FOR" the Council of Institutional Investors 2016 Budget for Ongoing Activities unless any material issues are identified.  
(Memo dated August 21, 2015)

Mr. Green made a motion, Mr. Kehoe seconded, to approve the recommendation. The motion passed unanimously

IX. REPORT

- A. Board Offsite Agenda Planning  
(Memo dated September 1, 2015)

The Board members provided input and suggestions for the 2016 Board Offsite. Mr. Rademacher will provide a revised agenda to include the changes.

- B. Private Equity Management Fee and Carried Interest Validation Project  
Christopher J. Wagner, Principal Investment Officer – Private Equity  
(Memo dated August 31, 2015)

Mr. Wagner provided an overview of LACERA's private equity management fees and carried interest validation project and answered questions from the Board.

IX. REPORT (Continued)

- C. Voter Empowerment Act of 2016  
(Memo dated August 28, 2015)

Olson, Hagel & Fishburn LLP  
Christopher W. Waddell

Mr. Waddell provided a presentation to the Board and answered questions from the Board. This Item was handled out of order, after Item X.

- D. Real Estate Consultant Search Update  
John McClelland, Principal Investment Officer –Real Estate  
Amit Aggarwal, Investment Officer – Real Estate  
(Memo dated August 25, 2015) (For Information Only)
- E. Vanbarton Group, LLC, Formerly Emmes Asset Management Company, LLC (Name changes and restructuring)  
Trina Sanders, Investment Officer – Real Estate  
(Memo dated August 17, 2015) (For Information Only)
- F. 2015 Second Quarter Hedge Fund Performance Report  
James Rice, Senior Investment Officer – Hedge Funds  
(Memo dated August 25, 2015) (For Information Only)
- G. Chief Executive Officer’s Report  
(Memo dated September 1, 2015) (For Information Only)

X. EXECUTIVE SESSION

- A. Conference with Legal Counsel – Pending Litigation  
(Pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9)
  - 1. In re Credit Default Swaps Antitrust Litigation  
U.S.D.C., S.D.N.Y. No.13-MD-2476 (DLC)

X. EXECUTIVE SESSION (Continued)

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

B. Pursuant to Government Code Section 54957 - Public Employee

1. Performance Evaluation  
Title: Chief Executive Officer

The Board met in Executive Session pursuant to Government Code Section 54957 and there is nothing to report at this time.

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

The Board and Mr. Rademacher congratulated Mr. Herman Santos for being re-elected to the Board of Investments for the 2016 – 2018 term.

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

1. Opportunistic Non-U.S. Fixed Income Search Update (For Information Only) (Memo dated September 8, 2015)
2. Agenda Item VIII.C: Ballot Item 1: Approve CII 2016 Budget for Ongoing Activities (For Information Only) (Memo dated August 21, 2015)
3. Update on Status of Fiduciary counsel RFP Process (For Information Only) (Memo dated September 8, 2015)
4. CIO Report – Board of Investments Meeting (Memo dated September 9, 2015)

September 9, 2015

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## XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:36 p.m.

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JOSEPH KELLY, SECRETARY

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JOHN M. BARGER, CHAIR