



December 30, 2020

The Honorable John W. Hollman
Clerk of the Illinois House
Room 420
State Capitol Building
Springfield, Illinois 62706

Re: County Employees' and Officers' Annuity & Benefit Fund and *ex officio* for the Forest Preserve District Employees' Annuity & Benefit Fund 2019 Report to the Governor and General Assembly

Dear Clerk Hollman:

On behalf of the Retirement Board of the County Employees' and Officers' Annuity & Benefit Fund and *ex officio* for the Forest Preserve District Employees' Annuity & Benefit Fund (the "Fund"), please find the enclosed 2020 Report to the Governor and General Assembly as required by Public Act 96-0006, which amended the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.* (the "Pension Code").

The report includes the latest updated copies of the policies and goals adopted by the Retirement Board relating to the Fund's use of emerging minority investment managers; increasing the racial, ethnic and gender diversity of its fiduciaries; increasing its utilization of businesses owned by minorities, females and persons with disabilities for contracts and services; and increasing its utilization of minority broker-dealers. The Fund's report is a timely and complete submission to the Governor and General Assembly as required by the Pension Code.

Please send an email to Fernando Vinzons (fvinzons@countypension.com), Director of Investments, to acknowledge receipt of this report. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Regina Tuczak". The signature is written in a cursive, flowing style.

Regina Tuczak
Executive Director

Enclosures



**THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS'
ANNUITY AND BENEFIT FUND OF COOK COUNTY
AND *EX OFFICIO* FOR THE
FOREST PRESERVE DISTRICT EMPLOYEES'
ANNUITY AND BENEFIT FUND OF COOK COUNTY**

**REPORT TO THE GOVERNOR AND GENERAL ASSEMBLY
ON THE USE OF EMERGING INVESTMENT MANAGERS AND
BROKER/DEALERS**

Submission: December 30, 2020
Report Date: As of September 30, 2020

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Attachments:

- Emerging Investment Manager Policy (Cook County and Forest Preserve District)
- Broker/Dealer Trading Policy (Cook County and Forest Preserve District)
- Procurement Policy for Selection and Appointment of Investment Advisers and Consultants (Cook County and Forest Preserve District)
- Policy Regarding Business Enterprises Owned by Minorities, Females and Persons With Disabilities
- Diversity Policy for Fiduciaries, Consultant and Senior Staff

The County Employees' and Officers' Annuity and Benefit Fund of Cook County (the "County Fund") and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the "Forest Preserve Fund") – combined, "the Total Fund" or "the Fund" – were established as public defined benefit plans on January 1, 1926 and July 1, 1931, respectively. Both are governed by the Illinois Pension Code, as amended (40 ILCS 5/9, 5/10). The funds are established to provide retirement, death, and disability benefits for Cook County and Forest Preserve District employees and their surviving spouses, children, and certain other dependents.

As of September 30, 2020, assets for the County Fund and Forest Preserve Fund totaled \$11.2 billion and \$199.5 million, respectively, which placed Total Fund assets at approximately \$11.4 billion. Of this amount, 12.5% of assets, or \$1.4 billion, was managed by emerging investment managers. Emerging manager assets and utilization declined from 2019, down from \$1.8 billion and 16.2% utilization in September 2019.

Emerging Investment Manager Program Summary

On December 7, 2010, the Retirement Board ("the Board") of the Fund ratified diversity policies approved December 3, 2009 for investment services, including asset management, brokerage, and business services, as well as fiduciaries, consultants, and senior staff. Through these policies, the Fund affirms its ongoing commitment to emerging investment manager utilization and complies with relevant Illinois legislation, including PA96-0006.

The Board established a policy for the utilization of emerging investment managers that establishes operational guidelines and procedures for the emerging investment manager program. The policy also adopts the County Fund's utilization goals and evaluation methodology for the Forest Preserve Fund.

The Fund established the policy to define the following program objectives:

Objectives

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

Framework

To meet these objectives and ensure that the Fund is proactive in its efforts to increase opportunities to the fullest extent feasible, the Fund has established two channels for sourcing and retaining emerging investment managers: direct and indirect allocations. This approach allows the Fund to promote opportunities for high potential managers at various stages of organizational development, providing greater access to a wider pool of potential managers.

Goals

Consistent with PA96-0006 and the Fund's long-term strategy, goals were established as target ranges, initially set over a two-year horizon, and reviewed annually in line with asset allocation and rebalancing objectives. The purpose of this approach is to accommodate fluctuations in market values without forcing automatic rebalancing. In 2012, goals were revised upward as a result of Fund rebalancing activities. These same goals were reaffirmed by the Board in 2013. On October 2, 2014, domestic equity and fixed income utilization goals were revised upward as a result of additional Fund rebalancing activities. Effective August 2, 2018, fixed income and women utilization goals were revised upward due to the Fund's increased allocations to managers in both categories. On December 3, 2020, alternatives utilization goals were widened, with a higher upper bound in anticipation of future allocations to this asset class.

As a % of Asset Class	Revised Goals
Fixed Income ²	30%-40%
Domestic Equity ¹	17%-20%
International Equity ³	10%-15%
Alternatives ³	5%-20%
As a % of Fund	Revised Goals
Minority Women ²	10%-15%
Disabled-Owned	5%-10%
	0%-1%

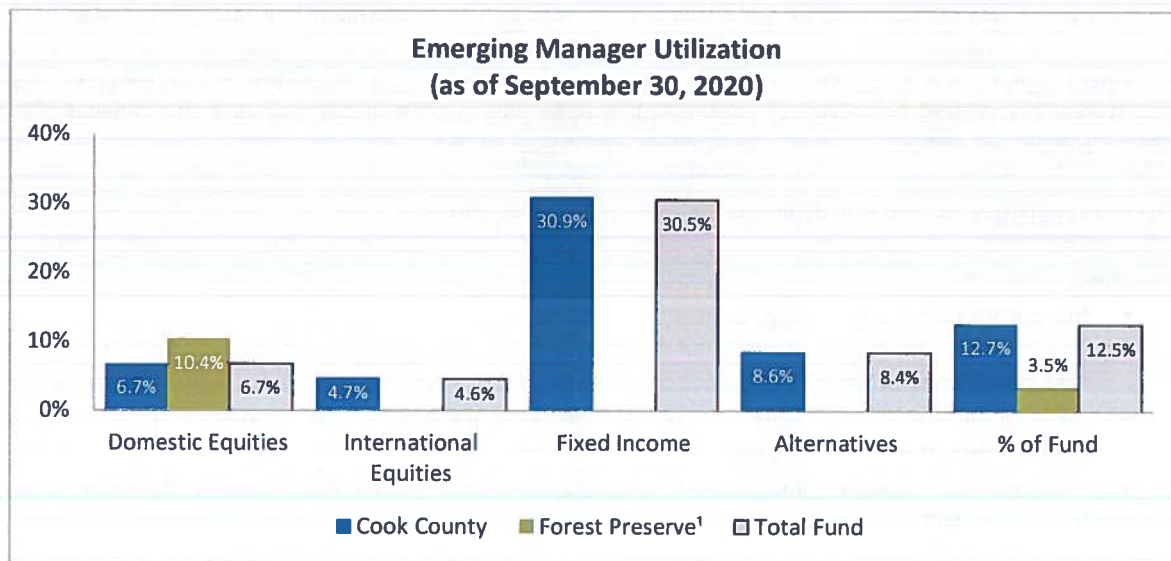
¹Approved at the October 2, 2014 Board meeting

²Revised at the August 2, 2018 Board meeting.

³Revised at the December 3, 2020 Board meeting

Emerging Investment Manager Exposure by Fund

The chart below details emerging investment manager utilization rates for the County Fund, the Forest Preserve Fund, and the Total Fund as a percentage of the asset classes and of the respective funds. (The Forest Preserve Fund also maintains direct mandate strategies for emerging investment managers.)



¹ There were no international equity, fixed income, or alternatives emerging managers in the Forest Preserve Fund as of September 30, 2020.

2020 Rebalancing of Progress Portfolio

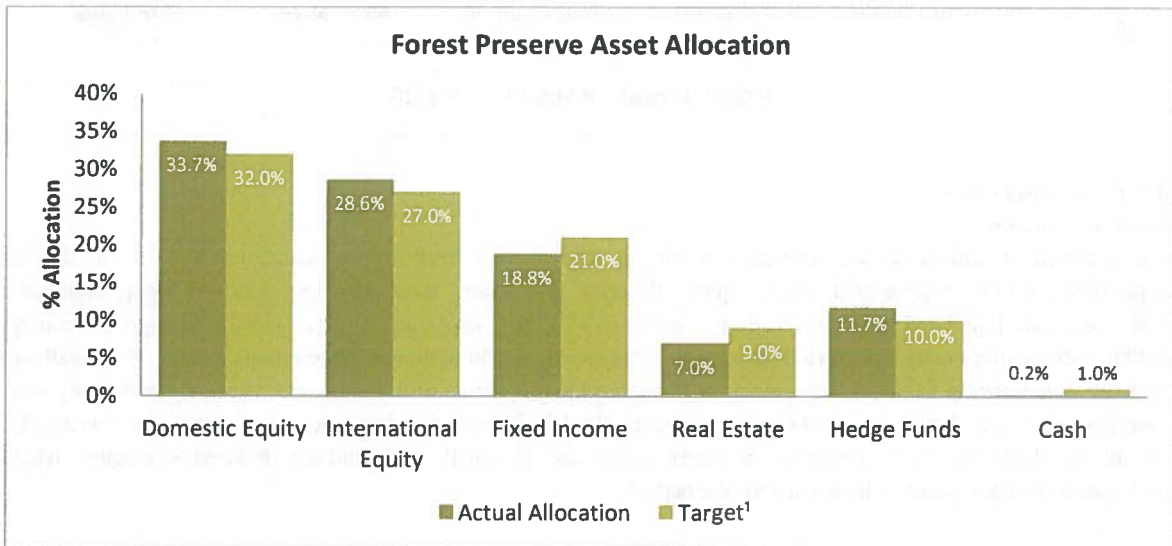
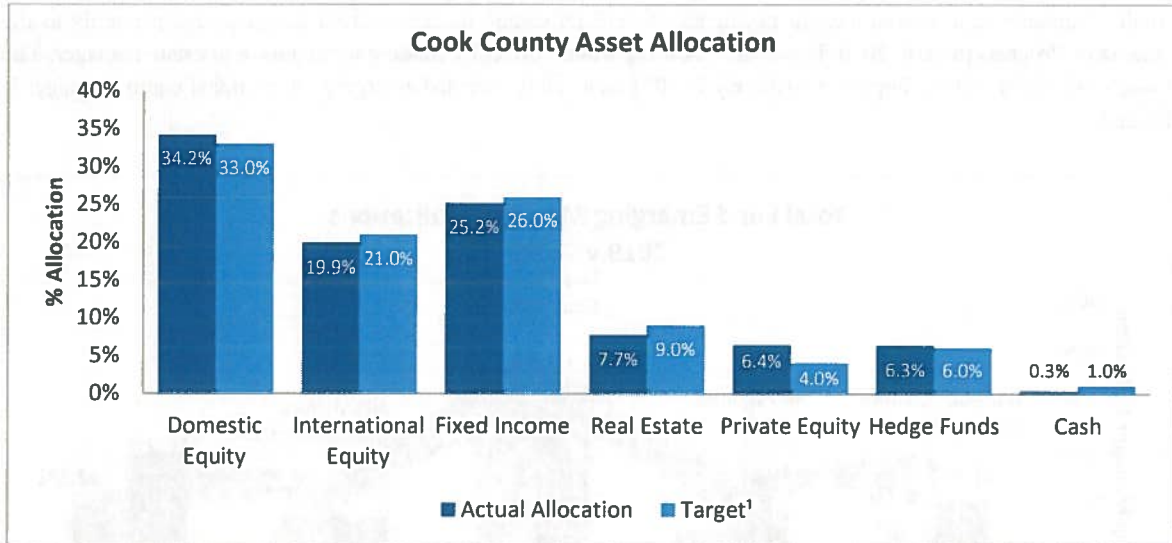
Progress Investment Management LLC (Progress) had served as a channel for indirect allocations to emerging investment managers for the Fund since 2012. However, in late 2019 Progress gave notice to the Fund that it would wind down its business and permanently close in May 2020. Given the Fund's negative cash flow position, in which benefit payments exceed contributions, the Board made the decision to liquidate approximately \$370 million managed by Progress. In late January 2020, this amount was transferred to the Fund's short duration fixed income manager, a minority-owned investment manager. Although this liquidation reduced the Fund's overall exposure to emerging managers, plans are underway to replace the lost allocation over the next few years.

Asset/Liability Studies / Assumed Rate of Return

The Fund's Board of Trustees lowered the assumed rate of return in 2018 from 7.50% to 7.25% as a result of a periodic actuarial review. In 2019, the Fund updated the asset/liability study to assess the viability of increasing investments in alternative investments in the absence of a permanent supplemental funding source or legislated actuarial-based funding. The study confirms that the Fund would have to curtail the current pace of alternative

investments without this additional funding. In 2021, the Fund will evaluate whether to conduct an asset liability study to assess the Fund's target allocations and review the viability of potential new asset classes.

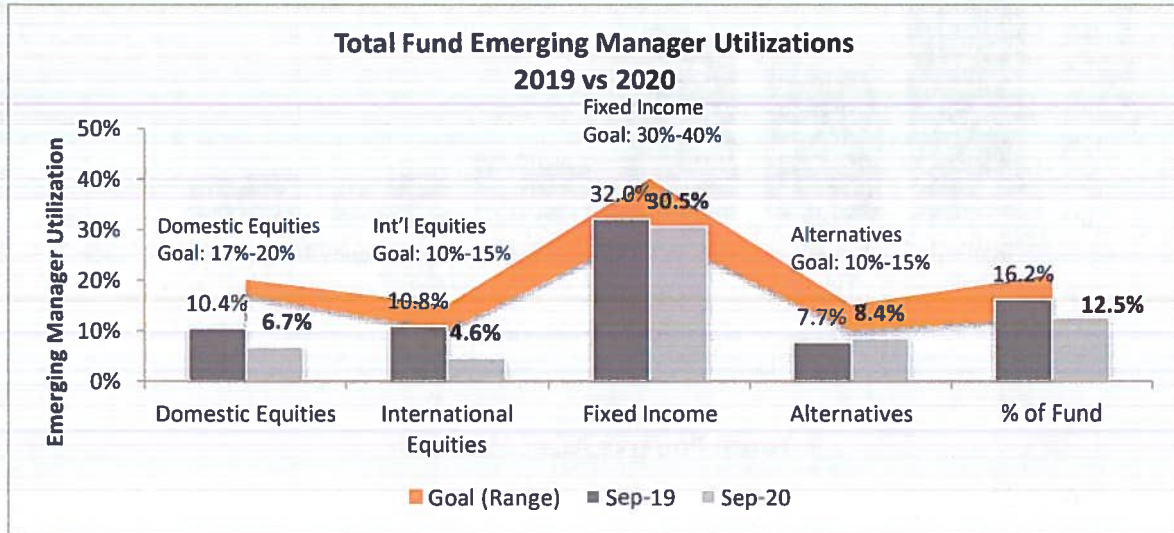
The Fund's current allocations with respect to its targets are reflected as follows.



¹ Reflects revised target asset allocation approved by the Board effective March 2017.

Emerging Investment Manager Utilization Summary

Year over year differences in manager utilization across asset classes is attributed to the addition of an emerging real estate manager (Artemis), the closure of Progress Investment Management, general market value impact, and, finally, liquidations to service benefit payments. Overall utilization decreased from last year, due primarily to the closing of Progress in early 2020. However, this was partially offset by funding to the new real estate manager. The Fund's utilization will be impacted positively in 2021 as a newly awarded emerging international equity manager is funded.



Results by Asset Class

Domestic Equities

The decrease in utilization was driven primarily by the closure of Progress, which resulted in the loss of approximately \$145 million of domestic equity allocation split among three emerging domestic equity managers. The assets were liquidated and cash was transferred to an MWDBE short duration fixed income manager in January. Additionally, strong relative outperformance from large cap stocks, in particular large growth stocks, over small and mid-cap stocks during the Covid-19 pandemic, increased the proportion of domestic equity assets managed by non-emerging managers. Large cap stocks are managed by the Fund's majority domestic equity managers. Conversely, all of the domestic equity emerging manager assets are in small- and mid-cap focused strategies, which underperformed compared to large caps for the period.

International Equity

As with domestic equity, the decrease in utilization was due primarily to the closure of Progress, which resulted in a loss of approximately \$201 million of international equity allocation split among five emerging international equity managers. The assets were liquidated and cash was transferred to an MWDBE short duration fixed income manager in January. Utilization decreased from 10.8% to 4.6% primarily as a result.

Fixed Income

Fixed income utilization fell from 32.0% to 30.5%, also due to the Progress closure. One emerging fixed income manager with approximately \$24 million of assets was liquidated, with the cash transferred to an MWDBE short duration fixed income manager. The asset loss was smaller compared to domestic and international equity, and the impact to utilization was more muted.

Alternatives

The increase in utilization was driven by funding of an emerging real estate manager as well as an increase in emerging managers within the Fund's hedge fund program.

As of September 30, 2020, the Fund directly engaged the services of emerging investment managers through nine mandates. This represents 17.0% of direct manager relationships. Additionally, the Fund indirectly engages with 16 other managers through fund-of-fund platforms such as the Fund's hedge fund and private equity programs. One emerging investment manager maintained three separate mandates with the Fund. As a result, emerging investment managers are represented in all of the Fund's asset classes.

As of September 30, 2020, the Fund manages a total of \$11.4 billion. Actively managed strategies represented 61.9% of the Fund's allocation with the remainder passively managed. As mentioned earlier, 12.5% of the Fund's \$11.4 billion, or \$1.4 billion, was managed by emerging investment manager firms. Emerging investment managers account for 20.4% of the Fund's allocation to actively managed strategies, based on market values. Rhumblin, a non-emerging minority and woman-owned investment manager, manages 56.2% of the Fund's allocation to passive strategies.

As of September 30, 2020	Current	Current Goals
As a % of Fund		
Minority	12.6%	10%-15%
Women	3.6%	5%-10%
Disabled-Owned	0.0%	0%-1%

Finally, Fund investment staff participated in various emerging investment manager-focused virtual conferences such as The Investment Diversity Exchange. On December 11, 2020, Fund staff presented to the Senate Committee on Pensions and Investments on Emerging Investment Manager and MWD broker dealer utilization efforts.

Emerging Broker/Dealer Program Summary

In 2020, the Fund continued to promote the utilization of Emerging Minority, Women and Disabled-Owned (MWD) broker dealers. Illinois Public Act 96-0006, approved by the Governor on April 3, 2009, declared it to be public policy of the State of Illinois to encourage the trustees of public employee retirement systems, pension funds, and investment boards to do the following:

- Use emerging investment managers in managing their system’s assets, encompassing all asset classes;
- Increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within bounds of financial and fiduciary prudence; and
- Take affirmative steps to remove any barriers to the full participation in investment opportunities afforded by those retirement systems, pension funds, and investment boards.

On March 8, 2012, the Fund’s Board approved revised annual goals for MWD broker dealer utilization by asset class. These revised goals were subsequently reaffirmed on December 5, 2013 and again on October 2, 2014. With the exception of transition managers, the goals were again revised upward on December 3, 2020, as the Fund’s investment managers’ have met and exceeded the original goals. This time frame provides for the review and evaluation of results by managers to determine the viability of goals, methods utilized by managers to achieve goals, and capabilities within each asset class of the various broker-dealers.

Emerging Broker/Dealer Goals

As a % of Sum of Bond Volume	Goals ¹
Fixed Income	15.0%
As a % of Sum of Base Commissions	
Domestic Equity	40.0%
International Equity	15.0%
International Equity Sm. Cap	5.0%
Transition Managers	40.0%

¹ Revised upward at December 3, 2020 Board meeting. Transition Manager goals were unchanged.

Emerging Broker/Dealer Utilization Summary

As of September 30, 2020, total MWD bond volume was \$1.3 billion, or 32.2% of total bond trading across Fixed Income. Equity commissions paid to MWD broker dealers totaled \$414,538 and \$52,561, or 47.6% and 14.2% of total domestic equity and international equity (including international small caps), respectively.

As a % of Sum of Bond Volume	Actual Utilization ¹
Fixed Income	32.2%
As a % of Sum of Base Commissions	
Domestic Equity	47.6%
International Equity (consolidated)	14.2%
<i>International Equity ex Sm. Cap</i>	17.4%
<i>International Equity Sm. Cap</i>	4.4%
Transition Managers	0.0%

¹ As of September 30, 2020.

Actual utilization does not reflect a full year of results. Thus, performance against the Funds’ goals is incomplete through the date of this report. One transition event occurred in January this year, but no MWD broker dealers were utilized.

Current Emerging Broker/Dealer Utilization¹

MWD Brokers	Domestic Equity Utilization²	International Equity Utilization³	Fixed Income Utilization
Academy Securities	0.0%	0.0%	0.4%
Alamo Capital	0.0%	0.0%	2.7%
ASL Securities	0.0%	0.0%	1.8%
Blaylock Van LLC	2.0%	0.0%	0.0%
C.L. King & Associates	2.4%	0.0%	0.0%
Cabrera Capital Markets	12.0%	0.3%	7.6%
Capital Institutional Svc	<0.1%	0.0%	0.0%
Castle Oak Securities LP	1.2%	0.2%	1.9%
Falcon Square Capital	0.0%	0.0%	1.8%
Great Pacific Securities	0.0%	0.0%	3.5%
IVY Securities	0.1%	0.0%	0.0%
Loop Capital	20.3%	7.7%	3.8%
MFR Securities	0.0%	0.0%	1.5%
Mischler Financial	0.1%	2.3%	5.7%
North South Capital	0.8%	0.3%	0.0%
Penserra Securities	3.7%	3.4%	0.1%
Samuel A Ramirez & Co	0.0%	0.0%	0.1%
Stern Brothers	0.0%	<0.1%	0.0%
Sturdivant and Co, Inc	0.1%	0.0%	0.0%
Telsey Advisory Group	0.6%	0.0%	0.0%
Tribal Capital Markets	0.0%	0.0%	<0.1%
Williams Capital Group LP	4.3%	0.0%	1.3%
Total	47.6%	14.2%	32.2%

¹ Data as of September 30, 2020

² Domestic equity utilization includes REITs

³ International equity utilization includes international small cap mandates and is therefore a blended utilization

Exhibit A
Emerging Investment Manager Contact Information

Manager (Strategy)	Contact Information
Adelante Capital Management (U.S. REITS)	555 12 th Street Suite 2100 Oakland, CA 94607 (510) 986-2100
Artemis Real Estate Partners (Private Real Estate)	5404 Wisconsin Avenue Suite 1150 Chevy Chase, MD 20815 (202) 370-7450
Channing Capital Management (Small Cap Value and SMID Cap Value Equity – Cook County SMID Cap Value – Forest Preserve)	10 S. LaSalle Street Suite 2401 Chicago, IL 60603 (312) 223-0211
LM Capital Group (Core Fixed Income)	750 B Street Suite 3010 San Diego, CA 92101 (619) 814-1401
New Century Advisors (Core Plus Fixed Income)	2 Wisconsin Circle Suite 940 Chevy Chase, MD 20815 (240) 395-0550
Xponance (formerly Piedmont Investment Advisors) (Core Fixed Income)	2605 Meridian Parkway Suite 105 Durham, NC 27713 (919) 688-8600
Muller & Monroe Asset Management (Private Equity)	180 N. Stetson Avenue Suite 1320 Chicago, IL 60601 (312) 782-7771
Strategic Global Advisors (International Equity)	100 Bayview Circle Suite 650, South Tower Newport Beach, CA 92660 (949) 706-2640

Current Emerging Investment Manager Utilization – Exhibit B

Manager¹	% of Fund²	Market Values²
Fixed Income		
LM Capital Group	4.18%	\$477,557,065
New Century Advisors	1.18%	\$135,465,149
Xponance	2.30%	\$262,964,401
Subtotal Fixed Income	7.66%	\$875,986,615
Domestic Equity		
Adelante Capital Mgmt.	0.74%	\$84,901,069
Channing Capital Mgmt.	1.62%	\$184,738,023
Subtotal Domestic Equity	2.36%	\$269,639,092
International Equity		
Strategic Global Advisors	0.92%	\$105,400,225
Subtotal International Equity	0.92%	\$105,400,225
Alternatives		
Artemis Real Estate Partners	0.11%	\$12,836,994
Muller & Monroe ³	0.31%	\$35,000,000
Mesirow PE FOFs ^{3,4}	0.77%	\$87,500,000
HFOFs ⁴	0.41%	\$47,047,849
Subtotal Alternatives	1.60%	\$182,384,843

¹ Manager's contact information can be found in Exhibit A.

² Data as of September 30, 2020

³ Market value includes committed capital

⁴ Included as part of the manager-of-managers program as of September 30, 2020; "Mesirow PE" stands for Mesirow Financial Private Equity; "HFOFs" stands for hedge fund-of-funds.



Exhibit H. Emerging Investment Manager Policy – Cook County Fund

I: Introduction:

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

II: Utilization Goals:

In fulfillment of the Emerging Investment Manager Program, the Board has established target range goals for the utilization of Emerging Investment Managers for the Funds’ asset classes as well as for the utilization of Emerging Investment Managers. 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.

Emerging Investment Manager Utilization Goals effective December 3, 2020

As a % of Asset Class	
Fixed Income	30%-40%
Domestic Equity	17%-20%
International Equity	10%-15%
Alternatives	5%-20%

As a % of Fund	
Minority	10%-15%
Women	5%-10%
Disabled-Owned	0%-1%

III. Policy and Process:

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.

1 – 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.
County Employees’ and Officers’ Annuity and Benefit Fund of Cook County

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 H. Emerging Investment Manager Policy – Forest Preserve District Fund

I: Introduction:

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

II: Utilization Goals:

In fulfillment of the Emerging Investment Manager Program, the Board has established target range goals for the utilization of Emerging Investment Managers for the Funds' asset classes as well as for the utilization of Emerging Investment Managers. 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.

Emerging Investment Manager Utilization Goals effective December 3, 2020

As a % of Asset Class	
Fixed Income	30%-40%
Domestic Equity	17%-20%
International Equity	10%-15%
Alternatives	5%-20%

As a % of Fund	
Minority	10%-15%
Women	5%-10%
Disabled-Owned	0%-1%

III. Policy and Process:

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.

1 – 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.
Forest Preserve District Employees' Annuity and Benefit Fund of Cook County

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 I: 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, 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.



**Exhibit I: Broker/Dealer Trading Policy – Forest Preserve District 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, 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:*

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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.



**County Employees' and Officers' Annuity and Benefit Fund of Cook County
– Procurement Policy for Selection and Appointment of
Investment Advisers and Consultants**

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.¹

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. Policy Effective 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 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 then-existing circumstances.

¹ 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.*].

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 circulation² 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.
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

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

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 release date 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.

ADOPTED: MAY 20, 2009

AMENDED: FEBRUARY 3, 2010
MARCH, 2018



**Forest Preserve District Employees' Annuity and Benefit Fund of Cook County
– Procurement Policy for Selection and Appointment of
Investment Advisers and Consultants**

I. INTRODUCTION

The Retirement Board (the “Board”) of the Forest Preserve District Employees’ 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.¹

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;
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. Policy Effective 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 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 then-existing circumstances.

¹ 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.*].

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 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 circulation² 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 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.
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

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

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 release date 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 Committee. In addition, the Board may also increase an allocation pursuant to criteria established by the Emerging Manager Investment Committee.

3. Qualifications. The Emerging Manager Investment 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.

ADOPTED: MAY 20, 2009

AMENDED: FEBRUARY 3, 2010
MARCH, 2018

**POLICY REGARDING BUSINESS ENTERPRISES
OWNED BY MINORITIES, FEMALES AND
PERSONS WITH DISABILITIES
(PUBLIC ACT 96-0006)**

WHEREAS, the County Employees' and Officers' Annuity and Benefit Fund of Cook County, Illinois and ex officio for the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Illinois were created pursuant to Chapter 40, 5/9-101, *et seq.*; and

WHEREAS, the Trustees elected or appointed to serve as members of the Retirement Board (the "Board") of the County Employees' and Officers' Annuity and Benefit Fund of Cook County, Illinois and ex officio for the Forest Preserve District Employees' Annuity and Benefit Fund (collectively, the "Fund") desire to enhance and promote the professional management of the Fund in order to ensure that the Fund continues to provide retirement and other benefits to participants and beneficiaries who have served the County of Cook and its citizens; and

WHEREAS, the Board as fiduciaries of the Fund and pursuant to Section 5/1-109 of the Pension Code are required to discharge and, do so discharge their duties, for the exclusive purpose of providing benefits to participants and their beneficiaries and to defray reasonable expenses of administration; and

WHEREAS, effective April 3, 2009, the General Assembly of Illinois amended Chapter 40, Section 5/1-101, *et seq.* (the "Pension Code"), by Public Act 096-0006, which required entities subject to the Pension Code, including the Fund, to establish a policy which sets forth goals to be reviewed annually for the utilization of businesses owned by minorities, females and persons with disabilities for all contracts and services as those terms are defined by the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575/1 *et seq.* (the "Minority Enterprise Act"); and

NOW THEREFORE, BE IT RESOLVED THAT, it shall be the policy of the Retirement Board of the County Employees' and Officers' Benefit Fund of Cook County, Illinois and ex officio for the Forest Preserve District Employees' Annuity and Benefit Fund to use all reasonable and prudent efforts, consistent with amended Section 5/1-109.1 of the Pension Code, to utilize businesses owned by minorities, females and persons with disabilities, within the bounds of fiduciary and financial prudence, when contracting for the purchase of goods or services. It shall be the goal of the Fund to expend not less than 12% of its discretionary spending on the purchase of goods or services from businesses owned by minorities, females and persons with disabilities subject to applicable federal and state laws prohibiting discrimination. This policy shall be reviewed annually and reported to the Governor and the General Assembly as required by the Pension Code.

**DIVERSITY POLICY FOR FIDUCIARIES,
CONSULTANTS AND SENIOR STAFF
(PUBLIC ACT 96-0006)**

WHEREAS, the County Employees' and Officers' Annuity and Benefit Fund of Cook County, Illinois and ex officio for the Forest Preserve District Employees' Annuity and Benefit Fund were created pursuant to Chapter 40, 5/9-101 *et seq.* (the "Pension Code"); and

WHEREAS, the Trustees elected or appointed to serve as members of the Retirement Board (the "Board") of the County Employees' and Officers' Annuity and Benefit Fund of Cook County and ex officio of the Forest Preserve District Employees' Annuity and Benefit Fund (collectively, the "Fund") desire to enhance and promote the professional management of the Fund in order to ensure that the Fund continues to provide retirement and other benefits to participants and beneficiaries who have served the County of Cook and its citizens; and

WHEREAS, the Board as fiduciaries of the Fund and pursuant to Section 5/1-109 of the Pension Code are required to discharge and, do so discharge their duties, solely in the interests of the Fund's participants and beneficiaries and in accordance with the Pension Code; and

WHEREAS, effective April 3, 2009, the General Assembly of Illinois amended Section 5/1-109.1 of the Pension Code to require entities subject to the Pension Code, including the Fund, to establish a policy that sets forth goals for increasing the racial, ethnic and gender diversity of its fiduciaries, consultants and senior staff and further required that such goals be reviewed annually; and

WHEREAS, in its efforts to enhance and promote the professional management of the Fund, the Board had retained prior to April 3, 2009, and continues to retain, fiduciaries, consultants and senior staff who generally and collectively reflect the racial, ethnic and gender diversity of the Fund's participants and beneficiaries and the citizens of the County of Cook; and

NOW THEREFORE, BE IT RESOLVED THAT, it shall be the policy of the Retirement Board of the County Employees' and Officers' Benefit Fund of Cook County, Illinois and ex officio for the Forest Preserve District Employees' Annuity and Benefit Fund to expend all reasonable and prudent efforts, consistent with amended Section 5/1-109.1 of the Pension Code, to use fiduciaries, consultants and senior staff who are collectively diverse based on race, ethnicity and gender with the goal of increasing such use over time, subject to applicable federal and state laws prohibiting discrimination. This policy shall be reviewed annually and reported to the Governor and the General Assembly as required by the Pension Code.