



# **County Employees' and Officers' Annuity and Benefit Fund of Cook County**

## **INVESTMENT POLICY STATEMENT**

**March 6, 2025**

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## **I. Introduction**

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The County Employees' and Officers' Annuity and Benefit Fund of Cook County ("Fund") is a statutorily created public defined benefit plan. The Fund was established on January 1, 1926 and is governed by the Illinois Pension Code [40 ILCS 5] ("Code"). The Fund was designed to provide retirement, death and disability benefits for Cook County employees and their surviving spouses, children and certain other dependents.

Investments made by the Fund shall satisfy the conditions of the Code and applicable Illinois law and, in particular, the "prudent man" fiduciary standard set forth in Section 1-109 of the Code [40 ILCS 5/1-109].

In summary, the provisions of the Code defining the duties, obligations and responsibilities of a "fiduciary" are:

- a fiduciary is anyone who has discretion in managing retirement system assets or in administering the retirement system, or who renders investment advice for direct or indirect compensation. [40 ILCS 5/1-101.2]
- a fiduciary must discharge its duties to the retirement system for the exclusive purposes of providing benefits to participants and beneficiaries and defraying reasonable administrative expenses of the retirement system. [40 ILCS 5/1-109(a)]
- a fiduciary must discharge its duties to the retirement system with the same care, skill, prudence and diligence that a prudent expert would use in a similar enterprise. [40 ILCS 5/1-109(b)]
- a fiduciary must discharge its duties to the retirement system by diversifying the investments to minimize the risk of large losses, unless prudence dictates otherwise. [40 ILCS 5/1-109(c)]
- a fiduciary must discharge its duties to the retirement system in accordance with Articles 1, and 9 of the Code. [40 ILCS 5/1-109(d)]
- a fiduciary must not cause the retirement system to engage in prohibited transactions. A fiduciary must not deal with the retirement system's assets for its own interest, or on behalf of any party whose interests are adverse to the retirement system or its participants or beneficiaries. [40 ILCS 5/1-110 and 110.5]

Subject to these fiduciary standards, the Board of Trustees ("Board") and Investment Staff shall endeavor, at all times, to execute their responsibilities in a manner consistent with the stated mission of the Fund, while ensuring transparency and compliance with all applicable laws and regulations.

## **II. Purpose**

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Under the guidance and direction of the Board and governed by the "prudent man rule," it is the mission of the Fund and the Investment Staff to optimize the total return of the Fund's investment portfolio through a policy of diversified investments using parameters of prudent risk management as measured on the total portfolio, acting at all times in the exclusive interest of the participants and beneficiaries of the Fund.

The purpose of this Investment Policy Statement (“IPS”) is to formalize the Board’s investment objectives, policies and procedures and to define the duties and responsibilities of the various entities involved in the investment process. This IPS is intended to serve as a guide, a reference tool and a communications link between the Board, Investment Staff and its Investment Service Providers which include, but are not limited to its Investment Consultants, Investment Managers, Custodian, Securities Lending providers and Transition Management providers. This IPS will also be reviewed periodically and may be modified from time to time.

This IPS is set forth by the Board in order to:

- Establish a clear understanding of the investment goals and objectives of the Fund
- Define and assign the responsibilities of all involved parties
- Establish the relevant investment horizon for which the Fund assets will be managed
- Establish risk parameters governing assets of the Fund
- Establish target asset allocation and re-balancing procedures
- Establish a methodology and criteria for selecting, retaining and terminating Investment Service Providers
- Offer specific guidance to and define limitations for all Investment Managers regarding the investment of Fund assets

No provision of this IPS shall be construed in contravention of the enabling legislation applicable to the Fund found in the Code.

### **III. Investment Objectives**

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The Fund’s assets will be invested for the sole interests of the participants and beneficiaries of the Fund and in accordance with the following objectives:

- Ensure that the current and future obligations of the Fund are met when due
- Ensure the assets of the Fund are invested with the care, skill, and diligence that a prudent person acting in a like capacity would undertake
- Ensure the assets of the Fund are invested in a manner that manages and controls the costs incurred in administering and managing the assets
- Diversify the investment of the assets to minimize the risk of large losses
- Attain the actuarial assumed annual rate of return over a long-term time horizon
- Exceed an asset policy weighted composite benchmark (Policy Target) over a market cycle (typically, 5 to 10 years)

## **IV. Roles and Responsibilities**

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### **A. Board of Trustees**

The Board is a nine-member governing body comprised of representatives of the Fund's stakeholder groups as follows:

- Seven elected members
  - One Forest Preserve District employee
  - One Forest Preserve District annuitant
  - Three Cook County employees
  - Two Cook County annuitants
- Two appointed Trustees
  - Cook County Comptroller (or designee)
  - Cook County Treasurer (or designee)

The Board is a fiduciary and has original and exclusive jurisdiction over all matters relating to the Fund, including benefits administration and the investment of the assets. As a fiduciary, the Board will discharge its duties in the sole interest of the participants and beneficiaries of the Fund. Specifically, the Board is responsible for:

- Establishing, reviewing, and maintaining policies and objectives for all aspects of the Fund's investment operations
- Overseeing the prudent investment of the Fund's investment portfolio and allocation of Fund assets among approved asset classes
- Complying with applicable statutes in all aspects of the Fund's investment program, including procurement, utilization of Emerging Investment Managers, and periodic reporting
- Ensuring that all reporting requirements mandated by the Code are complied with in a timely manner
- Taking action upon recommendations that come from its Investment Committee and Emerging Manager Investment Sub-Committee
- Investment Service Providers to the Fund
- Establishing committees and sub-committees, e.g., the Investment Committee and the Emerging Manager Investment Sub-Committee

All Trustees of the Board shall be indemnified and held harmless by the Fund for any reasonable cost or expenses incurred as a result of any actual or threatened litigation or administrative proceeding arising out of the performance of the Trustee's duties in accordance with 40 ILCS 5/1-107. No Trustee of the Board may participate in deliberations or vote on any matter before the Board which will, or is likely to, result in direct, measurable gain to the Trustee, or to that Trustee's employer or immediate family member.

## **B. Investment Committee**

The Board has established an Investment Committee (“IC”), which is a committee of the whole. The IC reviews and makes recommendations of investment-related policies to the Board for approval. The IC works with Investment Staff and Investment Consultant(s) to implement all Board approved investment policies, evaluate investment performance and comply with the IPS.

Specifically, the IC is responsible for making recommendations for Board approval on the following:

- Asset allocation policy: determine the asset classes for investment and establish the target allocation and allowable ranges for each asset class consistent with return expectations and risk tolerance
- Rebalancing and liquidity policy: establish the process employed to maintain the actual asset allocation at or near the stated policy targets and address the Fund’s liquidity needs
- Investment manager structure policy: approve the number and types of investment managers that are appropriate and the allocation to each manager
- Investment manager selection: authorize investment management searches, review the candidates, and recommend firms for engagement
- Investment manager guidelines: approve the benchmark and risk parameters for each manager consistent with its mandate within the Fund
- Investment manager monitoring: review of the investment managers for consistency of their investment philosophy, process, personnel and performance, and approve manager changes based on periodic evaluation
- Retention of outside investment service providers such as: Trustee/Custodian, investment consultant(s), investment managers, security lending provider and transition management
- Investment expenses: review expenses for investment management, Trustee/Custodian, investment consultant(s)
- Investment staff budget

### **C. Emerging Manager Sub-Investment Committee**

The Emerging Manager Sub-Investment Committee (“EMIC”) is appointed by the Investment Committee and consists of no less than five (5) Trustees. The goal of the EMIC is to develop, maintain and evaluate an Emerging Manager and Minority, Woman or Persons with a Disability Business Enterprise (“MWDBE”) investment program and recommend policies to the IC that proactively encourage the utilization of MWDBE investment managers and broker/dealers consistent with the Fund’s investment strategy and in accordance with the Code.

Specifically, the EMIC is responsible for making recommendations for IC approval on the following:

- Evaluate and recommend investment policies and goals for the utilization of Emerging Investment Managers, MWDBE managers and broker/dealers consistent with the Fund’s broader investment strategy
- Monitor progress toward achieving these goals and evaluate them on a periodic basis
- Recommend searches for Emerging Investment Managers and Manager-of-Emerging Managers programs as needed to fulfill utilization goals
- Provide direction for the Emerging Investment Manager program and generally be responsible for monitoring and evaluating the Fund’s Emerging Investment Managers and recommending criteria for Emerging Manager placements through direct mandates with the Fund
- Provide oversight for the Manager-of-Emerging Investment Managers program and Emerging Investment Managers
- Recommend graduation candidates for consideration for direct placement with the Fund from Manager-of-Emerging Managers program(s).

### **D. Investment Staff**

The Executive Director (“ED”) along with other staff are responsible for the implementation of investment strategy approved by the Board, making recommendations to the Board and Investment Committee as appropriate and for the coordination of all investment activities on behalf of the Fund.

Specifically, the investment related responsibilities include:

- Maintain the Investment Policy Statement
- Implement Board approved investment policy and strategies
- Oversee the daily administration of the Fund’s assets
- Monitor and manage the Fund’s liquidity needs. Specifically, to ensure cash is available to meet benefit payments, capital commitments and other obligations
- Rebalance assets per policy
- Establish and maintain Investment Manager Guidelines
- Conduct approved investment service provider searches and evaluate candidates
- Monitor and report Fund performance

- Monitor investment managers and make recommendations when warranted
- Review invoices and pay approved service provider fees as per contracts
- Negotiate investment management agreements with investment managers where required
- Prepare agendas and meeting materials for Board and Committee meetings
- Prepare Board and Committee meeting minutes
- Provide educational opportunities for Board and Committee members
- Assist in the annual audits
- Respond to inquiries and prepare mandated reports to state legislators or other governmental agencies
- Provide data to Fund's actuary to support valuation process
- Assist in the production of required financial reports, such as the Annual Comprehensive Financial Report ("ACFR")
- Report on emerging trends and issues of concern to public pension funds generally and to the Fund in particular

## **E. Investment Consultant**

The Board may hire an Investment Consultant(s) to assist the Board, its Committees and Staff in developing and implementing a prudent process for establishing, monitoring and evaluating the Fund's investment policy. The responsibilities of the Investment Consultant include:

- Assist in the development, implementation and evaluation of an investment policy that reflects the Board's tolerance for risk and objectives for the Fund, including performance, funded status, and liquidity needs
- Assist in the development, implementation and evaluation of an investment manager structure that provides appropriate diversification with respect to the number and types of investment managers retained by the Fund
- Recommend the appropriate benchmarks and peer groups for performance evaluation purposes
- Conduct a prudent investment manager search process, as needed, to identify appropriate candidates for review and selection consistent with the Fund's Procurement Policy (Exhibit J)
- Produce monthly and quarterly performance evaluation reports to assist the Staff in evaluating the Fund's investment results relative to the Fund's investment objectives and policy and provide recommendations for action when appropriate or if required
- Assist in the preparation of the Annual Comprehensive Financial Report ("ACFR")
- Monitor the investment management firms and products employed and provide notice of any significant developments that might impact future performance
- Educate on investment issues that are relevant to public defined benefit plan investment programs
- Attend Board and Committee meetings as requested



## **F. Custodian**

The Custodian's primary responsibilities are the safekeeping of assets which includes custody, valuation, accounting and reporting of assets owned by the Fund.

The Custodian provides the services listed below:

- Adequate safekeeping services for both domestic and international securities
- Timely settlement of securities transactions, including cross-border investments
- Proper pricing and valuation of equities, fixed income and international securities
- Timely collection of income, including tax reclaims
- Preparation of useful, accurate, and timely investment accounting and audited reports
- Provide valuation and tracking of derivatives
- Track values, contributions and distributions from non-custodied investments such as: Private Equity, Real Estate and Fund of Funds, including Hedge Funds
- Appropriate data processing capabilities, including online access to custody, accounting information, and other ancillary services as contracted with the custodian
- Prompt and accurate administration of corporate actions, including proxy issues
- Direct, accurate daily communications with investment managers to ensure trades are correct and confirmed
- Proactive reconciliation with investment managers at least monthly before monthly audited statements are rendered
- Immediate communication with the Staff regarding any concerns or issues with respect to services provided by the Custodian
- Furnish periodic SSAE No 16 Reports for review by the Staff and auditors to ascertain adequate operational, processing and risk controls
- Appropriately manage the securities lending program according to the guidelines established in this IPS
- Sweep idle cash balances in short-term investment vehicles that are consistent with the investment guidelines promulgated by OCC Reg. 9 and/or SEC Rule 2a-7
- Provide GASB 72 fair value measurement and application

## **G. Investment Managers**

The Board of Trustees requires investment managers to meet specific contractual guidelines detailed in each investment manager's agreement with the Fund. The following investment guidelines for each asset class are intended to be summaries, and the specific guidelines contained within the manager agreements shall govern in the event of conflict.

The specific duties and responsibilities of each Investment Manager include:

- Manage assets in accordance with the guidelines and objectives and consistent with each investment manager's stated investment philosophy and style as presented (see Asset Class Objectives and General Manager Guidelines in Exhibit B)

- Communicate with the Fund in writing regarding all significant changes, such as ownership, organizational structure, financial condition, investment process, regulatory violations or concerns and professional staff. The Fund must receive such communications no more than seven (7) days after the change occurs.
- Manage the assets within the parameters established by all other applicable laws, governmental rules/regulations and the Code
- Exercise voting rights on all proxies and take all related actions in a manner consistent with the long-term interest and objectives of the Fund. Each investment manager shall keep detailed records of his or her voting of proxies and related actions and will comply with all regulatory obligations related thereto

## **H. Investment Manager-of-Emerging-Managers**

The Fund may utilize a Manager of Emerging Managers. The specific duties and responsibilities of the Manager of Emerging Investment Managers include:

- Identify and invest in Emerging Investment Managers with the express objective of direct placement opportunities with the Fund
- Determine portfolio construction in accordance with the guidelines and risk parameters established for the portfolio
- Manage assets in accordance with the guidelines and objectives and consistent with each investment manager's stated investment philosophy and style as presented (see Asset Class Objectives and General Manager Guidelines in Exhibit B)
- Communicate with the Fund in writing regarding all significant changes, such as ownership, organizational structure, financial condition, investment process and professional staff. The Fund must receive such communications no more than seven (7) days after the change occurs
- Manage the assets within the parameters established by all other applicable laws and governmental rules and regulations and the Code

## **I. Securities Lending Provider**

The Fund may utilize a Securities Lending Provider to generate incremental income with a focus on risk management through the lending of Fund assets. The securities lending program may be implemented through the Custodian. A separate contract, distinct from the custody relationship, will be signed detailing the type of securities lending relationship and program and acknowledging that this is an investment function with the associated risk and return implications and fiduciary responsibility.

The Securities Lending Provider must exercise investment discretion within the overall objective of:

- Preserving principal through disciplined collateral management
- Providing a liquidity level consistent with market conditions and the lending and trading activities of the Fund's assets
- Maintaining full compliance with stated objectives and statutory provisions
- Exercising prudence and expertise in managing the cash collateral reinvestment function
- Adherence to investment and liquidity guidelines established within collateral reinvestment

## **J. Transition Management Providers**

The Fund has established a transition management pool/bench of providers that may be used for the implementation of rebalancing and transition activities. When the use of a transition manager is required, the Fund shall seek transition bids from the pool of transition management providers. The selection of the actual transition manager to effectuate the transition event is largely dependent on:

- Reasonableness of proposed strategy given market dynamics and portfolio characteristics
- Total cost analysis
- Specialty considerations
- Liquidity advantage

The Fund seeks to maintain a diverse set of transition manager partners which may include minority and non-minority owned firms. Transition managers are expected to follow the Transition Management Policies and Guidelines (Exhibit I), and meet or exceed the Fund's minority brokerage goals.

## **V. Policies**

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### **A. Asset Allocation Policy**

In establishing the asset allocation policy, the Board takes into consideration the actuarial rate of return, the nature of the Fund's liabilities, the cash flow needs, the return and risk expectations for the capital markets as well as any applicable legislation and statutes governing the Fund. The asset allocation policy reflects the Board's return objectives at a prudent level of risk. The asset allocation policy will be reviewed every three to five years by the Board to ensure its appropriateness to capital market conditions and liability considerations.

The Fund's asset allocation policy targets and ranges are specified in Exhibit C. Although it is the Board's intention to maintain an allocation within the long-term allocation target ranges provided in Exhibit C, the Board may choose to allow the current allocation to remain outside the target range if it believes market conditions warrant doing so. The Board recognizes that certain allocations are illiquid in nature (Private Equity, Real Estate, etc.). Because of this, these allocations may remain outside the target range for extended periods of time.

### **B. Rebalancing Policy**

The Investment Committee maintains a rebalancing policy to manage the Fund's strategic exposure to the capital markets, ensure that the Fund's actual asset class allocations do not drift too far from the approved asset allocation policy targets, address abrupt portfolio changes due to sudden firm closure or key man departures and satisfy the liquidity requirements of the Fund. It is recognized that there may be periods during which certain ranges or amounts are exceeded or not met.

Rebalancing ranges (defined in Exhibit C) for each asset class have been established by the Investment Committee. Staff has been delegated responsibility to implement the rebalancing policy and resulting transition activity. To the extent feasible, Staff will notify the IC or Board in advance of rebalancing or transition actions.

The following, among other things, may be used to rebalance the asset classes:

- Cash flows into and out of the Fund will be used to rebalance back toward the policy target weights whenever possible. For example, incoming cash flows should be directed toward asset classes that are most underweight; outgoing cash flows should be taken from asset classes that are most overweight. This will also serve to minimize costs associated with rebalancing.
- The Fund's actual asset allocation will normally be reviewed towards the end of each calendar month. Rebalancing may occur more frequently due to extreme volatility in the capital markets or a need to implement a change in managers. Rebalancing may take place if the weight in any asset class is outside the ranges. The costs of trading shall be weighed against the expected benefits when assessing the frequency of rebalancing.

### **C. Investment Manager Selection**

The Board follows the policies and procedures of the Procurement Policy for selection and appointment of Investment Managers and Consultants adopted May 20, 2009 and amended February 3, 2010. Pursuant to Section 1-109.1 of the Pension Code, it is the public policy of the State of Illinois to encourage

the Trustees of public employee retirement systems to use qualified Emerging Investment Managers in managing assets of their respective plans to the greatest extent feasible within the bounds of financial and fiduciary prudence.

#### **D. Performance Reporting and Investment Manager Evaluation**

Performance reports generated by the Investment Consultant shall be presented to the IC for review. The investment return of the total portfolio, as well as asset class components and individual managers, will be measured against appropriate performance benchmarks and peer groups. The relevant benchmarks for each asset class and Investment Manager are provided in Exhibit C.

The investment objective for Investment Managers implementing active strategies is to exceed the return of the appropriate benchmark index (net of fees) and rank above median in a representative peer universe over reasonable measurement periods (typically, 5 years). The objective for managers implementing passive strategies is to approximate the return of the stated index and maintain a low tracking error relative to the index.

Investment Managers shall be reviewed regularly regarding performance, personnel, investment strategy and process, research capabilities, organizational and business matters, compliance with the Fund directives regarding utilization of minority, female and disabled-owned broker dealers and other factors that may impact their ability to achieve the desired investment results.

The Board recognizes that the decision to retain or terminate an Investment Manager cannot be made by rigid rules or formulae. It is the Board's confidence in the manager's ability to add value to the Fund that ultimately determines the retention of the manager.

During the course of ongoing reviews, certain events may warrant prompt attention and a more prescribed course of action as recommended to the IC. In such instances an Investment Manager may be placed on review. This process is intended to identify issues relating to performance, relationship or risk factors that may impact the ability of the manager to meet the Fund's expectations as outlined in this policy or the Investment Manager's investment management agreement. Such issues may include:

- Significant change in organizational structure or personnel
- Significant change in clients/assets under management
- Changes in investment strategy or process
- Investment performance
- Compliance
- Significant change in the active risk profile of the Investment Manager
- Failure to follow brokerage guidelines
- Regulatory violations or concerns

Investment Staff and Investment Consultant will actively monitor and evaluate the Investment Manager placed under review, which may include onsite due diligence, regular meetings, and increased reporting and will inform the IC periodically of all developments.

Ultimately, however, the Board in its sole discretion may find it necessary to terminate an Investment Manager at any time.

## **E. Emerging Investment Manager and MWDBE Program**

The Board supports the Code's aspirational goals: (i) use Emerging Investment Managers for not less than 20% of the total Fund's assets under management and (ii) use MWDBE firms to manage not less than 20% of the total Fund's assets under management.

The Board considers it a priority to take affirmative steps to remove barriers to the full participation of emerging managers in investment opportunities and has been a pioneer in this regard and desires to further advance its efforts. The Board's objectives are:

- Increase the utilization of emerging and MWDBE managers
- Proactively identify best-in-class emerging and MWDBE managers who demonstrate the capacity to become long-term successful investment managers for the Fund
- Maintain guidelines and funding strategies that encourage the inclusion and support the development of emerging and MWDBE managers
- Employ prudent selection processes and practices consistent with the high fiduciary standards for all investment management decisions

In implementing the Emerging Investment Manager Policy, the Fund has established target range goals based on its asset allocation. For the purpose of this program, the Fund has adopted the Emerging Investment Manager Policy (Exhibit D) utilization goals and evaluation methodology established for the Fund. Results will be reported on a combined basis with Forest Preserve.

## **F. Broker/Dealer Trading Policy**

Consistent with the requirements of the Illinois Pension Code, the Board encourages the use of broker/dealer firms that are MWDBE when executing trades for the Fund with preference to those entities located in the State of Illinois, subject to each Investment Manager being responsible for implementing trading policies that result in the best price and execution of any broker/dealer selected.

In implementing the Broker/Dealer Trading Policy (Exhibit E), the Fund has established the minimum annual goals based on its current asset allocation. For the purpose of this program, the Fund hereby adopts the Broker/Dealer Trading Policy annual goals and evaluation methodology established for the Fund. Results will be reported on a combined basis with Forest Preserve.

Investment managers are required to act as fiduciaries when investing Fund assets. As fiduciaries, investment manager decisions are made for the exclusive benefit of the Fund, its participant and their beneficiaries. Investment managers are required to search for "best execution" in selecting brokerage firms for trade execution services. The Board defines best execution as achieving the best possible terms of execution while taking into account both explicit and implicit trading costs. The investment manager's selection of such brokers shall be in accordance with Article 1 of the Illinois Pension Code (40 ILCS 5/1-101 et seq.), the Investment Advisers Act of 1940 and any other applicable securities laws, rules and regulations.

All trades must be identified in the Investment Manager's quarterly report to the Board. Investment Managers must identify which brokers utilized are broker/dealers that are MWDBE and the dollar amount traded with each firm. In addition, the report should detail total shares executed, total trading commissions, and average commission cost per share.

When an Investment Manager cannot meet these goals, the manager must identify the reasons the goal could not be met within the quarterly report to the Board. Failure by a manager to meet the goals set forth in this policy will be considered as a factor when evaluating the manager.

## **G. Investments in Illinois**

The General Assembly of the State of Illinois has determined that it is the public policy of the State of Illinois to encourage pension funds to promote the economy of Illinois through the use of economic opportunity investments to the greatest extent feasible within the bounds of financial and fiduciary prudence. Nothing in this Policy, however, shall be construed to compromise investment return in order to provide a subsidy to a particular group to the detriment of the Fund or its participants and beneficiaries.

## **H. Sustainable Investing Principles**

In accordance with 40 ILCS 5/1-113.6 and 40 ILCS 5/1-113.17, the Board will regularly consider material, relevant, and decision-useful sustainability factors, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors.

## **Exhibit A: Plan Information and List of Current Providers**

(As of December 31, 2024)

### **PLAN INFORMATION**

|                                |   |
|--------------------------------|---|
| Plan Name:                     | County Employees' and Officers' Annuity and Benefit Fund of Cook County |
| Type of Plan:                  | Defined Benefit   |
| Plan year end:                 | December 31,  |
| Employer ID Number:            | 36-6002302  |
| Plan Custodian:                | BNY Mellon  |
| Plan Actuary:                  | Cavanaugh Macdonald   |
| Plan Investment Consultant:    | Callan Associates LLC   |
| Plan Securities Lending Agent: | BNY Mellon  |

Investment Managers (See current list on our website):

<https://www.cookcountypension.com/investments/investment-managers/>



## **Exhibit B: Asset Class Objectives and General Manager Guidelines**

The information provided below offers a description of the program's strategies and representative general guidelines. Additional guideline information may be specified in the investment manager's agreement with the Fund and should govern in the event of conflict.

### **Fixed Income Manager(s)**

#### **Separately Managed, Core Investment Grade, Active**

The investment objective of the core investment grade fixed income portfolio is to maximize total return while generating income and exhibiting less volatility than other asset classes in the Fund's diversified portfolio. The following general guidelines apply to the separately managed, investment grade fixed income Investment Manager(s) of the Fund.

- Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities may be held without restriction.
- No single security shall comprise more than 5% of the portfolio's overall allocation after accounting for price appreciation, except for any U.S. Treasury or U.S. agency securities.
- The average duration of the portfolio is not to vary more than +/-30% of the duration of the appropriate benchmark index.
- The average credit quality of the total fixed income portfolio must be investment grade.
- The use of swaps, exchange traded financial futures, exchange traded options on financial futures, and over the counter options is subject to individual manager guidelines. Managers are not permitted to utilize these transactions for speculative purposes.
- In the event that a stated limitation is breached, the Manager shall notify Cook County and provide an evaluation and a plan of action.

### **Fixed Income Manager(s)**

#### **Separately Managed, Core Plus Investment Grade, Active**

The investment objective of the core plus investment grade fixed income portfolio is to maximize total return while generating income and seeking to add incremental returns through investments in non-core sectors of the fixed income market. The following guidelines and restrictions apply to the separately managed, investment grade core plus fixed income Investment Manager(s) of the Fund.

- The Account will be invested in obligations of domestic and non-U.S. issuers payable as to principal and interest in U.S. dollars or non-U.S. dollar denominations, both taxable and tax exempt.
- No single security shall comprise more than 5% of the Portfolio's overall allocation after accounting for price appreciation, except for any U.S. Treasury or U.S. agency security, inclusive of U.S. agency backed securities such as Agency MBS, which may comprise no more than 10% of the Portfolio's overall allocation after accounting for price appreciation.
- The average duration of the Portfolio is not to vary more than +/-30% of the duration of the appropriate benchmark index.

- Up to 30% of the market value of the Portfolio may be invested in securities with a credit rating below investment grade. A security shall be constituted below investment grade if it is rated by any one of the following credit agencies below the following: BBB- by Standard & Poor's, Baa3 by Moody's, or BBB- by Fitch may be purchased. If a security is not rated by one of these three rating agencies, a rating from any nationally recognized statistical rating organization ("NRSRO") may apply. Further, if a security is not rated by any of the identified rating agencies, the Manager will determine a rating.
- Up to 25% of the market value of the Portfolio may be invested in Non-U.S. dollar securities.
- Emerging market debt is limited to 10% of portfolio market value defined as those countries included in the JP Morgan Diversified Index, ELMI+ Index or GBI-EM Index or issued by an entity domiciled in a "developing country," including low, low-middle or upper-middle income economy, as that term is defined by the World Bank/IMF (determined at the time of purchase).
- The Investment Manager has the ability to invest in up to 30% in out of benchmark sectors, not to exceed the limits as specified above. Out of benchmark sectors include HY and non-USD securities.
- The aggregate position in Non-Agency Structured Products, inclusive of CLOs, shall not exceed 30% of the portfolio and is not included in the Out of Benchmark Sectors.
- The Investment Manager may hold up to 5% of its Portfolio in a money market and/or cash. The only exception to this rule is during trading activity, which can only be maintained for short time periods, i.e., less than 60 days. Should an Investment Manager need to maintain cash levels exceeding the 5% guideline for a longer period of time, the Investment Manager must notify Investment Staff promptly and in writing.
- In the event that a stated limitation is breached, the Manager shall notify Cook County in writing and provide an evaluation and plan of action.

### **Fixed Income Manager(s) Separately Managed, Passive**

The investment objective of the passively managed fixed income portfolio is to earn the reported return of the stated Index with low relative tracking error while minimizing costs to the Fund. The following guidelines and restrictions apply to the separately managed, passive fixed income Investment Manager(s) of the Fund.

- Approved securities include the securities held in the Bloomberg Aggregate Index. The portfolio holdings are expected to be a stratified sample of the index.
- Exchange-traded funds are permissible investments and shall comprise no more than 10% of the portfolio at market. No single security shall comprise more than 10% of the portfolio's overall allocation after accounting for price appreciation, except for any U.S. Treasury or U.S. agency securities.
- The portfolio is expected to be fully invested in fixed income securities. However, the Investment Manager may hold up to 5% of its portfolio in cash equivalents. For Separate Accounts, the cash will be invested in the commingled short-term investment fund managed by the custodian consistent with OCC Reg. 9 and/or SEC Rule 2a-7. Should an Investment Manager need to maintain cash levels exceeding the 5% guideline, the Investment Manager must notify Investment Staff promptly and in writing.

## **Fixed Income Manager(s)**

### **Separately Managed, Short Duration, Active**

The investment objective of the separately managed short duration fixed income portfolio is to earn the reported return of the stated Index with low relative volatility (tracking error) while minimizing costs to the Fund.

- No single security shall comprise more than 5% of the portfolio's overall allocation after accounting for price appreciation, except for any U.S. Treasury or U.S. agency securities.
- No securities with a credit rating below BBB- by Standard & Poor's, Baa3 by Moody's, or BBB- by Fitch may be purchased. In the case of a split rating, the higher rating shall apply. Securities which are downgraded below the policy minimum may be held at the Investment Manager's discretion. However, the Investment Manager must notify the Board and Investment Staff of these securities in the quarterly reports. The manager may purchase non-rated securities if they are deemed to be investment grade by the Investment Manager.
- The average quality of the overall portfolio should be no less than A- rated by two out of the three following credit agencies: Moody's, Standard & Poor's and Fitch. The Investment Manager shall notify Staff and the Investment Consultant promptly if the average portfolio quality falls below A-.
- Non-U.S. dollar securities, derivatives, options, financial futures, private placements, or venture capital may not be purchased. There is no limit on Yankee Bonds.
- The average duration of the portfolio is not to vary more than +30%/-50% of the duration of the appropriate benchmark index.
- The portfolio is expected to be fully invested; however, the Investment Manager may hold up to
- 5% of its portfolio in cash/cash equivalents. The Investment manager may hold in excess of 5%
- during short periods of trading activity (e.g., 60 days).

## **U.S. Equity Managers**

### **Separately Managed, Active**

The investment objective of the actively managed U.S. equity market portfolio to earn an equity risk premium to enhance the Fund's long-term returns. This asset class includes the broad market of publicly traded U.S. equities with varying characteristics related to market capitalization and investment style.

- Individual security positions may be limited on an absolute or relative weighting to the associated benchmark index. No single security shall comprise more than 10% of the portfolio market value unless such a security position exceeds 10% of the representative index. In such cases, the portfolio may hold a position that is the greater of 10% of the portfolio value or 1.25 times the index weight of that security unless specifically permitted by the investment management agreement.
- Options, private placements, restricted stock, issues related to the Investment Manager, or venture capital may not be purchased. The purchase of securities on margin and short selling is prohibited.
- Equity Futures contracts may be employed solely of the purpose of overlaying cash to generate or maintain equity exposure.

- No investments shall be made in securities that are not traded on a U.S. exchange or traded in U.S. dollars.
- The combined holdings of preferred stocks and convertible bonds shall not exceed 10% of the portfolio.
- Exchange-traded funds are permissible investments and shall not comprise more than 10% of the portfolio at market.
- Investments in Rule 144a securities may not exceed 10% of the portfolio's overall market value.
- At no point in time shall the portfolio hold a security in which the Investment Manager's firm has an aggregate position in the security that exceeds 15% of the fair market value of the outstanding stock of the company unless specifically permitted by the investment management agreement.
- The portfolio is expected to be fully invested in U.S. common stocks. However, the Investment Manager may hold up to 5% of its portfolio in cash equivalents. The cash will be invested in the commingled short-term investment fund managed by the custodian consistent with OCC Reg 9 and/or SEC Rule 2a-7. Should an Investment Manager need to maintain cash levels exceeding the 5% guideline, the Investment Manager must notify Investment Staff promptly and in writing.
- In the event that a stated limitation is breached, the Manager shall notify Cook County in writing and provide an evaluation and a plan of action.

## **U.S. Equity Managers**

### **Separately Managed, Passive**

The investment objective of the passively managed U.S. Equity portfolio is to earn the reported return of the stated Index with low relative volatility (tracking error) while minimizing costs to the Fund. The following guidelines and restrictions apply to the separately managed, passive U.S. Equity Investment Manager(s) of the Fund.

- Approved securities include the common stock of those companies included in the associated index.
- Exchange-traded funds are permissible investments, but shall not comprise more than 10% of the portfolio at market.
- The portfolio is expected to be fully invested in U.S. common stocks. However, the Investment Manager may hold up to 5% of its portfolio in cash equivalents. The cash will be invested in the commingled short-term investment fund managed by the custodian consistent with OCC Reg 9 and/or SEC Rule 2a-7. Should an Investment Manager need to maintain cash levels exceeding the 5% guideline, the Investment Manager must notify Investment Staff promptly and in writing.

## **Non-U.S. Equity Manager(s)**

### **Separately Managed, Active**

The investment objective of the actively managed Non-U.S. Equity portfolio is to earn an equity risk premium and to diversify the equity exposure within the Fund. The investment objective is to achieve a return that exceeds the return of a representative benchmark. The international equities asset class includes both developed and emerging equity markets with varying market capitalization and investment style.

- Individual security positions may be limited on an absolute or relative weighting to the associated benchmark index. No single security shall comprise more than 10% of the portfolio market value unless such a security position exceeds 10% of the representative index. In such cases, the portfolio may hold a position that is the greater of 10% of the portfolio value or 1.25 times the index weight of that security unless specifically permitted by the investment management agreement.
- Private placements, restricted stock, issues related to the Investment Manager, or venture capital may not be purchased. The purchase of securities on margin and short selling is prohibited.
- The combined holdings of preferred stocks and convertible bonds shall not exceed 10% of the portfolio.
- Exchange-traded funds are permissible investments and shall not comprise more than 10% of the portfolio at market.
- At no point in time shall the portfolio hold a security in which the Investment Manager's firm has an aggregate position in the security that exceeds 15% of the fair market value of the outstanding stock of the company.
- Financial futures are allowed for hedging purposes only. They are not allowed for speculation or for leveraging the portfolio.
- The portfolio is expected to be fully invested in non-U.S. common stocks. However, the Investment Manager may hold up to 5% of its portfolio in cash equivalents. To the extent the portfolio holds local currency cash for non-trading purposes, the cash will be invested in the commingled short-term investment fund managed by the custodian consistent with OCC Reg 9 and/or SEC Rule 2a-7. Should an Investment Manager need to maintain cash levels exceeding the 5% guideline, the Investment Manager must notify Investment Staff promptly and in writing.
- In the event that a stated limitation is breached, the Manager shall notify Cook County in writing and provide an evaluation and a plan of action.

### **Non-U.S. Equity Manager(s) Separately Managed, Passive**

The investment objective of the passively managed Non-U.S. Equity portfolio is to earn the reported return of the stated Index with low relative volatility (tracking error) while minimizing costs to the Fund. The following guidelines and restrictions apply to the separately managed, passive Non-U.S. Equity Investment Manager(s) of the Fund.

- Approved securities include the common stock of those companies included in the associated index.
- Exchange-traded funds are permissible investments, but shall not comprise more than 10% of the portfolio at market.
- The portfolio is expected to be fully invested in Non-U.S. common stocks. However, the Investment Manager may hold up to 5% of its portfolio in cash equivalents. The cash will be invested in the commingled short-term investment fund managed by the custodian consistent with OCC Reg 9 and/or SEC Rule 2a-7. Should an Investment Manager need to maintain cash levels exceeding the 5% guideline, the Investment Manager must notify Investment Staff promptly and in writing.

## **Commingled Funds, Collective Funds, Pooled Funds, Limited Partnerships or Other Similarly-Structured Vehicles**

Commingled funds, collective funds, pooled funds, limited partnerships or other similarly-structured vehicles may be used from time to time. Such investment vehicles utilized by the Fund must adhere to the written objectives and guidelines as established in the contract, prospectus, or Private Placement Memorandum. If at any time the investment manager managing such investments deviates from these guidelines or investment objectives, the investment manager must immediately (within 5 days) notify the Investment Staff and investment consultant.

## **Investment Manager-of-Emerging Managers**

- A Manager-of-Emerging Investment Managers shall retain only underlying Emerging Investment Managers meeting criteria established by the Fund consistent with the Fund's expressed objectives to enhance the Emerging Investment Manager Program. MWDBE firms with assets between \$250 million and \$10 billion will be considered for the Fund's manager-of-emerging manager program.
- A Manager-of-Emerging Investment Managers may not retain an Emerging Investment Manager that is currently managing assets for the Fund. All Emerging Investment Managers retained must demonstrate the intention to develop an institutional client base.
- All Emerging Investment Managers retained must maintain at least \$1 million of liability insurance secured and in effect by the time of funding.
- All Emerging Investment Managers must acknowledge in writing that it will comply with the Investment Policy and comply with their appropriate investment guidelines contained within the program policy guidelines and their individual strategy guidelines.
- All Emerging Investment Managers must meet the definition as a minority, woman or disabled-owned Investment Manager as required by the Illinois statute. Failure to maintain such certification may be grounds for termination.

## **Securities Lending Provider**

The objective of the Securities Lending Program is to generate incremental income with a focus on risk management through the lending of Fund assets. The securities lending program may be implemented through the Custodian.

- The Securities Lending Provider shall manage the program in a risk-controlled manner with a focus on risk mitigation, intrinsic value lending, and collateral management.
- Proper risk management and borrower default indemnification furnished by the Securities Lending Provider shall be maintained in the conduct of the program.
- On a daily basis, the Securities Lending Provider should strive to invest the collateral so that it will provide sufficient yield that will exceed the aggregate rebate rate owed to the borrowers of the securities on loan.
- The Securities Lending Provider shall be responsible for the review and ongoing evaluation of the creditworthiness and default risk of borrowers.
- The Securities Lending Provider shall not enter into any loan of Fund assets that exceeds one year and all loan agreements shall specify earlier termination by either party upon mutually agreed conditions.



- All security loans shall be collateralized by cash and securities issued or guaranteed by the U.S. Government or its agencies and instrumentalities. The amount of collateral for U.S. Securities must be equal to at least 102% of the loaned securities market value, marked to market and all interest accrued through the date of such market value determination. For non-U.S. securities, the amount of the collateral must be equal to at least 105% of the loaned securities market value and all interest accrued through the date of such market value determination, marked to market.
- The Securities Lending Provider shall invest the collateral resulting from lending activity in a separate account in accordance with the agreed-upon guidelines.
- The Securities Lending Provider shall use amortized cost for purposes of calculating a net asset value (“NAV”).
- The Securities Lending Provider shall disclose and follow Securities Lending Cash Collateral Investment Guidelines as agreed within the Securities Lending Authorization Agreement summarized below:
  - The Securities Lending Provider may not purchase any individual instrument with a remaining maturity of greater than 397 calendar days and must maintain a dollar-weighted average portfolio maturity of 90 days or less. For purposes of calculating portfolio average maturity, adjustable / floating / variable rate securities are generally deemed to have a maturity equal to the next readjustment date of the interest rate, provided that the security’s value may reasonably be expected to approximate its amortized cost upon readjustment. Securities with demand features (such as a put feature) may be considered to have a maturity date equal to the longer of the next readjustment date or the date upon which the holder of the security can sell the security at an exercise price equal to the approximate amortized cost of the security plus accrued interest, provided that the demand feature must be exercisable on no more than 30 days calendar notice.
  - The Securities Lending Provider may purchase only securities that present minimal credit risks, as determined by both the security rating and independent analysis. For rated securities, the security (or securities of the same issuer with comparable priority and security) must have received a short-term rating within the highest short-term category for debt obligations of any nationally recognized statistical rating organization (“NRSRO”).
  - No single issuer should comprise more than 5% of the portfolio’s overall allocation after accounting for price appreciation, except for any U.S. Treasury or U.S. agency security. For purposes of determining issuer diversification, repurchase agreements are deemed to be issued by the underlying collateral.

### **Hedge Fund-of-Funds Manager(s)**

The Fund’s hedge fund program seeks to achieve consistent positive real returns and to maximize long-term total return within prudent levels of risk through a well-diversified portfolio of hedge fund strategies that, in aggregate, do not materially rely upon the direction of the equity or fixed income markets. The Fund allocates a portion of its total assets to hedge funds for the following benefits:

- Enhance the diversification of the Fund’s overall investment portfolio due to hedge fund’s low correlation with stocks and bonds;
- Achieve returns substantially independent of normal market cycles as hedge funds seek to generate profits regardless of conditions in the equity or fixed income market.

The Fund’s Comprehensive Hedge Fund Investment Policy Statement is in Exhibit F.

## **Real Estate Managers**

The Fund invests in Real Estate to enhance the investment portfolio return through income and long-term capital appreciation with a low correlation to stocks and bonds. The goal of this asset class is to provide high current income and an attractive risk-adjusted return that generally falls between stocks and bonds and to provide a hedge against unanticipated inflation.

- Investment structures within these categories include but are not limited to:
  - Open and closed-end commingled funds
  - Limited Partnerships
  - Limited Liability Companies
  - Secondary Investments
- The portfolio should maintain adequate diversification across real estate investments.

The Fund's comprehensive Real Estate Investment Policy Statement is in Exhibit G.

## **Infrastructure Managers**

The Fund invests in Infrastructure to enhance the investment portfolio return through income and long-term capital appreciation. The goal of this asset class is to provide high current income and an attractive risk-adjusted rate of return that generally falls between stocks and bonds and to provide a hedge against unanticipated inflation. Due to the long-term nature of these investments, the fund structures that accommodate Infrastructure investments are highly illiquid.

- The Infrastructure portfolio may invest in U.S. and non-U.S. private and public market infrastructure structures and categories.
- Investment structures within these categories include but are not limited to:
  - Open and closed-end commingled funds
  - Limited Partnerships
  - Limited Liability Companies
  - Secondary Investments
- The portfolio should maintain adequate diversification across infrastructure investments.

## **Private Equity Fund-of-Funds Managers**

The Fund invests in alternative investments such as private equity to increase the portfolio's long-term expected return and provide diversification with other asset classes, reducing portfolio volatility. Private Equity investments are highly illiquid, and the Fund seeks to be compensated for such illiquidity by earning returns substantially greater than those available from equivalent publicly-traded securities.

- The Fund should gain exposure to the array of Private Equity strategies including buyout, growth, venture, and special situations funds. Investment Staff may also seek to build Private Equity portfolios that are broadly diversified across vintage years. Investment Staff may utilize Fund-of-Fund managers to gain access to a diversified portfolio of funds and investments. Staff may also consider recommending the purchase of secondary partnership interests through pooled vehicles to



shorten the effective life of partnership investments and positively impact the current and long-term net return of the Private Equity portfolio.

- Private Equity investment managers may or may not hedge currency risk. The Fund's Private Equity portfolio will not implement currency hedges and accepts currency risks consistent with the geographic exposures of the underlying investments.
- Private Equity partnerships may have fund terms of 10 years or more. The Fund understands and recognizes that alternative asset classes such as Private Equity, due to their long investment horizon, may not provide short term cash flows for the Fund.

The Fund's comprehensive Private Equity Investment Policy Statement is in Exhibit H

### **Private Credit Managers**

The Fund invests in alternative investments such as private credit to enhance the investment portfolio return through income generation and long-term capital appreciation while mitigating drawdown risk where possible. Private Credit investments are highly illiquid, and the Fund seeks to be compensated for such illiquidity by earning returns substantially greater than those available from publicly traded securities.

- The Fund should gain exposure to the array of financing stages by opportunistically exploiting the best investments at different stages of the business cycle. Investment Staff should also seek to build Private Credit portfolios that are broadly diversified across vintage years. Staff may also consider recommending the purchase of secondary partnership interests to shorten the effective life of the partnership interest and positively impact the current and long-term net return of the alternatives portfolio.
- Private Credit investment managers may or may not hedge currency risk. The Fund's Private Credit portfolio will not implement currency hedges and accepts currency risks consistent with the geographic exposures of the underlying investments.
- The partnership structure may cover periods of 10 years or more. The Fund understands and recognizes that the alternative asset class such as Private Credit may not be structured in a way to provide short term cash flow for the Fund.

### **Transition Managers**

Transition management centralizes the coordination of activities and parties involved with the purpose of eliminating unnecessary transactions, reducing costs, and maintaining the maximum amount of market (asset class or manager style) exposure during the transition period. The transition manager serves as a discretionary caretaker of the portfolio(s) to be liquidated and as the conduit for the funding of the receiving (or target) portfolio. The Fund's comprehensive Transition Management Policy is in Exhibit I.

## Exhibit C: Asset Allocation Policy Benchmarks, Targets and Ranges

| Asset Classes                      | Benchmark  | Target (%)  | Min (%)     | Max (%)     |
|------------------------------------|--|-------------|-------------|-------------|
| Domestic Equity                    | Russell 3000   | 32.0        | 28.0        | 36.0        |
| Non-U.S. Equity                    | MSCI ACWI ex US IMI                                      | 20.0        | 16.0        | 24.0        |
| Total Fixed Income <sup>1</sup>    | Custom Fixed Income Benchmark                            | 26.0        | 22.0        | 30.0        |
| <i>Broad U.S. Fixed Income</i>     | <i>Bloomberg Aggregate Index</i>                         | <i>23.5</i> | <i>19.5</i> | <i>27.5</i> |
| <i>Short Duration Fixed Income</i> | <i>Bloomberg 1-3 Yr Government/Credit Index</i>          | <i>2.5</i>  | <i>0.0</i>  | <i>5.0</i>  |
| Real Estate <sup>2</sup>           | Custom Real Estate Benchmark                             | 9.0         | 5.0         | 13.0        |
| Hedge Funds                        | 90 Day SOFR* + 4%  | 3.0         | 0.0         | 6.0         |
| Private Equity <sup>3</sup>        | Custom Private Equity Benchmark/Cambridge Private Equity | 5.0         | 1.0         | 9.0         |
| Infrastructure <sup>4</sup>        | TBD  | 2.0         | 0.0         | 4.0         |
| Private Credit <sup>5</sup>        | TBD  | 2.0         | 0.0         | 4.0         |
| Cash Equivalents                   | 90 T-Bills   | 1.0         | 0.0         | 5.0         |
| Total Fund <sup>6</sup>            | Custom Total Fund Policy Benchmark                       | 100.0       |             |             |

### Footnotes:

<sup>1</sup> Custom Fixed Income Benchmark: This benchmark is a blend of the Bloomberg Aggregate Index and the Bloomberg 1-3 Government/Credit Index weighted by the target allocation.

<sup>2</sup> Custom Real Estate Benchmark: This benchmark is a blend of the FTSE NAREIT Equity Index and the NCREIF NFI-ODCE Value Weight Net Index weighted by the target allocation.

<sup>3</sup> Custom Private Equity Benchmark: The long-term return objective is to exceed the public equity return. Given the appraisal-based valuation methodology and illiquid nature of the investments, the Private Equity allocation is benchmarked to actual PE returns for the purposes of calculating the Total Fund Benchmark. The annual strategy review will use the Cambridge Universe information for benchmarking.

<sup>4</sup> Infrastructure: Investment was approved by the Board in June 2022 to be implemented at a future date. The appropriate benchmark will be determined at that time.

<sup>5</sup> Private Credit: Investment approved by the Board in June 2022 to be implemented at a future date. The appropriate benchmark will be determined at that time.

<sup>6</sup> Custom Total Fund Policy Benchmark: This benchmark is a blend of the Asset Class benchmarks weighted by the target allocation. The Total Fund benchmark will remain based on prior target allocation until the new allocation is implemented.



## Exhibit D: Minority/Emerging Investment Manager Policy

### I. Introduction

The purpose of this Minority/Emerging Investment Manager Policy is to formalize the Board's utilization goals, policies and procedures with regard to the utilization of Minority and Emerging Investment Managers for Cook County and Forest Preserve Funds (Funds).

### II. Utilization Goals

In fulfillment of the Minority/Emerging Investment Manager Program, the Board has established target goals. These goals are part of the Funds' long-term strategy consistent with its asset allocation and rebalancing objectives and will be reviewed annually.

For the purpose of this program, results will be reported on a combined basis for both Cook County and Forest Preserve Funds.

#### Minority Investment Manager Utilization Goals (% of total assets)

Table 1.0

| <i>Asset Class</i>      | <i>Goal for Minorities</i> | <i>Goal for Women</i> | <i>Goal for Persons with a Disability</i> | <i>Overall Goal</i> |
|-------------------------|----------------------------|-----------------------|---|---------------------|
| Public Equity           | 8 – 12%                    | 8 – 12%               | 0 – 2%                                    | 5 – 10%             |
| Fixed Income            | 3 – 7%                     | 3 – 7%                | 0 – 2%                                    | 5 – 15%             |
| Alternative Investments | 1 – 5%                     | 1 – 5%                | 0 – 2%                                    | 5 – 10%             |
| Total Fund              | 18%                        | 18%                   | 1%  | 37%                 |

#### Emerging Investment Manager Utilization Goals (% of total assets)

Table 2.0

| <i>Asset Class</i>      | <i>Goal for Minorities</i> | <i>Goal for Women</i> | <i>Goal for Persons with a Disability</i> | <i>Overall Goal</i> |
|-------------------------|----------------------------|-----------------------|---|---------------------|
| Public Equity           | 2 – 6%                     | 1 - 5%                | 0 – 2%                                    | 5 – 10%             |
| Fixed Income            | 2 – 6%                     | 2 - 6%                | 0 – 2%                                    | 5 – 10%             |
| Alternative Investments | 0 – 4%                     | 2 – 6%                | 0 – 2%                                    | 2 – 6%              |
| Total Fund              | 10%                        | 9%                    | 1%  | 20%                 |

<sup>1</sup> As defined in the Business Enterprise for Minorities, Women and Persons with Disabilities Act, 30 ILCS 575/0.01, et seq. as amended December 3, 2009, and revised December 3, 2020.

### **III. Policy and Process for Emerging/Minority Managers**

The Funds desire to promote opportunities for high potential managers throughout various stages of organizational growth and development. To ensure that the Funds are proactive in efforts to increase opportunities to the fullest extent feasible, the Funds have established two channels for sourcing and retaining Emerging Investment Managers.

1. **Manager-of-Emerging Managers Portfolio:** Investment Managers that build and maintain portfolios of Emerging Investment Managers. These managers are called Fund-of-Fund Managers.

The purpose of utilizing Fund-of-Fund managers is to:

- Expand channels of access for Emerging Investment Managers to the Fund.
- Create opportunities consistent with the Funds' asset allocation to enhance placements.

Investment Staff works with the Fund-of-Fund Managers to identify and retain Emerging Investment Managers with the expressed objective of direct placement opportunities with the Fund. The Fund-of-Fund Managers retain discretion for the selection of Emerging Investment Managers meeting criteria established mutually by the Investment Staff, the Investment Consultant and approved by the Emerging Manager Investment Sub-Committee (EMIC). Portfolio construction will be determined by the Funds' asset allocation in accordance with the guidelines and risk parameters established for the portfolio.

Consideration for direct placement from the Manager-of-Emerging Managers portfolio will be based on the Emerging Investment Manager's ability to meet key criteria as established by the EMIC. Such criteria may include ability to meet Funds' compliance and contractual requirements, performance track record, growth of institutional platform and business sustainability. Placement will be made according to the needs of the Funds in compliance with allocation and rebalancing objectives.

2. **Direct Mandates:** This is where the Funds would have direct relationships with individual Emerging Investment Managers. The purpose of direct mandates is to:

- Continue to identify and utilize best-in-class Emerging Investment Managers to provide enhanced investment returns to the Funds.
- Promote the full participation of Emerging Investment Managers in investment opportunities afforded by the Funds.

The Funds will source candidates for direct mandates utilizing searches as defined by the procurement policy and authorized by the Investment Committee (or by recommendation of EMIC). Further, if an Emerging Investment Manager meets the criteria established by the Board for a specific search, then the Emerging Investment Manager shall receive an invitation from the Board to present for final consideration of the contract. In the case where multiple Emerging Investment Managers meet the criteria of the search, the Investment Staff may choose the most qualified firm or firms to present to the Board. Candidates may also be sourced from the Manager-of-Emerging Managers portfolio according to their ability to meet criteria as stipulated for the mandate.

With the direction of the EMIC, Investment Staff will provide continuous monitoring and evaluation of candidates in the portfolio and make recommendations pursuant to the Emerging Investment Manager designations as appropriate.



## **Exhibit E: Broker/Dealer Trading Policy**

### **Cook County Fund: Minimal Annual Goals for each Asset Class**

#### **I. Introduction**

The purpose of this policy is to formalize the minimum annual goals for each asset class

#### **II. Goals**

The Board has established the following minimum annual goals based on its current asset allocation:

*1) Active Domestic Equity Investment Managers:*

Subject to best price execution, each Investment Manager shall direct at least forty percent (**40%**) of total commission dollars on an annual basis, to Minority, Woman, or Disabled-Owned Business enterprises<sup>1</sup>, preferably Illinois-based. Step-out-trades will not be counted towards trades with Minority, Woman, or Disabled-Owned Business enterprises.

*2) International Equity Investment Managers:*

Subject to best price execution, each Investment Manager shall direct at least fifteen percent (**15%**) of total commission dollars, on an annual basis to Minority, Woman, or Disabled-Owned Business enterprises, preferably Illinois-based. Investment Managers with mandates targeting international small cap equities shall direct at least five percent (**5%**) of total commission dollars, on an annual basis to Minority, Woman, or Disabled-Owned Business enterprises, preferably Illinois-based. Correspondence arrangements will not be counted towards trades with Minority, Woman, or Disabled-Owned Business enterprises.

*3) Fixed Income Investment Managers:*

Subject to best price execution, each Investment Manager shall direct at least fifteen percent (**15%**) of eligible fixed income trading volume (par) to Minority, Woman, or Disabled-Owned Business enterprises, preferably Illinois-based.

*4) Transition Managers:*

Subject to best price execution, each Transition Manager shall direct at least forty percent (**40%**) of total domestic equity commission dollars to Minority, Woman, or Disabled-Owned Business enterprises, preferably Illinois-based. Step-out-trades will not be counted towards this goal.

<sup>1</sup> As defined in the Business Enterprise for Minorities, Women and Persons with Disabilities Act, 30 ILCS 575/0.01, et seq.  
Minority Broker/Dealer Policy - As Amended December 3, 2009, and revised December 3, 2020.



## **Exhibit F: Hedge Fund Investment Policy Statement Cook County Fund**

**Approved by the Board of Trustees on August 10, 2011  
(revised February 28, 2020)  
(revised December 31, 2023)**

### **I. Purpose**

The purpose of this Hedge Fund Investment Policy Statement is to formalize the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the "Fund") investment objectives, policies, and procedures with respect to the hedge fund asset class. This statement is an extension of the Fund's overall Statement of Investment Policy. It is the intention of the Fund to adhere to the objectives, policies and procedures stated herein. No provision in this statement of Hedge Fund Investment Policy should be construed in contravention of the enabling legislation found in the Illinois Pension Code.

The due diligence process of evaluating individual hedge funds is particularly challenging and requires significant expertise of this segment of the investment management universe. Therefore, to ensure a prudent and disciplined approach to hedge fund investing which entails evaluation, selection, and monitoring of hedge funds individually, the Fund recognizes the need to delegate this fiduciary responsibility. Accordingly, the Fund will delegate this responsibility, with assistance of its general consultant, to one or more investment adviser(s) ("Investment Manager(s)") qualified to properly assemble and manage a diversified portfolio of hedge fund investments (or "hedge fund-of-funds"). The Fund's fiduciary responsibility will be to establish the scope and guidelines for a hedge fund program, properly select one or more Investment Managers consistent with that program, and appropriately evaluate and review such manager(s) vis-à-vis their stated investment objective(s) and peer group of managers with similar mandates.

### **II. Investment Philosophy**

The Fund's aggregate hedge fund program seeks to achieve consistent positive real returns and to maximize long-term total return within prudent levels of risk through a well-diversified portfolio of hedge fund strategies that, in aggregate, do not materially rely upon the direction of the equity or fixed-income markets. The Fund allocates a portion of its total assets to hedge funds for the following benefits:

- Enhance the diversification of the Fund's overall investment portfolio due to hedge fund's low correlation with stocks and bonds; and
- Achieve returns substantially independent of normal market cycles as hedge funds seek to generate profits regardless of conditions in the equity or fixed-income market.

### **III. Investment Objectives**

#### **A. Asset Allocation**

The Fund has approved a long-term asset allocation target of three percent (3%) of total Fund assets for investment in hedge fund investments. To facilitate maintaining the target allocation of three percent (3%), the Fund will target a range of zero percent (0%) to six percent (6%).

**B. Portfolio Composition**

To achieve the benefits described in II. Investment Philosophy, the Fund will invest predominantly in a diversified portfolio of hedge fund investments. To be broadly diversified by strategic allocations, the Fund's hedge fund program shall contain exposures to the three broad investment categories of hedge funds: relative value, event driven and directional/tactical strategies. The targeted minimum and maximum allocations to any one of these broad categories shall be defined under Section VI (Summary of Policy Limits). The targeted allocations will be based on the combined allocations to hedge fund-of-fund portfolios and individual hedge fund portfolios, if any.

**C. Portfolio Objectives**

The performance objectives for each individual Investment Manager are as follows:

- To achieve a minimum of 4.0% annualized excess return over the Secured Overnight Financing Rate (SOFR).
- To achieve an above-median ranking in a comparable style group of hedge fund- of-funds based upon rolling 3-year periods, thereby demonstrating superior returns over longer time-frames.
- To achieve the above return objective with an expected standard deviation similar to fixed income.

**IV. Permissible Investments****A. Investment Types**

To achieve the benefits of investing in hedge funds, investments for the Fund will consist of investing in multiple hedge fund strategies. These strategies include event-driven (e.g., merger arbitrage, distressed securities, special situations), relative value (e.g., convertible arbitrage, fixed income arbitrage, market neutral equity), and directional/tactical (e.g., long/short equity<sup>1</sup>, global macro, managed futures). Investments in hedge funds which employ extreme leverage, maintain extreme manager concentrations, maintain extreme strategy concentrations or hold substantial illiquid investments are precluded from investment.

**B. Investment Structures**

This Policy authorizes the use of investment structures that provide legal protections to the Fund commensurate with the investment opportunity subject to legal review. Investments in hedge funds may be made through commingled vehicles, separate accounts (or "fund of one"), or managed accounts.

**V. Risk Management**

Controlling risk in the hedge fund program is as important as obtaining the targeted returns. The primary risks associated with hedge fund investments are strategy risk, investment manager risk, liquidity risk, leverage risk and counterparty risk. A primary objective of the hedge fund program is to be well diversified to mitigate the risk of losses and ensure participation in the broad hedge fund sub asset-classes. The Fund will seek to diversify its hedge fund portfolio by manager; strategy type; portfolio composition; investment size; and investment vehicle.

The Fund shall apply the following measures of diversification and risk management for evaluating and reviewing a hedge fund-of-fund program based on a broadly diversified mandate involving one or more Investment Managers.



**A. Portfolio Composition/Strategy Risk**

This program's value-added return will be primarily derived from manager selection and, to a lesser degree, strategy allocation. However, for purposes of risk diversification, the Investment Manager is not expected to create concentrated exposures to individual vehicles or investment strategies.

| Strategy             |   |
|----------------------|---|
| Event-Driven         | Includes merger arbitrage, distressed securities, and special situations          |
| Relative Value       | Includes convertible arbitrage, fixed income arbitrage, and market neutral equity |
| Directional/Tactical | Includes long/short equity <sup>1</sup> , global macro and managed futures        |

<sup>1</sup> Long/Short Equity includes long-biased, short-biased, and variable-biased sub-strategies.

**B. Manager Risk**

To be broadly diversified by manager allocations, the Fund's aggregate hedge fund program shall contain exposures to a minimum of 20 individual hedge fund managers, with the maximum exposure to any one hedge fund limited to 10% and maximum exposure to any group of affiliated hedge funds limited to 15% of the Fund's aggregate hedge fund program, unless otherwise specifically exempted.

**C. Liquidity Risk**

While investments in illiquid securities, or hedge funds with long lock-up periods, are often key to enhancing returns, the underlying hedge funds of the Investment Manager's portfolio shall offer a level of liquidity that is consistent with the Investment Manager's stated redemption schedule as well as with those of other hedge fund-of-fund programs managed in a similar manner. Notwithstanding the stated redemption schedule of the Investment Manager and its underlying managers, the Fund recognizes that such timetables for liquidity may be suspended by the Investment Manager under certain circumstances, such as periods of unusual financial stress within the markets or within underlying hedge funds.

**D. Leverage Risk**

While financial leverage is useful for enhancing returns, the underlying hedge funds of the Fund's fund-of-funds portfolio shall use leverage in a prudent manner that, when aggregated, is consistent with risk-adjusted investment objectives.

**E. Counterparty Risk**

In the normal course of risk management, the Investment Manager may elect to engage in derivatives transactions to offset, or hedge, unintended market exposures in underlying funds. In these transactions involving counterparty risk, such credit risk can be minimized at the portfolio level through the exclusive use of listed options and futures traded on registered exchanges. Non-exchange traded options, forwards, or swaps shall be deemed acceptable only if the counterparty is rated "A" or better by at least one of the major rating agencies.

**F. Reporting Requirements**

Within 15 business days, the Investment Manager shall provide to the Fund and the Custodian a report on the Fund's account NAV, market value, and estimated net returns.



The Investment Manager is required to provide at least monthly, quarterly and annual reports to the Fund. Reports should include at a minimum the following:

- Calculation of estimated net asset value on a monthly basis, with a summary of discrepancies, if any, with the Fund's custodian bank outstanding more than 90 days. If an external administrator is used, this information should come directly from the administrator to the Fund.
- Performance results and attribution on a strategy basis (with results on an underlying fund basis available on request).
- Listing of strategic allocations as a percent of the Investment Manager's total fund assets. Disclosure of any positions of financial or market leverage, such as cash borrowings or derivatives exposure, created directly by the Investment Manager with a notional amount greater than 10% of total fund assets.
- Notice of material changes in organizational structure, ownership, key personnel, and investment strategy of the firm. Such material changes shall be reported in a timely manner by at least two means of communication (e.g., phone call, email, fax, and/or letter).

## VI. Summary of Policy Limits

| Policy Parameter              | Policy Limit   |
|-------------------------------|--|
| Allocation to Hedge Funds     | 3% of total plan assets; range of 0-6%   |
| Portfolio Structure           | 60-80% Core Diversified Portfolios<br>20-40% Satellite Portfolios, including opportunistic credit and equity as well as smaller, capacity constrained strategies |
| Strategic Allocation          |  |
| • Relative Value              | 10%-30%  |
| • Event Driven                | 20%-50%  |
| • Directional/Tactical        |  |
| — Long-Short Equity           | 20%-50%  |
| — Global or Managed Futures   | 0%-40%   |
| Underlying Fund Concentration |  |
| • Number of managers          | Minimum diversification of 20 managers within a hedge fund-of-funds portfolio, unless otherwise approved   |
| • Single manager              | Maximum 15% to any manager within any given hedge fund-of-funds portfolio, unless otherwise approved   |
| • Individual fund             | Maximum 10% to any individual fund within any given hedge fund-of-funds portfolio, unless otherwise approved   |
| Leverage                      | Leverage to be consistent with risk-adjusted investment objective.   |

|           |   |
|-----------|---|
| Benchmark | <ol style="list-style-type: none"> <li>1. 90 Day SOFR + 4%, representing the long- term return objective</li> <li>2. HFRI Fund-of-Funds Composite Index (or Callan Core Diversified FoF style group)</li> </ol> |
|-----------|---|



## **Exhibit G: Real Estate Investment Policy Statement – Cook County Fund**

**Approved by the Board of Trustees on June 28, 2011  
(revised February 28, 2020)**

### **I. Purpose**

The purpose of this statement of Real Estate Investment Policy is to formalize the County Employees' and Officers' Annuity and Benefit Fund of Cook County's (the "Fund's") investment objectives, policies, and procedures with respect to the real estate asset class. This statement is an extension of the Fund's overall Statement of Investment Policy. It is the intention of the Fund to adhere to the objectives, policies and procedures stated herein. No provision in this statement of Real Estate Investment Policy should be construed in contravention of the enabling legislation found in the Illinois Pension Code.

### **II. Investment Philosophy**

The Fund allocates a portion of its total assets to real estate for the following benefits:

- Enhance the diversification of the Fund's overall investment portfolio due to real estate's low correlation with stocks and bonds;
- Provide high current income and a relatively high rate of return that generally falls between stocks and bonds; and
- Provide a hedge against unanticipated inflation.

### **III. Investment Objectives**

#### **A. Asset Allocation**

The Fund has approved a long-term asset allocation target of nine percent (9%) of total Fund assets for investment in equity real estate investment. To facilitate maintaining the target allocation of nine (9%) percent, the Fund will target a range of five percent (5%) to thirteen percent (13%).

#### **B. Portfolio Composition**

To achieve the benefits described in *II. Investment Philosophy*, the Fund will invest predominantly in private market commercial real estate ("private market real estate"). Private market real estate will comprise at least 80% of the real estate allocation. The Fund may maintain a long term strategic allocation to public real estate securities (REITs) as a complement to the private real estate portfolio; however, REITs will be limited to no more than 20% of the real estate allocation.

#### **C. Return Objectives**

The Fund seeks to achieve total net returns equivalent to a blended private and public real estate benchmark, including the NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE) for the private real estate component and the FTSE EPRA/NAREIT Developed Global Real Estate Index, in U.S. dollars, for REITs, as a minimum return for the total portfolio over rolling five-year periods.

#### IV. Permissible Investments

##### A. Investment Types

To achieve the benefits of investing in real estate, investments for the Fund will consist of equity ownership in commercial real estate. Investments in vehicles where the primary objective is investment in single family residential housing or whole loans are precluded from investment.

##### B. Investment Structures

This Policy authorizes the use of investment structures that provide legal protections to the Fund commensurate with the investment opportunity subject to legal review. Investments in private market real estate will be made through collective investment vehicles. Investments in REITs will be made through individually managed separate accounts and collective investment vehicles. The Fund will not purchase individual properties or REIT securities directly.

#### V. Risk Management

Controlling risk in the real estate program is as important as obtaining the targeted returns. The primary risks associated with equity real estate investments are property market risk, investment manager risk, timing risk, asset and portfolio management risk, leverage risk, loss of principal and liquidity risks. A primary objective of the real estate program is to be well diversified to mitigate the risk of losses and ensure participation in the broad real estate asset class. The Fund will seek to diversify its private market real estate portfolio by manager, property type, property location, investment strategy, investment size and investment vehicle.

##### A. Portfolio Composition

The universe of equity real estate investment strategies ('styles') can be divided into three primary categories: (1) Core, (2) non-Core including Value Added and Opportunistic, and (3) Public Real Estate Securities. Core and Non-Core strategies are implemented in the private market real estate market. The style groups are defined by their respective market risk and return characteristics.

| Strategy                      |  | Leverage  |
|-------------------------------|--|---|
| <b>Core</b>                   | Operating and substantially leased (greater than 80%) Core quality properties.<br><br>Typically include the four main property types: office, apartment, retail and industrial   | Low to no leverage (typically no higher than 40%)   |
| <b>Non-Core Value Added</b>   | Institutional quality properties with improvement needs or opportunities.<br><br>Includes office, apartment, retail, industrial, as well as more specialized property types such as mixed-use properties, hotels, senior housing, self-storage and student housing, among others | May include the use of leverage up to 65% Loan-to-Value   |
| <b>Non-Core Opportunistic</b> | Properties, property portfolios or real estate companies offering recapitalization, turnaround, development, market arbitrage opportunities or other specialized approaches  | Leverage is utilized and often is not limited; Strategies with a limitation of 85% or less are preferred for the Fund |
| <b>Public Real Estate</b>     | Portfolios consist of a diversified combination of real estate securities investments, such as REITs   | Leverage is employed at the underlying security level and   |

|                   |                                 |   |
|-------------------|---------------------------------|---|
| <b>Securities</b> | (Real Estate Investment Trusts) | typically averages no more than 60%; Leverage is not used at the investor portfolio level |
|-------------------|---------------------------------|---|

To control risk in the portfolio and maximize the diversification benefits of having real estate in the overall portfolio, the Fund will invest primarily in income producing, private Core real estate. This Policy establishes the following portfolio composition targets:

|                                      |  |
|--------------------------------------|--|
| <b>Core</b>                          | Minimum of 70% of real estate allocation     |
| <b>Non-Core</b>                      | Maximum of 20% of real estate allocation     |
| <b>Public Real Estate Securities</b> | Maximum of 20% of the real estate allocation |

The allocation to various styles will be based on the classification of each investment vehicle.

#### **B. Manager Risk**

Diversification by manager will be used to limit manager concentration risk. To control manager exposure, the allocation to a single real estate manager is limited to no more than 30% of the real estate portfolio for Core managers and REIT managers and 10% for Non-Core managers. Manager concentration will be calculated by aggregating the total real estate assets invested by the Fund across all strategies managed by the manager.

#### **C. Liquidity**

To partially mitigate the illiquidity risk, and provide portfolio rebalancing tools, the Fund will focus its investment in income producing Core open end funds and REITs. Additionally, vehicles that promote diversification are preferred. The risk associated with reduced investor control and illiquidity in Non-Core strategies will be mitigated by limiting exposure to any single investment strategy and/or manager. Both closed-end funds and open-end funds with a concentrated investor base will be avoided because they potentially reduce the Fund's ability to exercise its governance rights and/or limit liquidity.

#### **D. Private Market Real Estate Risk Management**

##### *1. Single Investment Risk, Vintage Year Risk, and Strategy Risk*

To mitigate the failure of a single investment on real estate performance, the Fund will limit its investment in any open-end fund to 30% of the total real estate allocation and its commitment amount to any single closed end fund to 5% of the total real estate allocation.

##### *2. Property Type and Location Risk*

The Fund's real estate investments will be diversified by property type. The Fund's real estate investments will be diversified by location according to the regions defined by NCREIF.

##### *3. Currency Risk*

The Fund accepts the currency risks consistent with the geographic exposures. Real estate managers may or may not hedge currency risk, but the real estate portfolio will not implement currency hedges. Where possible, the Fund will make investments and receive distributions in US dollars.

##### *4. Leverage*

The Fund allows its managers to use leverage in order to enhance overall risk adjusted returns. Leverage will have a target of forty percent (40%) of the Fund's aggregate private market real estate portfolio with a maximum of fifty percent (50%). At the underlying investment level, leverage will be limited to the levels prescribed within the investment's governing documents.

5. *Valuations*

Investments in open and closed end commingled funds will be valued using the methodology approved with the selection of the particular investment.

**E. Public Real Estate Securities Risk Management**

Public real estate securities managers are subject to the security, property type and regional weightings within their individual contracts, where limitations in relation to the benchmark are imposed. With regard to leverage, no leverage will be allowed at the Fund's investment level. To mitigate the failure of a single investment on real estate performance, the Fund will limit its investment to 20% of the total real estate allocation to a single REIT manager.

**VI. Summary of Policy Limits**

| <b>Policy Parameter</b>   | <b>Policy Limit</b>  |
|---|--|
| Allocation to Real Estate   | 9% of total plan assets; range of 5-13%  |
| Portfolio Composition <ul style="list-style-type: none"> <li>• Private Real Estate</li> <li>• Public Real Estate</li> </ul>                                   | Minimum 80%<br>Maximum 20%   |
| Permissible Investments   | Commercial real estate debt and equity   |
| Investment Styles <ul style="list-style-type: none"> <li>• Core</li> <li>• Non-Core</li> <li>• Public RE Securities</li> </ul>                                | Minimum 70%<br>Maximum 20%<br>Maximum 20%  |
| Manager Exposure  | Maximum of 30% to a manager with Core and REIT strategies<br>Maximum of 10% to a Non-Core manager across multiple strategies |
| Single Investment Exposure  | Maximum of 30% to an open-end fund<br>Maximum of 20% to a REIT manager<br>Maximum of 5% to a closed end fund                 |
| Property Type Ranges <ul style="list-style-type: none"> <li>• Office</li> <li>• Industrial</li> <li>• Retail</li> <li>• Apartment</li> <li>• Other</li> </ul> | In line with NCREIF-ODCE, not to exceed 50% or less than 10%   |
| Location Ranges <ul style="list-style-type: none"> <li>• East</li> <li>• South</li> <li>• West</li> <li>• Midwest</li> <li>• Non-U.S.</li> </ul>              | In line with NCREIF-ODCE, not to exceed 50% or less than 10%   |
| Leverage  | Maximum of 50% for the private real estate portfolio; Target of 40%  |



## **Exhibit H: Private Equity Investment Policy Statement – Cook County Fund**

### **I. Goals and Objectives**

#### *Role of Private Equity*

The County Employees' Annuity and Benefit Fund of Cook County ("CEABF") has determined that over the long term, the inclusion of private equity is expected to enhance CEABF's expected portfolio investment characteristics. The use of private equity investments is expected to increase the portfolio's overall long-term expected return and provide diversification with other asset classes reducing portfolio volatility.

#### *Allocation*

The private equity target allocation is 5% with an intended range of 1% to 9% (based on market invested net asset value). The range is designed to accommodate fluctuations in the valuation of the program or the total plan and the illiquid nature of private equity. CEABF recognizes that it is necessary to make capital commitments in excess of the target allocation in order to achieve and maintain a 5% net asset value.

#### *Performance Evaluation*

The Fund shall use the following to evaluate the performance of the private equity asset class:

- Over the long-term (10-year periods) the private equity portfolio is expected to exceed the time-weighted rate of return of public equities (e.g., Russell 3000 Index).
- The private equity portfolio and manager returns will also be measured employing a dollar-weighted, internal rate of return (IRR) calculation and compared to peer group information from a recognized private equity database provider (e.g., LSEG/Cambridge Private Equity). The portfolio will also be evaluated using standard private equity performance ratio measures: Total Value to Paid-In Capital (TVPI) and Distributed Value to Paid-In Capital (DPI). The IRR and ratios should be above the peer median returns and ratios are calculated net of all partnership fees and expenses, where possible.

### **II. Risk Management Policies**

The investment risk associated with private equity investments will be managed in several ways:

#### *Diversification*

Diversification is an important element for long-term success of the private equity program. The private equity portfolio will achieve diversification by a number of measures including strategy, industry, capitalization, geography, general partner, vehicle, and time. Key strategies of focus, including anticipated ranges, may include:

- Venture Capital: (10% - 35%)
- Growth Equity: (5% - 25%)
- Buyouts (40% - 70%)
- Special Situations (0% - 40%)
  - Restructuring / Distressed Securities (0% - 20%)
  - Mezzanine Debt (0% - 10%)
  - Industry Specific (0% - 15%)

- Other – Secondary Investments, Multi-Strategy Funds, etc. (0%-15%)

Geographically, the majority of investments are expected to be U.S. domiciled, but the portfolio will also have exposure to developed international markets and potentially modest exposure in emerging markets. It is expected that non-U.S. exposure may be up to 45%.

#### *Investment Vehicles*

This policy authorizes commitment to private equity separate accounts investing in private equity limited partnerships, and private equity fund-of-funds vehicles. These vehicles may pursue any type of private equity strategy specified in their investment management agreements or vehicle documentation. The legal structures established must shield the Fund from liability in excess of amounts committed.

#### *Liquidity*

Private equity investments are illiquid and typically have expected legal lives of 10-13 years. Investments are typically held until full liquidation, as selling prior to maturity generally results in a discount to fair market value. Liquidity risk is primarily managed through the target asset allocation policy, and an annual investment pacing model to minimize the probability of the portfolio exceeding the stated exposure ranges around the target. Capital market volatility and/or changing the private equity target allocation may result in the need to manage the private equity portfolio to the target level in a prudent and economic manner over time.

### **III. Investment Procedures**

The Program shall be implemented and monitored as follows:

#### *Private Equity Oversight Manager (Separate Account)*

The Oversight Manager shall acquire and manage, on a discretionary basis, private equity investments on behalf of CEABF in accordance with the Private Equity Investment Policy.

Annual Tactical Plan: The Oversight Manager will prepare an Annual Tactical Plan which reviews the current status of the portfolio, recent historical and prospective market conditions, and proposes the steps to be taken over the next 12-month period to further implement the long-term strategic plan. The Annual Tactical Plan will be reviewed and approved by the Staff. The outline for the Annual Tactical Plan is provided in Appendix A.

Investment Disclosure Forms. The Oversight Manager will identify and evaluate private equity partnerships in compliance with CEABF's Investment Policy and current Annual Tactical Plan. The Oversight Manager will be responsible for all aspects of evaluation and closing, subject to prior notice via an Investment Disclosure Form; the outline for which is provided in Appendix B.

#### *Fund-of-Funds Manager*

For commingled fund-of-funds vehicles:

- Fund-of-Funds Managers shall acquire and manage private equity investments in accordance with the vehicle's legal documentation.
- Provide cash flow, valuation, and any other requested information to Staff and custodian bank, as required.



## Appendix A

### ANNUAL TACTICAL PLAN GUIDELINES

**Tactical Plan:** The Tactical Plan is a report which outlines the steps to be taken in the next 12 month period to further implement the private equity portfolio, and any other actions or considerations germane to the active management and success of the portfolio. It also documents the reasons for the particular courses of action to be taken, and importance of items under consideration.

The Staff will review, provide comments and approve the Tactical Plan with input as required from the Consultant. All sections should be as brief as possible using a format as follows:

#### I. Funding Level

Annual Tactical Plan Period: 1/1/xx through 12/31/xx

##### A. Funding Tables:

1. Current Funding Position (As of x/xx/xx)  
Total Fund Market Value \$xx billion  
% Target for Private Equity X%  
Total Private Equity \$xx million  
Current Net Asset Value Deficit / (Surplus) \$(xx) million
2. Projected Funding Positions<sup>(1)</sup>  
Five Year Projected Market Value \$xx billion  
% Target for Private Equity \$xx million  
Total Private Equity Allocation \$xx million  
Amount Available for Investment in Current Tactical Plan Period: \$xx million
3. Funding by Strategy Analysis Table – As of Month xx, 202x<sup>(1)</sup>

#### Portfolio

| STRATEGY            | # Funds  | % Target    | \$ Target          | Undrawn Commitments | Invested Value | NAV Target Variance <sup>(3)</sup> |
|---------------------|----------|-------------|--------------------|---------------------|----------------|------------------------------------|
| Venture Capital     | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| Early               | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| Multi               | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| Late                | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| Acquisition/Buyouts | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| Special Situations  | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| Subordinated Debt   | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| Restructuring       | 0        | X%          | 00,000,000         | 0                   | 0              | 0                                  |
| <b>TOTAL</b>        | <b>0</b> | <b>100%</b> | <b>000,000,000</b> | <b>0</b>            | <b>0</b>       | <b>0</b>                           |

(1) Reflects commitments made through Month xx, xxxx

(2) Per Funding Projection Model

(3) NAV Target Variance = \$ Target - Invested Value

## **II. Diversification**

- A. Strategy: (Commentary)
- B. Industry Diversification: (Table and Commentary)
- C. Geographic Diversification (Table and Commentary)
- D. Stage of Investment: (Table and Commentary)
- E. Current Portfolio Risk and Return: (Commentary)

## **III. Market Conditions**

- A. Market Conditions: Discussion of Partnership Market.
  - 1. Past 12 months
  - 2. Next 12 months
  - 3. Conclusion

## **IV. Prospective Investment**

- A. Investment Objectives:
  - 1. Types: Strategies to receive the foremost attention or priority.
    - a. Venture Capital
    - b. Buyouts
    - c. Restructuring
    - d. Special Situations
    - e. Subordinated Debt
  - 2. Expected impact on the portfolio regarding:
    - a. Return
    - b. Risk
    - c. Diversification
- B. Candidates the Oversight Manager is aware of and/or planning to pursue.
- C. Timing of investments.
- D. Dollar amount to be invested.
- E. Impact on the portfolio.
- F. Diversification considerations: Strategy, Geographic, Industry, Capital Structure, and any other relevant considerations.

## **V. Monitoring**

- A. Specific situations being monitored, underperforming investments.
- B. Actions to be initiated or in progress with existing investments.
- C. Other specific goals related to the monitoring of CEABF investments.

## **VI. Exiting**

- A. Pending distributions or liquidations.
- B. Any other relevant considerations relating to existing CEABF investments.

## **VII. Other**

A. Other items relevant to CEABF portfolio.

### **Summary**

Investment Objectives: Summary of basic goal for the portfolio for the next 12 months.

### **Appendix**

Projected Funding Schedule and any other attachments the Oversight Manager would like to submit.

## Appendix B

### Cook County Employees' Annuity and Benefit Fund Prospective Private Equity Partnership Investment Disclosure Form

Please provide the following information in hard copy to CEABF at least 5 business days prior to legally committing to any investment on behalf of CEABF, as follows:

Name  
Title  
Plan Sponsor  
Address  
Phone: xxx-xxx-xxxx  
Fax: xxx-xxx-xxxx  
Email:

#### **1. General Information:**

Name of Partnership: \_\_\_\_\_  
GP/Investment Advisor: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
\_\_\_\_\_

#### **2. Investment Size**

Anticipated Total Partnership Size: \$ \_\_\_\_\_  
Anticipated Commitment by CEABF \$ \_\_\_\_\_  
% CEABF Commitment of Total Partnership: \_\_\_\_\_ %  
# of other clients placed in investment \_\_\_\_\_  
Total Ownership by Advisor's Clients \$ \_\_\_\_\_ (excluding CEABF)

#### **3. Proposed Category**

|  |  |
|--|--|
| _____ VC Early                         | _____ Special Situations - Hybrid          |
| _____ VC Multi                         | _____ Special Situations - Strategic Block |
| _____ VC Late                          | _____ Subordinated Debt                    |
| _____ Buyouts - Large                  | _____ Restructuring                        |
| _____ Buyouts - Small/Medium           | _____ Project Finance/Other Cash Flow      |
| _____ Buyouts - Industry Consolidation |  |

#### **4. Provide Brief Description of Investment Objective:**

#### **5. Description of Fit with CEABF Annual Tactical Plan**

6. **Disclosure/Other Comments:**

- A. Please describe any prior investment history with the general partner group and of any existing holdings affiliated with the general partner group.
- B. Are there any items associated with the investment of which CEABF should be aware?
- C. Are there any other comments the Oversight Manager would like to mention?
- D. Please list any other Mesirow Private Equity separate account and commingled fund clients investing in this fund.
- E. Are the legal documents written such that fund investments are allowed to generate UBIT?

7. **Attachments:**

- A. Include Offering Memorandum and any other relevant materials.



## **Exhibit I: Transition Management Policy and Guidelines Cook County Fund**

Each transition manager selected for the pool will enter into a general contract with 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 (collectively, the "Fund") via a Transition Management Services Agreement ("TMSA"). The TMSA will establish general terms and conditions upon which the manager will provide transition management services.

Each transition manager selected for the Fund's transition pool will be provided with the opportunity to bid on individual transition management events, unless the Fund determines to use an alternative method for assigning transition events, such as rotation or other non-discretionary method of assignment, including where assignment pursuant to such method may be varied based on stated criteria (e.g., expertise, capacity and past performance); assignment to or competition among particular manager(s) with expertise particularly suited to the transition event (e.g. expertise in a particular asset class or ability to manage a transition involving multiple asset classes); and assignment to a particular transition manager based on the Fund's need to distribute transitions among managers.

During the transition process, the transition manager is contracted as a fiduciary of the portfolio(s) subject to transition and as the conduit for the funding of the target portfolio(s). The transition manager shall comply with the following policies and guidelines.

1. Able to accept and execute a specific Restructure Services Notice that is fair and reasonable without compromising the integrity of the Fund.
2. Work with the Fund and its custodian to develop the infrastructure and processes necessary to convey trades and other information.
3. Provide a proposal and pre-trade analysis to the Fund for each transition as required. The proposal shall include the transition manager's analysis of the risks and costs associated with the transition, its trading strategy for minimizing the risks and costs, a timetable for completing the transition, and an estimate of all costs (i.e., explicit and implicit) using the T-Standard for Implementation Shortfall.
4. Coordinate the entire transition process and work cooperatively with the Fund, the custodian bank, investment managers and any other third parties to ensure that the assets are transitioned in the most efficient and cost-effective manner possible.
5. During the course of the transition provide verbal updates during the day and a written summary daily regarding progress, execution, amount completed, risk exposure and expectations for the next day.
6. Provide a final written report once the transition is complete that summarizes performance and costs through a post-trade analysis.

7. Participate in meetings or conference calls as needed to provide information to the Fund regarding the firm's management and performance in conducting the transition.
8. Provide the Fund with timely information regarding material changes in the firm's organizational structure, transition team, and any other pertinent information which could affect the firm's ability to provide transition services.
9. Act as a fiduciary during the transition management process, which includes the responsibilities listed below.
  - a. Provide the Fund with a written portfolio transition (liquidation) strategy, including the timeframe required, to achieve the desired objective of liquidating the legacy portfolio(s) and building (and/or funding) the target portfolio(s), including rebalancing events.
  - b. Provide options to effectuate a transition (liquidation) detailing the costs and pros & cons for each, and recommendation.
  - c. Support proxies during the transition period, including mandatory and voluntary corporate actions.
  - d. Investment discretion and control of the transition/legacy portfolio(s) absent a target portfolio(s) and, if so, maximum length of such investment discretion.
  - e. Minimize tracking error and maintain asset class (benchmark) exposure. During the transition period, the preservation of capital must be taken into consideration through the expert use of all sources of liquidity.
  - f. Apply all forms of risk management tools and derivatives (i.e., ETFs, Futures, Swaps, etc.) approved for use in advance by the Fund to manage tracking error and mitigate risk.
  - g. Ensure best execution in the selection and evaluation of broker execution outlets whether on an agency or principal basis.
  - h. Disclose all sources of revenue or revenue sharing arrangements, including all aspects of foreign currency execution.
  - i. Curtail information leakage, including pre-hedging and front running activities detrimental to the Plan.
  - j. Unless dispensed by the Fund, direct at least 40% of total domestic equity commission dollars to Minority, Woman or Disabled-Owned Business broker-dealers, preferably Illinois based and subject to best price execution (step-out trades will be not counted).





## **Exhibit J: Procurement Policy for Selection and Appointment of Investment Advisers and Consultants – Cook County Fund**

### **I. Introduction**

The Retirement Board (the “Board”) of the County Employees’ and Officers’ Annuity and Benefit Fund of Cook County (the “Fund”) has established this procurement policy (this “Policy”) for the selection and appointment of Investment Advisers and Consultants to provide Investment Services to the Fund.<sup>1</sup>

This Policy outlines the open and competitive process established by the Board for selecting and appointing Investment Advisers and Consultants to provide Investment Services and the respective roles of the Board and its committees, Fund Investment Staff and Investment Professionals throughout the search and selection process.

This Policy affirms the Board’s long-standing commitment to transparency and making procurement decisions predicated on communication, competitive selection, objective evaluation and inclusion -- all in accordance with the Board’s overriding fiduciary obligations and considerations. Further, this Policy is intended to comply with applicable law, including the Illinois Pension Code [40 ILCS 5/9-101 *et. seq.*]. In the event of any conflict, the applicable law will control and modify this Policy accordingly.

#### **A. Exceptions to Policy for Certain Investment Services Procurements**

This Policy does not apply to the following procurements for Investment Services that are/involve:

1. Sole source procurements;
2. Emergency procurements;
3. At the Board’s discretion, (i) contracts valued at \$20,000 or less, (ii) that are nonrenewable and (iii) of one year or less in duration; and
4. Also at the Board’s discretion, contracts for follow-on funds with the same fund sponsor through closed-end funds and graduations from manager-of-emerging managers portfolio.

All exceptions to this Policy shall be published on the Fund’s website and shall include a brief explanation of the reason for the exception.

#### **B. Permitted Application to Investments NOT Otherwise Subject to Policy**

The Board may, in consultation with Fund Investment Staff and Investment Professionals, apply all or any relevant portion of this Policy to investment contracts not involving the selection and appointment of Investment Advisers and Consultants to provide Investment Services.

#### **C. Effective Policy Date; No Modification of Existing Contracts**

This Policy is effective as of the date adopted by the Board, as amended from time to time. This Policy does not amend or otherwise modify the Fund’s existing investment contracts, which may only be amended or otherwise modified consistent with their terms. Further, nothing in this Policy is meant to limit the Board’s

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<sup>1</sup> Unless otherwise defined in this Policy, all capitalized terms used in this Policy shall have the meanings given such terms in the Illinois Pension Code [40 ILCS 5/1-101 *et. seq.*].

authority to make follow-on investments, modify assets under management of any Investment Adviser or otherwise allocate Fund assets amongst asset categories and/or Investment Advisers, all as the Board deems prudent in light of the circumstances.

## **II. Selection of Investment Advisers**

### **A. In General – Uniform Documentation for Each Search**

Uniform documents shall be used for the solicitation, evaluation, and acceptance of Investment Advisers and shall be posted in connection with the search. While the documentation for any one search shall be uniform, documentation may differ from search-to-search based on the specific search criteria, mandate, etc. Documents shall include provisions mandated by applicable law, including, without limitation, the requirements set forth in Section 1-113.14(c) of the Illinois Pension Code [40 ILCS 5/9-1-113.14(c)].

### **B. Public Notice of Search**

#### *1. Initiation of Search*

The Board, upon recommendation of the Investment Committee or Emerging Manager Investment Sub-Committee, as applicable, and at an open meeting, shall authorize each search for an Investment Adviser. Such committees may receive the recommendation of Fund Investment Staff and Consultant as to such search and shall approve the search selection criteria and the parameters of the search at such open meeting.

#### *2. Public Notice and Availability*

Each Investment Adviser search shall be in the form of an RFP or RFI. A copy of the notice for the search shall be made available for public inspection on the Fund's website and the Consultant's website. An RFP will be posted on the Fund's website and published in a relevant trade journal and a publication of general circulation<sup>2</sup> at least fourteen (14) days prior to the response date established in the RFP.

### **C. Form of RFP**

Each RFP shall contain, inter alia, all of the following:

1. A description of the required Investment Services.
2. A date by which responses to the RFP shall be returned to the Fund's designated point of contact. A designated point of contact shall be defined for each search.
3. The qualifying criteria and evaluation factors as approved by the Investment Committee or Emerging Manager Investment Sub-Committee.
4. A copy of the Fund's Statement of Investment Policy.
5. The Fund's standard investment manager agreement, if applicable given the parameters of the search. The RFP shall note that amendments to the Fund's standard investment manager agreement are disfavored and require that any objections thereto shall be detailed in the Investment Adviser's response to the RFP.

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<sup>2</sup> A newspaper then designated as the "state newspaper" by the Director of Central Management Services shall qualify as a "publication of general circulation".

6. A requirement that the response to the RFP shall contain all required disclosures under the Illinois Pension Code and shall include the following:
  - a. the method for charging and measuring fees, based on the assets under management, including disclosure of the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Adviser in connection with the provision of Investment Services to the Fund;
  - b. the names and addresses of: the Investment Adviser; any entity that is a parent of, or owns a controlling interest in, the Investment Adviser; any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Adviser; any persons who have an ownership or distributive income share in the Investment Adviser that is in excess of 7.5%; or serves as an executive officer of the Investment Adviser; and;
  - c. the names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract. For purposes of this subsection, “subcontractor” does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy voting services, services used to track compliance with legal standards, and investment fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships.

**D. Registration**

Responders to the RFP are advised to become Registered Responders by providing a contact name, mailing address, email address and phone number to obtain a complete set of proposal forms and to enable receipt of necessary addenda.

**E. Questions regarding RFP**

Any questions regarding a specific RFP must be submitted in writing to the designated point of contact for the RFP, in accordance with the timing and other related terms outlined in the RFP. Answers will be provided to all Registered Responders of the RFP.

**F. Quiet Period**

All Responders are subject to the Fund’s Quiet Period which will be effective as of the search approval date by the Board of the RFP until a final selection has been approved by the Board unless the Responder is otherwise notified. In conducting each search, the Board, Fund Investment Staff and the Consultant shall comply with the Fund’s Quiet Period Policy set forth in the Fund’s Investment Policy. While the Quiet Period Policy does not prevent due diligence communications and meetings, conference attendance or communication with an existing Investment Adviser that is also a search candidate, discussion related to the pending selection shall be avoided during such activities.

**G. Modifications**

The Fund reserves the right to reject any and all responses to proposals. The Fund reserves the right to request clarification of information submitted and to request additional information from one or more Responders. The Fund reserves the right to modify the scope of the search with notice and/or terminate the proposed search entirely without notice.

## **H. Responses to RFP; Evaluation**

### **1. *Delivery of Responses***

Responses must be submitted to the designated point of contact in accordance with the terms, deadline, form, delivery instructions and other in the RFP.

### **2. *Initial Evaluation of Responses***

Each response will be evaluated initially by the Consultant for completeness of proposal, qualification and conformance with the criteria. The Consultant shall open the responses, record them and thoroughly review each for content, quality and compliance with RFP requirements. The Consultant shall prepare preliminary results of all respondents to the search with initial scoring of candidates according to response and qualification. The relative importance of the evaluation factors will vary based on the parameters of the search. The Consultant will document the initial evaluations in reasonable detail and promptly provide such documentation and a summary thereof to the Fund's Investment Staff and, as requested, the Investment Committee.

### **3. *Due Diligence***

As specified in Section II.F of this Policy, the Fund's Quiet Period Policy does not prevent due diligence meetings and communications. Candidates may be subject to further due diligence in the form of interviews, on-sites, or reference checks as conducted by the Investment Consultant in coordination with Fund Investment Staff as authorized by the Investment Committee. A summary of such findings will be presented to the Investment Committee for consideration for final selection.

### **4. *Recommendation of Finalists***

Based on the due diligence and evaluation factors, the Consultant and the Fund's Investment Staff will present a recommendation, along with a summary of all responses to proposals received. The Consultant and the Fund's Investment Staff will make a recommendation as to the finalists for the search. Finalists may then be invited to appear before the Investment Committee. Additionally, the Consultant will also provide all relevant documentation to the Fund and all provided materials shall become the property of the Fund.

## **I. Emerging Investment Managers**

### **1. *Principle.***

It is the policy of the Board to include qualified emerging Minority, Female-Owned Business Enterprises and Businesses Owned By A Person With A Disability in the Fund's Investment Manager search process and to objectively evaluate all qualified Investment Manager candidates regardless of race, gender or handicap. The Fund encourages the Consultant to proactively outreach to Emerging Investment Managers and to employ search and selection practices that support the Fund's long-standing commitment to identify and utilize Emerging Investment Managers.

### **2. *Search and Selection Process.***

Nothing in this Section prohibits an Emerging Investment Manager from participating in any RFP, so long as the Emerging Investment Manager meets the criteria set forth in the RFP. If an Emerging Investment Manager meets the criteria in the RFP, then that Emerging Investment Manager shall receive an invitation by the Investment Committee to present as a finalist. If there are multiple Emerging Investment Managers

that meet the qualifying criteria set forth in the RFP, then the Consultant or the Board may choose the most qualified firm or firms to present to the Investment Committee. Emerging Investment Managers also may be selected pursuant to the same process outlined in this Policy in a search solely for Emerging Investment Managers as authorized and directed by the Emerging Manager Investment Sub-Committee. In addition, the Board may also increase an allocation pursuant to criteria established by the Emerging Manager Investment Sub-Committee and/or award an Emerging Investment Manager a direct mandate with the Fund in the form of a graduation from its Emerging Manager-of-Manager portfolio.

3. *Qualifications.*

The Emerging Manager Investment Sub-Committee will establish and communicate criteria for the selection of Emerging Investment Managers as relates to searches, follow-on allocations or graduations. This may include guidelines for determining acceptable certifications to establish an Investment Adviser's status as a Minority Owned Business, Female-Owned Business, or Business Owned By A Person With A Disability.

**J. Making/Effecting Selection; Notice of Selection**

1. *Selection from Finalists*

The Board will accept or modify the recommendation and make the final decision with respect to any selection/appointment resulting from the search. The Board may select one or more Investment Adviser candidates, as appropriate.

2. *Negotiation of Contract*

The Board and its agents shall negotiate the final terms of the investment manager agreement or the terms of such other agreement or subscription documents as may be necessary to effect the selection/appointment. Should the Board and its agents fail to successfully complete a contract with any selected candidate, the Board may select another candidate from among the remaining finalists.

3. *Consideration of Best Value*

Nothing in this Policy shall prohibit the Board from making a selection that represents the best value based on qualifications, fees and other relevant factors established in the RFP.

4. *Notice of Contract; Public Documentation*

Following successful completion of the related contract(s), the Board's decision shall be public information and shall be posted on the Fund's website. Such notice shall include the name of the successful Investment Adviser(s), the total amount applicable to the contract(s), the basis for determining the total fees to be paid, and a disclosure approved by the Board describing the factors that contributed to the selection of the Investment Adviser(s). Following selection and completion of the contracts, all documents created as part of a RFP, including the responses by prospective Investment Advisers, may be considered public records and may be made available for inspection and copying as provided in Section 3 of the Illinois Freedom of Information Act, 5 ILCS 140/1, et seq.

### **III. Selection of Consultant**

#### **A. In General; Substantially Same Process as Investment Adviser Search**

The search process for a Consultant shall be a competitive proposal process that is substantially the same as that outlined in this Policy for an Investment Adviser search, except that the Fund's Investment Staff will perform the functions otherwise designated to the Consultant in the RFP process.

#### **B. 5-Year Limitation**

The Fund shall not enter into a contract with a Consultant that exceeds 5 years in duration. No contract to provide consulting services may be renewed or extended. At the end of the term of such contract, the Consultant is eligible to compete for a new contract.

#### **C. Written Contract**

Investment Services provided by a Consultant shall be rendered pursuant to a written contract between the Consultant and the Fund. The agreement shall be in compliance with all applicable laws, including, without limitation, the provisions of the Illinois Pension Code [40 ILCS 5/9-101 et. seq.].

#### **D. Registered Investment Adviser or Bank Requirement**

To provide Investment Services to the Fund, a Consultant must be a registered as an investment adviser under the Federal Investment Advisers Act of 1940 [15 U.S.C. 80b-1, et. seq.] or a bank, as defined in the Federal Investment Advisers Act of 1940.

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