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 July 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. William Kouruklis, Mr. Joseph Nevius, Mr. Patrick McFadden and Mr. Dennis White
Staff Present:	N. Hackett, M. Fahrenbach, M. Maratea, F. Vinzons, and V. Calahong
Others Present:	B. Bernard, J. Coons, S. Haskins, J. Jackson, M. Joecken, A. O'Bradovich, G. Podkaminer – Callan; A. Myers – Loop Capital

1. Approval of April 27, 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 April 27, 2017 Investment Committee meeting be approved and adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Cook County Performance Review;

Mr. Jackson provided general market commentary and reviewed the first quarter 2017 performance for the Cook County Fund as prepared and presented by Callan Associates. The Cook County Fund had a market value of $9.29 billion and returned 4.07% in the first quarter, outperforming the custom benchmark return of 3.68%. International equities provided the strongest absolute return in the quarter, but relative outperformance versus the custom benchmark was driven primarily by fixed income. The Cook County Fund also outperformed the custom benchmark for the one-year and five-year periods, returning 11.66% (+265 bps) and 7.69% (+79 bps) for each period respectively. The Cook County Fund increased in value during the first quarter with investment returns of $362.0 million and net additions of $7.6 million due to sales tax proceeds. As of March 31, 2017 assets were underweight in fixed income and hedge funds and slightly overweight in the remaining asset classes. Mr. Jackson noted that the 2.0% underweighting to hedge funds is due to continued unwinding of one of the managers.

3. Forest Preserve Performance Review;

Mr. Jackson provided general market commentary and reviewed the first quarter 2017 performance for the Forest Preserve Fund as prepared and presented by Callan. The Forest Preserve Fund had a market value of $194.7 million and returned 4.29% in the first quarter, underperforming against the 4.38% custom benchmark return. International equity posted the poorest relative return, but was partially offset by outperformance by domestic equity and hedge funds. The Forest Preserve Fund returned 9.86% for the one-year period, trailing the 10.69% benchmark return by 83 bps. However, the five-year period return of 8.49% exceeded the 7.22% benchmark return by 128 bps, continuing the track record of long term outperformance. The Forest Preserve Fund increased in value during the first quarter as investment returns of approximately $8.0 million offset net withdrawals of $1.9 million. As of March 31, 2017 the portfolio was slightly underweight fixed income and overweight in domestic and international equity (but all within the +/-4% revised target range as approved effective July 1, 2016).

4. Domestic Equity Structure Review;

Mr. Podkaminer began the review with a discussion on the role of U.S. equity in the portfolio as a source of capital growth. He continued with a review of the Russell 3000 Index as the policy benchmark, noting its construction as a capitalization-weighted index including large, mid, and small cap securities. Against this backdrop, Mr. Podkaminer discussed the Forest Preserve Fund's current structure, highlighting the current overweight to mid and small cap, style-neutrality relative to the policy benchmark, and growth objective. Mr. Podkaminer also provided an overview of domestic equity for the Cook County Fund. As with the Forest Preserve Fund, he discussed the Russell 3000 Index as the policy benchmark and reviewed the Cook County Fund's current structure, drawing attention to the overweight to mid and small cap, style neutrality relative to the policy benchmark, and growth objective.

Motion to Convene an Executive Session
It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the Investment Committee convene an Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act to discuss the domestic equity structures in further detail.

Roll Call Vote:

Ayes:	Degraff, Fitzgerald, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson
NAYS:	None
Vote Result:	MOTION ADOPTED

Motion to Close Executive Session
Upon concluding the discussion within the Executive Session it was moved by Trustee Fitzgerald and seconded by Trustee Goode to close the Executive Session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

No action was taken during closed session. Upon return to open session, the Investment Committee voted on the recommendations presented by Callan Associates in the closed session.

Motion to Approve Domestic Equity Structure Recommendations for the County Fund and the Forest Preserve Fund
It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff to approve the proposed domestic equity structure recommendations for the County Fund and Forest Preserve Fund as presented by Callan Associates.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

5. Real Estate Performance, Structure, and Pacing Discussion;

A) Cook County Real Estate Discussion

Ms. Haskins began the presentation with general real estate market commentary and reviewed the Cook County Fund's real estate structure, strategy, and performance. She discussed the composition of the total real estate benchmark, which is weighted 70% to the NCREIF NFI-ODCE Value Weight Net and 30% to the NAREIT Equity Index. As of March 31, 2017 the Fund's real estate was valued at $841.5 million, approximately 9.1% of total Fund assets. Real estate returned 1.69% in the first quarter, outpacing the 1.43% total real estate benchmark return by 26 bps. The 6.35% one-year period return outperformed the 6.21% custom benchmark. However, the 9.44% five-year period return trailed the 10.03% custom benchmark return. Ms. Haskins noted that the five-year return includes performance from legacy real estate managers which no longer constitute a significant portion of the real estate allocation.

With regard to structure, Ms. Haskins reminded the committee of the Fund's minimum 70% target allocation to core real estate, 20% maximum to non-core real estate, 20% maximum to strategic REITs, and no policy limits for non-strategic REITs. Policy also includes a 30% maximum allocation to any one manager. Against this backdrop, it was highlighted that the portfolio is in-line with the 9% real estate target, but the structure is out of compliance due to a Core allocation of just 58%, below the 70% minimum stipulated by policy. Additionally, allocations to the two core real estate managers, PRISA and J.P. Morgan Strategic Property Fund, are at or close to the maximum 30% individual manager limit. Lastly, Ms. Haskins noted the need to address the non-strategic nature of the Russell REIT ETF allocation.

With regard to pacing, Ms. Haskins examined the expected contributions into and distributions out of the Cook County Fund real estate portfolio over the next five years. In particular, the dynamic nature of the non-core allocation was highlighted wherein year-to-year some funds are investing while others are liquidating. The study details the amount of new capital required annually to keep the Cook County Fund invested at close to the 9% real estate target.

Having discussed performance, structure, and pacing, Ms. Haskins recommended that the Fund address the underweight allocation to core real estate, the non-strategic nature of the

Russell REIT ETF, and pacing of the real estate portfolio for the next five years. The net effect is to maintain the real estate portfolio at 9% of total Fund assets over the next five years, raise the core allocation from underweight to in-line with policy, and eliminate the non-strategic Russell REIT ETF. Additionally, future cash distributions from the core funds will not be re-invested so as to avoid surpassing the 30% single manager limit.

B) Cook County Follow-on Real Estate Investment Opportunity;

Ms. Bernard next discussed Mesirow Financial Real Estate Value Fund III, L.P (MFREVF-III), a non-core real estate fund pursuing a multi-family value-add strategy. Ms. Bernard reviewed Mesirow's track record, strategy, process, and capabilities in the space and compared MFREVF-III to its predecessor funds, including Fund II in which the Cook County Fund is currently invested.

C) Forest Preserve Fund Real Estate Discussion;

Similar to the discussion for the Cook County Fund, Ms. Haskins discussed the Forest Preserve Fund's real estate structure, strategy, and performance. As of March 31, 2017 the portfolio's real estate was valued at $17.3 million, approximately 8.9% of total Fund assets. Real estate returned 1.78% in the first quarter, outpacing the 1.44% total real estate benchmark return by 34 bps. The 6.56% one-year period return outperformed the 6.34% custom benchmark by 22 bps. However, the 8.34% five-year period trailed the 9.34% custom benchmark return by 100 bps.

With regard to structure, Ms. Haskins noted Forest Preserve's 9% target allocation for total real estate as well as policy requiring a minimum 80% allocation to core real estate and 20% maximum to strategic REITs. Ms. Haskins noted the policy does not address non-strategic REITs. Against this backdrop, it was highlighted that the portfolio is in-line with the 9% real estate target, but the structure is outside of target due to a Core allocation of just 74%, below the 80% minimum stipulated by policy. Additionally, Ms. Haskins noted the need to address the non-strategic nature of the Russell REIT ETF allocation.

Having discussed performance, structure, and pacing, Ms. Haskins then outlined a plan for the Forest Preserve Fund to address the underweight allocation to core real estate and the non-strategic nature of the Russell REIT ETF. The net effect of this plan is to maintain the real estate portfolio at 9% of Forest Preserve Fund assets, raise the core allocation from underweight to in-line with policy, and eliminate the non-strategic Russell REIT ETF.

Motion to Approve a Follow-On Investment in Mesirow Financial Real Estate Value Fund III (MFREVF-III) for the Cook County Fund
It was moved by Trustee McFadden and seconded by Trustee DeGraff to approve a $30 million follow-on investment to MFREVF-III for the Cook County Fund based on the recommendation from Callan Associates.

Roll Call Vote:
Ayes: Degraff, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson
NAYS: None
Vote Result: MOTION ADOPTED

Motion to Approve the Callan Associates' Rebalancing Recommendations with Regard to the Cook County Fund's and Forest Preserve Fund's Real Estate Investment Portfolios.
Upon completion of the real estate presentation, it was moved by Trustee McFadden and seconded by Trustee DeGraff to approve the rebalancing recommendations for both the Cook County Fund and Forest Preserve Fund, as presented by Callan Associates.

Roll Call Vote:

Ayes:	Degraff, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson
NAYS:	None
Vote Result:	MOTION ADOPTED

6. Transition Management Search Update

Mr. Vinzons began with a review of the progress to-date pertaining to the transition manager search. The search was launched on April 17, 2017 and generated nine responses. Callan Associates and Fund Investment Staff reviewed the proposals and narrowed the list of candidates for additional due diligence. Five candidates were presented to the Investment Committee for inclusion in the Fund's new transition pool.

Motion to Approve Candidate Firms for the Fund's New Transition Pool
It was moved by Trustee McFadden and seconded by Trustee Jatico that BlackRock Institutional Trust Company, Citigroup Global Markets Holdings Inc., Loop Capital Markets, Penserra Transition Management, and Russell Investments Implementation Services be approved for the Fund's reconstituted transition pool, subject to satisfactory completion of transition management guidelines and successful contract negotiations. It was further moved that the Fund Investment Staff and Executive Director be authorized to take all actions reasonably necessary to effect the foregoing.

Roll Call Vote:

Ayes:	Degraff, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson
NAYS:	None
Vote Result:	MOTION ADOPTED

7. Search Update

Ms. Hackett provided an update on the Active Core-Plus Bond and Short Duration Bond Emerging Manager searches currently outstanding. In particular, she noted the number of actual responses for the Short Duration Bond Emerging Manager search. In discussing the actual response rate, she highlighted RFP criteria such as product AUM, firm AUM, and capacity used to screen potential emerging manager firms. The Investment Committee agreed and advised Fund Investment Staff to continue the RFP process.

8. Adjournment.

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

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE