



**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 October 24, 2019 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."

Call to Order and Roll Call at 10:00 a.m.

Investment Committee

in attendance:

Mr. Robert DeGraff (Chair), Mr. John Fitzgerald, Ms. Diahann Goode, Mr. William Kouruklis (entered during Item 2), Mr. Patrick McFadden, Mr. Joseph Nevius, Mr. Kevin Ochalla

Staff Present:

Regina Tuczak, Michael Maratea, Fernando Vinzons, and Virgilio Calahong

Others Present:

Barbara Bernard, John Jackson, Jay Kloepfer, Ann O'Bradovich, Gary Robertson (telephone) – Callan
Marcus Feldman – Unite Here Local 1

Public Comment

Trustee DeGraff, Chair of the Investment Committee, opened the meeting for public comment. Mr. Feldman, a representative of Unite Here Local 1, addressed the Board with respect to union-related matters at hotel properties owned by CBRE Global Investors, one of the Fund's real estate managers. He provided a status update of labor disputes at the hotels and encouraged the Committee to engage with investment managers to ensure good labor relations. Handouts provided by Mr. Feldman were received by Ms. Regina Tuczak.

Following public comment, the Committee considered the next item of business on the Agenda.

1. ***Motion for Approval and Adoption of Minutes.*** It was moved by Trustee Nevius and seconded by Trustee Ochalla that the minutes of the September 26, 2019, Investment Committee meeting be approved and adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Preliminary September Quarter Performance Update;

Mr. Jackson began with an update on preliminary 3rd quarter performance for the Cook County Fund as prepared and presented by Callan Associates. The Cook County Fund had a market value of \$10.7 billion and all asset classes were within policy targets. Mr. Jackson continued with general market commentary, noting market volatility in July and August due to Federal Reserve policymaking, the inverted yield curve, trade wars, fears of global recession, and other geopolitical issues. He transitioned to asset class performance, drawing attention to underperformance of small cap stocks compared to large cap stocks as well as recent underperformance of the Fund's fixed income allocation attributable to the Fund's global fixed income mandate.

Mr. Jackson then transitioned to preliminary 3rd quarter performance for the Forest Preserve Fund as prepared and presented by Callan Associates. The Forest Preserve Fund had a market value of \$201.8 million, a decrease from \$0.7 million compared to Q2 2019. He noted that fixed income reached the maximum variance from the policy target. He concluded with a discussion of asset allocation and asset class performance, noting strong long-term relative outperformance compared to the policy benchmark.

3. Asset Liability Presentation and Discussion;

Ms. O'Bradovich began with a review of the previous asset liability study conducted in 2014 by Callan Associates. She provided an update on the most recent iteration of the study, drawing attention to changes in projections resulting from additional discretionary funding from the County via an inter-governmental agreement (IGA). Mr. Kloepfer then walked the Committee through different funding scenarios considering actuarial assumptions and different funding scenarios. He related the results of the study to the Fund's private equity allocation, drawing attention to the Fund's target allocation and funding mechanisms for the asset class. Following this review Mr. Kloepfer Ms. O'Bradovich, and Mr. Robertson concluded with Callan's recommendations to the Committee with regard to the Fund's private equity investments.

Motion to Maintain the Fund's Current 4% Target Allocation to Private Equity. It was moved by Trustee Ochalla and seconded by Trustee Goode that the Committee recommend to the Board to maintain the Fund's current 4% target allocation to private equity.

[Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE](#)
(Trustee Fitzgerald was not present for the motion or vote)

Motion to Authorize Investment Staff to Discuss and Negotiate the Fund's Private Equity Investments with Mesirow Financial Private Equity and Report the Findings to the Investment Committee. It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that the Committee authorize Fund staff to discuss and negotiate the Fund's private equity investments with Mesirow Financial Private Equity and to report the findings to the Investment Committee.

[Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE](#)

4. Real Estate Discussion;

Ms. Bernard began with a review of LaSalle Partners Income and Growth Fund VI, a current

Fund investment, and compared it with LaSalle Partners Income and Growth VIII, the most recent iteration in LaSalle's income and growth strategy. She outlined the new fund's investment strategy, performance objectives, personnel, and investment terms. She concluded by comparing and contrasting the funds in the series and delivered Callan's recommendation for a \$30M commitment to LaSalle Partners Income and Growth Fund VIII, similar to the Fund's previous commitment to LaSalle Partners Income and Growth Fund VI.

Motion to Approve a \$30 million Mandate to LaSalle Partners Income and Growth Fund VIII. It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that the Committee recommend to the Board to award a \$30 million mandate to LaSalle Partners Income and Growth Fund VIII.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, Nevius, Ochalla
NAYS: None
PASS/DID NOT VOTE: McFadden

Vote Result: MOTION ADOPTED

5. Cash Management;

Ms. Tuczak updated the Investment Committee on Forest Preserve Fund's cash management activity for 2019. She informed the Committee of year-to-date net withdrawals from the Forest Preserve Fund's short duration fixed income manager to accommodate liquidity needs. She concluded with a review of the impact to the Fund's asset allocation as a result of the withdrawals and notified the committee of rebalancing action to bring the Fund to target range.

6. Fee Savings

Mr. Vinzons provided an update to the Investment Committee detailing investment management fee savings. He reviewed actions by Callan Associates and investment staff to negotiate lower fees, as well as two instances where managers lowered fees as a result of most-favored-nation (MFN) provisions in the Fund's investment manager agreements. In total, fee reductions will result in approximately \$1.1 million in annual savings for the Fund. He concluded with a request that the Investment Committee approve the most recent fee savings proposals from various managers.

Motion to the Investment Committee to Approve the Most Recent Fee Savings Proposals as Outlined in the 2019 Fee Savings Update Memorandum. It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the Investment Committee recommend to the Board to approve the most recent fee savings proposals as outlined in the 2019 Fee Savings Update Memorandum.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

7. Adjournment.

It was moved by Trustee McFadden and seconded by Trustee Nevius that the meeting be

adjourned.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE