

*Investment Committee Meeting*

*Held at the Office of the Policemen's Annuity and Benefit Fund of Chicago (the Fund)*

*Held on January 27, 2020*

Presiding: Trustee and Investment Committee Chair: Mr. Thomas Beyna

Present: Trustees: Ms. Jennie Huang Bennett, Mr. Michael Lappe, Mr. Stephen Skardon, and Mr. Brian Wright

Trustee Present Later: Ms. Melissa Coneyears-Ervin

Not Present: Trustees: Ms. Susie Park, and Mr. Edward Wodnicki

Trustee Staff: Mr. Martin Johnson, Office of the City of Chicago Chief Financial Officer, and Mr. Craig Slack, Office of the City of Chicago Treasurer

Fund Office: Ms. Erin Keane, Executive Director, and Ms. Caroline Vullmahn, Comptroller

NEPC, LLC: Mr. Kevin Leonard, Partner, and Ms. Kristin Finney-Cooke, Senior Consultant

Others: Ms. Rosemarie Giambalvo, Annuitant Member

President Beyna called the meeting to order at approximately 9:00 a.m.

**I. Cash Flow Analysis**

Ms. Caroline Vullmahn, Comptroller of the Policemen's Annuity and Benefit Fund of Chicago (PABF or the Fund), began her presentation regarding the Fund's cash flow. Ms. Vullmahn provided the Committee members a PABF Cash Flow worksheet which was distributed and showed the Fund's cash balances, outstanding capital calls of approximately \$.2 million, expected benefit payments, other expenses for the month, and the resulting expected cash on hand as of January 31, 2020. Ms. Vullmahn indicated that at the end of the month, the cash balance is anticipated to be approximately \$56.2 million.

Ms. Vullmahn explained the details pertaining to the Tax Receipt Collections information provided on the Cash flow worksheet. There was discussion that the 2019 payment year tax receipts due from the City of Chicago, approximately \$18 million, and Executive Director Keane's explanation of a letter submitted for the amount due. In addition, the 2018 payment year outstanding tax receipts were intercepted and paid in full by State Comptroller.

Trustee Coneyears-Ervin entered the meeting.

**II. Performance Review**

**a. Northern Trust Performance Flash - December 2019**

Mr. Kevin Leonard, NEPC, reviewed the unaudited Performance Flash at December 31, 2019 (unaudited) provided by the Fund's Custodian Bank, The Northern Trust Bank (TNT). The preliminary report indicated that the total Fund portfolio was approximately \$2.6 billion in assets, and returned 2.14% net of fees for the month.

**III. Private Equity Secondaries RFP Finalist Recommendations**

The Private Equity Education & Secondaries Finalist Recommendations report was distributed to the Committee members in advance of the meeting. Ms. Kristin Finney-Cooke and Mr. Kevin Leonard of NEPC discussed the private equity and private credit overview, how private equity is different from public equity, the mechanics of investing in a private equity fund, private equity economic return drivers, the spectrum of private equity strategies,

and why the fees for private equity are higher and more complex than public equity funds. NEPC went on to provide analyses of their finalist recommendations from the 21 firms that submitted proposals in response to the RFP. NEPC presented their finalist recommendations and discussed with the trustees the criteria and qualifications of all candidates. The committee determined that the five following firms, responding to the Private Equity RFP, would be invited to present at the February 24, 2020 Investment Committee meeting:

- Adams Street Partners Global Strategy 7 (Adams Street)
- Auldbrass Secondaries Opportunity Fund III (Auldbrass)
- Collier Capital International Partners VIII (Collier)
- Glendower Secondary Opportunity V (Glendower)
- HarbourVest Dover Street X (HarbourVest)

*A motion was made by Trustee Wright, seconded by Trustee Skardon that the Committee approve the five Private Equity finalists Adams Street, Auldbrass, Collier, Glendower, and HarbourVest be invited to present at the February 24, 2020 Investment Committee meeting.*

**ROLL CALL**

For: Bennett, Beyna, Conyears-Ervin, Lappe, Skardon, and Wright (6)  
Against: None (0)  
Absent: Park, and Wodnicki (2)

**IV. NEPC 2020 Client Actions and Assumptions**

The NEPC 2020 Investment Outlook report was distributed to the Committee members in advance of the meeting. Ms. Kristin Finney-Cooke and Mr. Kevin Leonard of NEPC indicated the key market themes and asset class assumptions to the Committee. They explained NEPC's four Key Market Themes late cycle dynamics, permanent interventions, China transitions, and globalization backlash. NEPC provided 2020 asset class overview, the Fund's asset allocation, core geometric return assumptions, US and global interest rate expectations, and equity building blocks.

Trustee Conyears-Ervin exited the meeting.

**V. Any Other Business**

President Beyna introduced the next item, Any Other Business. There were none.

*A motion was then made by Trustee Wright, seconded by Trustee Lappe to adjourn the meeting.*

**ROLL CALL**

For: Bennett, Beyna, Lappe, Skardon, and Wright (5)  
Against: None (0)  
Absent: Conyears-Ervin, Park, and Wodnicki (3)

Respectfully submitted,

Brian Wright  
Recording Secretary of the Board of Trustees  
Investment Committee Member

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