



**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 May 25, 2021, IC Meeting

***CONDUCTED BY VIDEO CONFERENCE AS PERMITTED BY ILLINOIS GOVERNOR
EXECUTIVE ORDER NUMBER 2020-07, as extended by EXECUTIVE ORDER NUMBER
2021-09 DATED APRIL 30, 2021.***

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

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

Staff Present: Regina Tuczak, Executive Director; Margaret Fahrenbach, Legal Advisor; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Fernando Vinzons, Director, Investments; Virgilio Calahong, Senior Investment Analyst; Jodi Weinstein, IT Administrator

Others Present: Barbara Bernard, Callan LLC; John Jackson, Callan LLC; Sally Haskins, Callan LLC; Jay Kloepfer, Callan LLC; Jan Mende, Callan LLC; Ann O'Bradovich, Callan LLC; Jalil Khoury, J.P. Morgan; Rosa Moreno, AFL-CIO HIT; Angela Myers, Loop Capital; Adam Rees, Pageant Media; Cyril Espanol, Pageant Media

Trustee Ochalla, Chair of the Investment Committee, presided over the meeting. He stated that a quorum of the Committee was present, five in-person and two participating via video or audio

conference pursuant to the guidance provided most recently by the Governor's April 30, 2021 Disaster Proclamation, 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. Mr. 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 February 24, 2021 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 February 24, 2021, Investment Committee meeting be approved and adopted.

Roll Call Vote:

AYES: Blair, Goode, McFadden, Nevius, Ochalla

NAYS: None

Vote Result:

MOTION ADOPTED

2. Real Estate Portfolio Overview and Pacing Review

Ms. Bernard began with a real estate market overview, contrasting the strength of the industrial and multifamily real estate sectors against the weakness experienced in the office and retail sectors. She discussed how the market has evolved throughout the Covid-19 pandemic and provided updates with regard to changing market dynamics for each real estate sector. She then transitioned to a discussion of the Cook County Fund's real estate portfolio, reviewing the weights of core and non-core investments, geographic and property type diversification, investment manager performance, and individual manager developments to track.

Ms. Bernard transitioned to a pacing study for Cook County examining the amount of additional capital required to keep the Fund invested close to its 9% real estate target and within a 5-13% target range. The pacing study concluded an additional \$130 million to core real estate would be required to keep the Fund close to the 9% target allocation in 2021. Additionally, \$50 million to non-core emerging managers is planned for allocation in 2021. She also noted that \$20-30 million in new annual capital commitments to non-core real estate would be required to maintain the target real estate allocation in future years.

Ms. Bernard then reviewed performance and strategy for the Forest Preserve Fund. She noted the current allocation to real estate is below the target, but within the 0-9% policy range. With respect to new investments, \$2 million to Clarion Lion Industrial Trust is already slated for July 2021. She also recommended \$3 million be added to PRISA to correct the underweight in real estate for the portfolio.

a. Review and Consideration of Real Estate Equity/Debt Emerging Manager RFP

With respect to meeting Cook County's non-core real estate objectives, Callan

recommended launching a search for a private real estate equity or debt emerging manager for a \$50 million mandate.

Motion to Approve a Search for a Private Real Estate Equity or Debt Emerging Manager for a \$50M Mandate

Based on Callan's recommendation, it was moved by Trustee Blair and seconded by Trustee Goode that the Investment Committee recommend to the Board approval of a search for Private Real Estate Equity or Debt Emerging Managers for a \$50 million mandate.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla

NAYS: None

b. Review and Consideration of Core Real Estate Rebalancing Recommendations

With respect to the core real estate objectives for Cook County, Callan recommended \$90 million of new investment with Clarion Lion Industrial Trust and \$40 million with PRISA. With respect to the core real estate objectives for Forest Preserve, Callan recommended an additional \$3 million to PRISA.

Motion to Approve Proposed Recommendations Regarding Core Real Estate Rebalancing

Based on the recommendation of Callan and the Fund's investment staff, it was moved by Trustee Goode and seconded by Trustee Hughes that the Investment Committee recommend to the Board the proposed increased funding and rebalancing regarding Core Real Estate allocation.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla, Wilson

NAYS: None

c. Review and Consideration of LaSalle Income & Growth Fund VI One-Year Extension Request

Ms. Bernard discussed a recent development wherein a one-year extension was requested by the management team behind LaSalle Income & Growth Fund VI. She noted the extension was requested to allow more time for LaSalle to complete the sale of the fund's final asset, South Park Center, a Class A office building in Los Angeles. Fee reductions are provided beginning in the 3rd quarter of 2022 if the property sale is delayed.

Motion to Approve a LaSalle Income & Growth Fund VI's One-Year Extension Request from December 31, 2021 to December 31, 2022

Based on Callan recommendation, it was moved by Trustee Goode and seconded by Trustee Hughes that the Investment Committee recommend to the Board to approve LaSalle Income & Growth Fund VI's one-year extension request from December 31, 2021 to December 31, 2022.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla, Wilson

NAYS:

None

3. March Quarter 2021 Performance Review;

Mr. Jackson began with a review of first quarter 2021 performance for the Cook County Fund as prepared and presented by Callan Associates. The Cook County Fund had a market value of \$12.7 billion and returned 3.49% net-of-fees in the first quarter, leading the 2.85% return of the benchmark. The Fund also led the benchmark over the trailing year, with a return of 33.51% net-of-fees, compared to 31.66% for the benchmark.

With the exception of domestic equity and fixed income, all asset classes were within policy target ranges. Mr. Jackson continued with general market commentary, noting strong global equity market returns persisting through the first quarter despite the Covid-19 pandemic. He transitioned to asset class performance, drawing attention to active management and asset allocation decisions contributing to 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 first quarter 2021 performance for the Forest Preserve Fund as prepared and presented by Callan Associates. The Forest Preserve Fund had a market value of \$220.6 million, a \$4 million increase compared to Q4 2020. All asset classes were within their policy target ranges. The Fund returned 2.98% net-of-fees in the first quarter, ahead of the benchmark by 40 basis points. For the trailing year, the Fund's 32.81% return led the benchmark by 106 basis points. He concluded the discussion, noting there were no investment manager updates to report.

4. J.P. Morgan EAFE Transition Summary Review

Ms. O'Bradovich provided a summary of the results of the transition of assets from the Fund's J.P. Morgan EAFE Opportunities account (now closed) to the new Boston Common account. She reviewed the events leading to the transition, the transition process itself, market activity during the transition, and the final results. This included a discussion of actual costs incurred versus pre-transition estimates.

5. Manager Updates

a. Review and Consideration of Amended Fee Proposal for BNY Mellon Fixed Income

Ms. Tuczak informed the Committee that Fund staff secured a lower fee arrangement with BNY Mellon Fixed Income, in consideration of recent rebalancing that shifted funds from domestic equity to fixed income. BNY Mellon proposed a new fee arrangement of 2.5 bps for the first \$300 million and 1.5 bps for the remainder, resulting in annual fee savings of \$67,500. Fund staff recommends approval of the reduced fee, subject to legal review

Motion to Approve an Amendment to the BNY Mellon Fixed Income IMA Reflecting a Fee Reduction

Based on Fund staff recommendation, it was moved by Trustee Nevius and seconded by Trustee Goode that the Investment Committee recommend to the Board approval of an amendment to the BNY Mellon Fixed Income IMA reflecting a fee reduction, subject to

satisfactory completion of the amendment.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla, Wilson

NAYS: None

b. Review and Consideration of Wells Fargo Asset Management Assignment Consent

Ms. Tuczak informed the Committee that an affiliate of GTCR LLC and Reverence Capital Partners, L.P. signed a definitive agreement to acquire Wells Fargo Asset Management (WFAM), a current manager in the Fund. She noted that Callan conducted due diligence regarding the transaction and concluded it does not warrant any action for those investors with exposure to the underlying investment units of WFAM, including the Fund's investment with the Berkeley Street Emerging Markets Equity team. Fund staff recommends providing consent to this transaction, subject to legal review of the consent letter.

Motion to Approve the Assignment of the Fund's Berkeley Street Emerging Markets International Equity Mandate

Based on Fund staff recommendation, it was moved by Trustee Blair and seconded by Trustee Goode that the Investment Committee recommend to the Board approval of the assignment of the Fund's Berkeley Street Emerging Markets International Equity mandate, subject to satisfactory completion of the consent letter.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla, Wilson

NAYS: None

c. Review and Considerations of Blackstone Alternative Asset Management Matters

(i) Review and Consideration of Additional Intermediate Entity Investment

Mr. Vinzons informed the Committee that Blackstone Alternative Asset Management (BAAM) requested consent to invest \$2.7 million into an intermediate entity called EMSO OS CP (EMSO), with the objective of providing a partial hedge for the Fund's BAAM investments against tail risk events, characterized by a meaningful selloff in risky assets. BAAM affirms the Fund is not charged an added layer of fees for investing in the intermediate entity. Mr. Vinzons noted that Callan conducted due diligence on EMSO and concluded that Cook County approve the proposed allocation.

Motion to Approve Blackstone Alternative Asset Management's Investment in EMSO CS SP

It was moved by Trustee McFadden and seconded by Trustee Goode that the Investment Committee recommend to the Board approval of Blackstone Alternative Asset Management's investment in EMSO CS SP.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla, Wilson

NAYS: None

(ii) Review and Consideration of Change in Investment Guideline

Mr. Vinzons informed the Committee of existing guidelines with respect to BAAM intermediate entities, multi-manager funds, and affiliated funds. The current guideline is 20%, and is proposed to be raised to 40%. Mr. Vinzons noted that subsequent investments in these vehicles would be subject to Fund staff and Callan review and approval.

Motion to Revise Blackstone Alternative Asset Management's Guideline With Regard to Investments in Multi-Manager Funds, Affiliated Funds and Intermediate Entities from a Maximum of 20% to 40%, with Each Subsequent Investment Subject to Callan and Fund Staff Review

It was moved by Trustee Goode and seconded by Trustee Hughes that the Investment Committee recommend to the Board to revise Blackstone Alternative Asset Management's guideline with regard to investments in multi-manager funds, affiliated funds and intermediate entities from a maximum of 20% to 40%, with each subsequent investment subject to Callan and Fund staff review.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla, Wilson

NAYS: None

6. Investment Manager Fee Review;

Mr. Jackson discussed an investment management fee review study conducted by Callan, wherein the Fund's investment management fees were benchmarked against peers in Callan's investment manager database. He reviewed results for each of the Fund's managers, noting percentile rankings for the Fund's investment managers versus peers. Ms. Tuczak continued, noting that letters would be sent to all investment managers to confirm that their investment management fees are in compliance with the Fund's most-favored-nation clause.

7. Trustee Education – Alternative Investments;

Ms. Mende provided an education session concerning infrastructure investments. She gave an overview of the characteristics, risks and rewards for various types of infrastructure. She also reviewed the various vehicles available for investment, and concluded with a review of the benefits and considerations.

8. Adjournment.

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

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE