



**MEETING OF THE INVESTMENT COMMITTEE OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
70 W Madison St, Suite 1925
Chicago, Illinois 60602**

Minutes for the February 24, 2021, IC Meeting

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund."

***CONDUCTED BY VIDEO AND AUDIO CONFERENCE AS PERMITTED BY ILLINOIS
GOVERNOR EXECUTIVE ORDER NUMBER 2020-07, as extended by EXECUTIVE ORDER
NUMBER 2020-71 DATED NOVEMBER 13, 2020.***

Call to Order and Roll Call at 9:50 a.m.

Investment Committee

Members in attendance: Mr. Kevin Ochalla (Chair), Mr. John Blair, Ms. Diahann Goode, Mr. Patrick McFadden, Mr. Joseph Nevius (via audio), Mr. Lawrence Wilson (via audio; entered during Item 2)

Staff Present:

Regina Tuczak, Executive Director; Caroline Vullmahn, Deputy Executive Director; Margaret Fahrenbach, Legal Advisor; Michael Maratea, Director, Finance and Administration; Saron Tegegne, Comptroller; Gary LeDonne, Director, Benefits Administration; Fernando Vinzons, Director, Investments; Virgilio Calahong, Senior Investment Analyst; Jodi Weinstein, IT Administrator

Others Present:

Bo Abesamis, Callan LLC; Barbara Bernard, Callan LLC; John Jackson, Callan LLC; Jay Kloepper, Callan LLC; Ann O'Bradovich, Callan LLC; Aaron Quach, Callan LLC; Lee Hansen, J.P. Morgan; Angela Myers, Loop Capital; Ronan O'Brien, Findaily News

Trustee Ochalla, Chair of the Investment Committee, presided over the meeting. He stated that a quorum of the Committee was present, four in-person and two participating via video or audio conference pursuant to the guidance provided most recently by the Governor's November 13, 2020 Disaster Proclamation, the Governor's Executive Order No. 71, as well as the provisions of Public Act 101-0640.

Public Comment

Prior to public comment, Trustee Ochalla, Chair of the Investment Committee, and Regina Tuczak, Executive Director, requested that all callers identify themselves for the record. Trustee Ochalla then opened the meeting for public comment and, with no one having requested to address the Committee, considered the next item of business on the agenda.

1. Review and Approval of November 24, 2020 Investment Committee Meeting Minutes

Motion for Approval and Adoption of Minutes. It was moved by Trustee Blair and seconded by Trustee Goode that the minutes of the November 24, 2020, Investment Committee meeting be approved and adopted.

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla
NAYS: None

Vote Result: MOTION ADOPTED

2. 2021 Capital Markets Outlook Presentation and Asset Liability Study Discussion

Mr. Kloepper began with a discussion of asset liability studies, noting that Callan Associates last completed a full asset liability study for the Fund in 2017. He stressed that such studies are normally conducted every 3-5 years, and that Callan plans to present a new asset liability study for the Fund later in 2021. In describing the study, he noted that the Capital Markets Projections presented today would be used towards that effort.

Mr. Kloepper then transitioned the discussion towards capital markets projections, starting with a review of current market conditions and factors that impacted 2020 returns, such as the Covid-19 pandemic, V-shaped recovery in equity markets, and Federal Reserve policy. He continued with a presentation of Callan's economic and asset class outlooks, reviewing expectations for domestic and international markets, GDP growth, and inflation. He concluded the presentation with Callan's 2020 long-term capital market projections, relating the projections to target asset allocations and 10-year return expectations for both the Cook County and Forest Preserve Funds.

3. Fourth Quarter 2020 Performance Review;

Mr. Jackson began with a review of fourth quarter and full-year 2020 performance for the Cook County Fund as prepared and presented by Callan Associates. The Cook County Fund had a market value of \$12.3 billion and all asset classes were within policy target ranges. Mr. Jackson continued with general market commentary, noting strong equity market returns for the year despite the Covid-19 pandemic, driven by Fed policymaking, fiscal stimulus, and vaccine developments. He transitioned to asset class performance, drawing attention to asset allocation decisions as the primary contributor for the Fund's one-year return. He concluded this discussion with manager updates, highlighting recent news and events impacting select investment managers.

Mr. Jackson then transitioned to fourth quarter and full-year 2020 performance for the Forest

Preserve Fund as prepared and presented by Callan LLC. The Forest Preserve Fund had a market value of \$216.5 million, a \$17 million increase compared to Q3 2020. All asset classes were within their policy target ranges. For the year and five-year periods, the Fund trailed its benchmark. However, over the trailing ten-year period the Fund outpaced its benchmark by 48bps. He concluded the discussion with investment manager updates.

4. Alternative Investment Matters

a. Review and Consideration of Investment in Mesirow Financial Real Estate Value Fund IV, L.P.

Ms. Bernard provided an overview of Mesirow Financial Real Estate Value Fund IV's investment strategy, performance, objectives, personnel, and investment terms. She then gave an update on fundraising status and compared Fund IV to previous funds in the same series, in which Cook County has also invested. She concluded with Callan's recommendation for a \$30M commitment to Fund IV, similar to the Fund's previous commitment to Mesirow Financial Real Estate Value Fund II and III.

Motion to Approve a \$30M Follow-On Investment to Mesirow Real Estate Value Fund IV, L.P.

Based on Callan LLC's due diligence memo and recommendation, it was moved by Trustee Goode and seconded by Trustee Blair that the Investment Committee recommend to the Board to approve a \$30M follow-on investment to Mesirow Real Estate Value Fund IV, L.P., for the Cook County Fund, subject to satisfactory completion of final due diligence and successful contract negotiations

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla, Wilson
NAYS: None

b. Review and Consideration of Mesirow Financial Private Equity 2021 Commitment

Ms. Tuczak gave a review of the Fund's current private equity investments with Mesirow Financial Private Equity, outlining the terms, historical structure of the program via five annual pools, and evolution in the context of the Fund's liquidity constraints. She highlighted Callan LLC's previous recommendation that the Fund maintain its current 4% target allocation to private equity via continued investment in annual pools, contemplated at \$20M per year from 2020-2022, subject to continued receipt of the annual Intergovernmental Agreement (IGA) funds from the County Board. She noted that Fund staff approved the activation of pool 6 for \$20M for 2020, and that another \$20M for 2021 (pool 7) is under consideration given the recent approval of \$341M of supplemental IGA contributions to the Fund for 2021.

Motion to Approve a \$20M Commitment to the Mesirow Private Equity Mandate for the Cook County Fund in 2021

Consistent with Callan LLC's prior recommendation, it was moved by Trustee Nevius and seconded by Trustee Blair that the Investment Committee recommend to the Board to approve a \$20M commitment to the Mesirow private equity mandate for the Cook County Fund in 2021, with activation of the commitment based upon appropriate pacing review.

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla, Wilson
NAYS: None

Following this motion, the Committee convened an Executive session, pursuant to Section 2(c)(7) of the Open Meetings Act, to discuss investment contracts.

Motion to Convene an Executive Session

It was moved by Trustee Goode and seconded by Trustee Blair that the Investment Committee convene an Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act, 5 ILCS) 120/2(c)(7).

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

Motion to Adjourn Executive Session

It was moved by Trustee McFadden and seconded by Trustee Blair that the Investment Committee adjourn the Executive Session called pursuant to Section 2(c)(7) of the Open Meetings Act and return to open session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

5. Review and Consideration of Transition Management Options

Having completed discussion in Executive Session, the Committee returned to open session and the following motion was made:

Motion to Select a Transition Manager

Based on Callan LLC's recommendation, it was moved by Trustee McFadden and seconded by Trustee Blair that the Investment Committee make a recommendation to the Retirement Board to select a transition manager and transition assets as discussed in closed session at such time and in such manner as determined by the Executive Director, with the assistance of Callan LLC, to be in the best interest of the Fund.

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

6. Administrative Matters – Legal Update (Discussed in Executive Session, no motion necessary)

7. Review and Consideration of Revised Investment Policy Statement;

Continuing the discussion from earlier last year of revising the Investment Policy Statement, Mr. Vinzons summarized all proposed changes to the Fund's Investment Policy Statement, such as new exhibits, reorganization of sections, clarified/streamlined language, and updated asset class benchmarks. Proposed changes were discussed for both the Cook County Fund and the Forest Preserve District Fund.

Motion to Approve Revisions to the Investment Policy Statement (IPS) and Accompanying Policies for the Cook County Fund.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Investment Committee recommend to the Board to approve revisions to the Investment Policy Statement (IPS) and accompanying policies for the Cook County Fund.

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

Motion to Approve Revisions to the Investment Policy Statement (IPS) and Accompanying Policies for the Forest Preserve District Fund.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Investment Committee recommend to the Board to approve revisions to the Investment Policy Statement (IPS) and accompanying policies for the Forest Preserve District Fund.

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

8. Old Business/New Business

No old or new business was discussed.

9. Adjournment.

It was moved by Trustee Goode and seconded by Trustee Blair that the meeting be adjourned.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE