



**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  
33 N Dearborn St, Suite 1000  
Chicago, Illinois 60602**

**Minutes for the April 27, 2017 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."

Call to Order and Roll Call at 9:30 a.m.

**Investment Committee**

**in attendance:**

Mr. Lawrence L. Wilson, CPA (Chair), Mr. Robert DeGraff, Mr. John Fitzgerald, Ms. Diahann Goode, Mr. Andrew Jatico, Mr. Patrick McFadden and Mr. Dennis White

**Staff Present:**

N. Hackett, M. Maratea, F. Vinzons, and V. Calahong

**Others Present:**

A. O'Bradovich, J. Jackson, M. Joecken, G. Podkaminer – Callan; H. Bailey – Cheevers; B. Debolt, T. Galuhn, M. Sacks – Mesirow Financial Private Equity; J. Balagot, A. Hsiao, M. Williams – Progress Investment Management Co.

1. Approval of November 3, 2016 Investment Committee Meeting Minutes;

***Motion for Approval and Adoption of Minutes.*** It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the minutes of the November 3, 2016 Investment Committee meeting be approved and adopted.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

2. Approval of February 21, 2017 Investment Committee Meeting Minutes;

***Motion for Approval and Adoption of Minutes.*** It was moved by Trustee McFadden and seconded by Trustee Jatico that the minutes of the February 21, 2017 Investment Committee meeting be approved and adopted.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

3. Review and Consideration of International Equity Placement;

A) Manager Evaluation and Transition Activity

Ms. Hackett provided an update on Lombardia with regard to the Fund's investment in their international equity product. American Century's decision to purchase the international equity team prompted the Fund to issue a cease trading letter to Lombardia on April 7, 2017. Russell Investment Services was then engaged to provide oversight of the assets until the Fund decided where to reallocate these assets. Fund Investment Staff and Callan recommended that these assets be reallocated to Ariel Investments.

B) Graduation Candidate Review

Immediately after, Ms. Williams, Mr. Hsiao and Mr. Balagot 1) provided a summary overview of Progress, 2) summarized the history of the Rising Opportunities portfolio and 3) reviewed performance. At length, the entire Progress team next discussed the graduation process, criteria and current recommendations. Upon conclusion of the presentation, the Investment Committee recommended Callan conduct further due diligence on two graduation-ready candidates.

***Motion to Reallocate the Lombardia Assets to Ariel Investments.*** It was moved by Trustee White and seconded by Trustee Jatiko to recommend to the Board to reallocate the Lombardia assets to Ariel Investments.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

***Motion to Authorize Callan to Conduct Due Diligence on Progress's Graduation-Ready Candidates.*** It was moved by Trustee Goode and seconded by Trustee DeGraff to authorize Callan Associates to conduct further due diligence on graduation-ready candidates as presented by Progress and recommend any additional allocations to emerging managers.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

4. Fixed Income Structure Review;

Mr. Podkaminer began the presentation by discussing the importance of fixed income's role as a portfolio diversifier, noting correlations of different fixed income strategies versus equities. Against this backdrop, Mr. Podkaminer discussed the County Fund's large exposure to equity and the need to support a more conservative, core-like diversified fixed income structure. A quick review of the current structure then segued into proposed mixes to address several themes such as liquidity, active vs. passive, duration, tracking error and emerging manager exposure. At the end of the discussion, the Investment Committee chose to recommend Mix C Passive to the Board. This mix maintains strong exposure to passive strategies by reallocating to a liquidity manager (to be determined via a search) and to high performing managers who continually comply with the Fund's policies.

***Motion to Approve New Fixed Income Sub-Allocations and Searches for the County Fund.*** It was moved by Trustee McFadden and seconded by Trustee Fitzgerald to recommend to the Board to approve Mix C Passive for the County Fund and to reallocate assets and initiate manager searches as presented by Callan Associates in their Fixed Income Structure Review

presentation.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

Mr. Podkaminer also discussed the Forest Preserve Fund's large exposure to equity and liquidity considerations. Similar to the County Fund, the need to support a more conservative, core-like diversified fixed income structure is warranted. Two mixes were presented and the Investment Committee ultimately chose to recommend Mix B to the Board. This mix maintains its core only orientation and adds a very liquid, high quality mandate to accommodate liquidity needs (also to be determined via a combined search with the County Fund).

***Motion to Approve New Fixed Income Sub-Allocations and Searches for the Forest Preserve Fund.*** It was moved by Trustee White and seconded by Trustee Goode to recommend to the Board to approve Mix B for the Forest Preserve Fund and to reallocate assets and initiate manager searches as presented by Callan Associates in their Fixed Income Structure Review presentation.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

5. Review of Private Equity Portfolio;

Messrs. Sacks, Galuhn and Debolt discussed the Fund's current private equity separate account portfolio as structured and managed by Mesirow Financial Private Equity. In particular, Mr. Sacks reviewed the Mesirow team responsible for the investment and operations of the assets. Mr. Debolt then summarized the composition of the overall portfolio and highlighted the investments to date with emerging managers. Finally, Mr. Galuhn reviewed the performance of the Fund's investments in prior commingled funds.

6. Adjournment.

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

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE