

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, JANUARY 13, 2016

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Joseph Kelly, Secretary

Diane Sandoval

Herman B. Santos

Michael Schneider

Kenneth Simril

Estevan Valenzuela (Left at 1:30 p.m.)

Valerie Villarreal (Left at 1:30 p.m.)

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Vache Mahseredjian, Interim Chief Investment Officer

Steven Rice, Chief Counsel

Richard Bendall, Chief Audit Executive

James Pu, Information Systems Manager

Christopher J. Wagner, Principal Investment Officer – Private Equity

David Chu, Investment Officer – Private Equity

STAFF ADVISORS AND PARTICIPANTS (Continued)

Ted Wright, Principal Investment Officer – Equities

John D. McClelland, Principal Investment Officer – Real Estate

Amit Aggarwal, Investment Officer – Real Estate

Trina Sanders, Investment Officer – Real Estate

Grosvenor Capital Management
Mina Pacheco Nazemi, Partner
David Almodovar, Principal

The Townsend Group
Micolyn M. Magee, Consultant

Alston & Bird
Dominique R. Shelton, Partner
Paula M. Stannard, Counsel

Stroz Friedberg
Ilanna Bavli, Vice President

Wilshire Associates
Andrew Junkin, President and Principal
Steve Foresti, Chief Investment Officer
Patrick Lighaam, Managing Director
Marlin Pease, Managing Director

Meketa Investment Group
Stephen McCourt, Managing Principal
Leandro Festino, Managing Principal
Mika Malone, Managing Principal
Laura Wirick, Principal

I. CALL TO ORDER

The meeting was called to order a 9:00 a.m., in the Board Room of Gateway Plaza.

II. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)

The election of officers was conducted by Secretary Kelly:

A. Chair of the Board

Mr. Green was nominated to the position of Chair of the Board of Investments by Mr. Santos.

Hearing no other nominations, the Board voted unanimously and elected Mr. Green as Chair of the Board of Investments.

Secretary Kelly announced that Mr. Green was elected to the position of Chair of the Board of Investments.

B. Vice Chair of the Board

Mr. Kehoe was nominated to the position of Vice Chair of the Board of Investments by Mr. Green.

Hearing no other nominations, the Board voted unanimously and elected Mr. Kehoe as Vice Chair of the Board of Investments.

Secretary Kelly announced that Mr. Kehoe was elected to the position of Vice Chair of the Board of Investments.

C. Secretary

Mr. Kelly was nominated to the position of Secretary of the Board of Investments by Mr. Green.

II. ELECTION OF OFFICERS (Continued)

Hearing no other nominations, the Board voted unanimously and elected Mr. Kelly Secretary of the Board of Investments.

Secretary Kelly announced that he was elected to the position of Secretary of the Board of Investments.

D. Audit Committee Member

Mr. Schneider was nominated to the position of Audit Committee Member by Mr. Kehoe.

Hearing no other nominations, the Board voted unanimously and elected Mr. Schneider as Audit Committee Member of the Board of Investments.

Secretary Kelly announced that Mr. Schneider was elected to the position of Audit Committee Member.

III. PLEDGE OF ALLEGIANCE

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

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of December 9, 2015

Mr. Kelly made a motion, Ms. Sandoval seconded, to approve the minutes of the regular meeting of December 9, 2015.

V. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

VI. PUBLIC COMMENT

There were no requests from the public to speak.

VII. CHIEF INVESTMENT OFFICER'S REPORT

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

VIII. CONSENT ITEMS

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

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members to attend PIMCO Institute Special Edition Seminar on January 26 – 27, 2016 in Newport Beach, CA, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated December 24, 2015) (Placed on the agenda at the request of Ms. Sandoval)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members to attend the Upfront Summit on February 2-4, 2016 in Santa Monica, CA, and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated January 5, 2016) (Placed on the agenda at the request of Ms. Villarreal)

IX. NON - CONSENT AGENDA

- A. Recommendation as submitted by Alan Bernstein, Chair, Audit Committee: That the Board, jointly with the Board of Retirement, direct staff to retain the law firm of Alston & Bird and their subcontractor Stroz Friedberg to perform an audit and data mapping of LACERA's operations insofar as they involve private, confidential, and business critical information. (Memo dated January 4, 2016)

IX. NON - CONSENT AGENDA (Continued)

Alston & Bird and Stroz Friedberg were present and answered questions from the Board.

Mr. Valenzuela made a motion, Ms. Villarreal seconded, to approve staff's recommendation. The motion passed with Mr. Schneider abstaining.

- B. Recommendation as submitted by the General Investment Consultant Evaluation Committee: That the Board select a general investment consultant. (Memo dated January 4, 2016)

Wilshire Associates and Meketa Investment Group provided brief presentations and answered questions from the Board.

Mr. Valenzuela made a motion, Mr. Santos seconded, to select Meketa Investment Group as LACERA's General Investment Consultant. The motion passed unanimously.

- C. Review of Implementation of, and Possible Action, as submitted by Steven P. Rice, Chief Counsel: Regarding the Policy Governing the Use of Open and Closed Sessions to Discuss and Act Upon Particular, Specific Proposed Investments. (Memo dated January 4, 2016)

Mr. Santos made a motion. Mr. Valenzeula seconded, to amend the Policy Governing the Use of Open and Closed Sessions to reflect that the information posted will be in a summarized memo. After a brief discussion, Mr. Santos withdrew his motion.

Mr. Kehoe made a motion, Ms. Villarreal seconded, to amend the Policy Governing the Use of Open and Closed Sessions to provide that any investment involving discussion of confidential information may be considered

IX. NON - CONSENT AGENDA (Continued)

and acted upon by the Board in closed session and that there shall be an immediate report out in open session, unless the Board action says otherwise. The motion passed with Mr. Santos voting no.

- D. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer – Private Equity, and David Chu, Investment Officer – Private Equity: That the Board approve a commitment of up to \$100 million to be allocated between GGV Capital VI L.P., GGV Capital VI Plus L.P. and GGV Discovery I L.P., altogether referred to as the "GGV 2016 Funds." (Memo dated January 4, 2016)
(See Executive Session item XI.A.1)

The Board met out of order in Executive Session, under Executive Session Item XI.A.1, to discuss this item, as further reported below under Item XI.A.1.

X. REPORTS

- A. Behavioral Finance in Money Management
Ted Wright – Principal Investment Officer, Equities
(Memo dated December 24, 2015)

This item was postponed to the next Board of Investments meeting on February 10, 2016.

- B. Private Equity Performance Review
Christopher J. Wagner, Principal Investment Officer – Private Equity
Mina Pacheco Nazemi, Grosvenor Capital Management, Partner
David Almodovar, Grosvenor Capital Management, Principal

Mr. Wagner and Grosvenor Capital Management consultants gave a review of the performance of the Private Equity program and answered questions from the Board.

X. REPORTS (Continued)

- C. Real Estate Performance Measurement Report – 2nd Quarter 2015
John McClelland – Principal Investment Officer, Real Estate
(Memo dated November 25, 2015)

Mr. McClelland, Ms. Sanders and Mr. Aggarwal gave a review of the performance of the Real Estate Program and answered questions from the Board.

- D. Relational Investors – Dissolution Plan Update
Ted Wright – Principal Investment Officer, Equities
Ron Senkandwa – Senior Investment Analyst, Equities
(Memo dated December 1, 2015) (For Information Only)

- E. Chief Executive Officer's Report
(Memo dated November 23, 2015) (For Information Only)

XI. 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. GGV Capital VI L.P., GGV Capital VI Plus L.P., and
GGV Discovery I L.P.

Mr. Wagner, Mr. Chu and Grosvenor Capital Management consultants provided a brief presentation and answered questions from the Board.

Mr. Simril made a motion, Mr. Santos seconded, to approve staff's recommendation as stated under Item IX.D. The motion passed (roll call) with Messrs. Kelly, Santos, Simril, Valenzuela, Green and Ms. Villarreal voting yes; and Messrs. Kehoe, Schneider and Ms. Sandoval voting no. The Board's decision and vote were reported out in open session.

This Item was handled out of order, under Item IX.D.

XI. EXECUTIVE SESSION (Continued)

(Mr. Valenzuela and Ms. Villarreal left the Board Meeting at 1:30 p.m.)

XII. GOOD OF THE ORDER

(For information purposes only)

The Board and Mr. Rademacher welcomed back Mr. Schneider to the Investment Board, and congratulated the newly elected and re-elected officers.

Mr. Rademacher provided an update to the Board regarding the Chief Investment Officer search.

Mr. Rademacher reminded the Board of the upcoming three-day Board Offsite.

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:16 p.m.

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

1. Board Offsite Agenda (Memo dated January 12, 2016)

JOSEPH KELLY, SECRETARY

DAVID GREEN, CHAIR