

COUNTY EMPLOYEES' ANNUITY & BENEFIT FUND OF COOK COUNTY
And Ex-Officio for the
FOREST PRESERVE DISTRICT ANNUITY & BENEFIT FUND
MEETING OF THE BOARD OF TRUSTEES
33 N. DEARBORN STREET-STE. 1000
CHICAGO, ILLINOIS 60602

Minutes for January 5, 2012 Meeting of the Board

The County Fund and the Forest Preserve District Fund are herein collectively referred to as the "Fund".

Call to Order and Roll Call.

Trustees Present: Clem Balanoff, Robert Benjamin, John Fitzgerald, Alexis Herrera, Robert Janura, Brent Lewandowski and Patrick J. McFadden;

Staff Present: Daniel R. Degnan, Executive Director; Nickol Hackett, Chief Investment Officer; Michael Maratea Director of Finance; Paul Rzeszutko, Director of Annuity Benefits; Colleen Lakis; Comptroller; Fernando Vinzons, Investment Analyst; Daniel Walker, Portfolio Analysis & Valuation Analyst; Sharon Ryan, Office Manager;

Others Present: Mary Pat Burns, Burke Burns & Pinelli, LTD; Mark Rosenfeld, Office of Commissioner Bridget Gainer; Angie Eden, Office of Commissioner Bridget Gainer; Theron Pickett, Cabrera Capital; Iliana Sobczak, Blackstone Alternative Asset Management; Brian Garin, Blackstone Alternative Asset Management; Jon McCormick, Blackstone Alternative Asset Management; Tom Hynes Mesirow Financial; George Main, DGAM, Eraham Trouret, DGAM; Afasneh Beschless, Rock Creek; Sudhir Krishna Misti, Rock Creek; Ken Lay, Rock Creek; Kahlow Kennedy Found, Rock Cree;

1. Review and Consideration of:

- a. December 8, 2011 Board Meeting Minutes.

It was moved by Trustee McFadden and seconded by Trustee Herrera that the minutes of the December 8, 2011, Board Meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

- b. Bills, Payroll Records, Annuities, Spouse & Child Annuities, Ordinary & Duty Disabilities and Refunds.

It was moved by Trustee McFadden and seconded by Trustee Janura that the presented payroll, bills and recommendations for annuities, disabilities and refunds be approved.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

At this time Trustee Balanoff entered the meeting.

2. Cash Flow Report.

It was moved by Trustee McFadden and second by Trustee Herrera that the Cook County Fund shall have authority to withdraw cash in an aggregate amount not to exceed \$60 million dollars to cover projected expenses through March 31, 2012. It was further moved that the Fund's staff shall be authorized to take all steps reasonably necessary to effectuate the foregoing.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Herrera that the Forest Preserve Fund shall have authority to withdraw cash in an aggregate amount not to exceed \$2 million dollars to cover projected expenses through March 31, 2012. It was further moved that the Fund's staff shall be authorized to take all steps reasonably necessary to effectuate the foregoing.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Matters.

a. 2012 Budget Recommendation

It was moved by Trustee McFadden and seconded by Trustee Herrera, consistent with the recommendations of the Fund's professional staff and the Fund's counsel that the proposed budget for Fiscal Year 2012 be approved.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,
McFadden

NAYS: None

Vote Result: MOTION ADOPTED

b. JCCG Administrative Services.

It was moved by Trustee Balanoff and seconded by Trustee Herrera, consistent with the recommendations of the Fund's professional staff that JC Consulting Group be retained for 2012 to provide maintenance and support for the PBM and HB systems for an annual fee of \$90,000 and that JC Consulting Group be retained for 2012 to provide IT desktop support at an hourly rate of \$115. It was further moved that the Executive Director be authorized to take all action reasonably necessary to effectuate the foregoing, including subject to legal review and sign off, execution of related written agreements on behalf of the Funds.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,
McFadden

NAYS: None

Vote Result: MOTION ADOPTED

c. Xerillion

It was moved by Trustee Balanoff and seconded by Trustee Herrera, consistent with the recommendations of the Fund's staff, that the contract with Xerillion Corporation be renewed for a period of one year from January 1, 2012, through December 31, 2012, on the same terms and conditions as the agreement now in effect, including any extensions, and it was further moved that the Fund's staff shall take all action reasonably necessary to effectuate the foregoing including, subject to legal review and sign off, execution and delivery of related written agreements on the Fund's behalf by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,
McFadden

NAYS: None

Vote Result: MOTION ADOPTED

d. PerTrac

It was moved by Trustee Balanoff and seconded by Trustee Herrera, consistent with the recommendations of the Fund's staff, that the software licensing agreement with PerTrac be renewed for a term of one year at a cost not to exceed \$20,800, and it was further moved that the Fund's staff shall take all action reasonably necessary to effectuate the foregoing including, subject to legal review

and sign off, execution and delivery of related written agreements on the Fund's behalf by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

4. Legislation.

a. 2012 Legislative Calendar

Mr. Degnan advised the Trustees of the schedule for legislation for the upcoming State of Illinois Legislative Session. He explained that the Fund's lobbyist John McCabe reported that shell bills were due by January 26 and final amendments in early March. Mr. Degnan recommended that the Board consider two items that need clarification due to the Tier 2 legislation, earned annuity and disability annuity.

It was moved by Trustee McFadden and seconded by Trustee Balanoff that Mr. Degnan submit draft language regarding the aforementioned issues to Mr. McCabe for preparation and submittal of shell bills and further that he instruct Mr. McCabe to reintroduce the proposed funding bills from prior legislative sessions.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. Governor's Pension Stability Initiative

It was moved by Trustee Balanoff and seconded by Trustee Lewandowski, consistent with the recommendations of the Fund's professional staff and Fund's counsel, that the expenses, including any associated travel expenses incurred by any of the Fund's staff in attending the Governor's Pension Stability Initiative in Springfield, Illinois, on January 17-18, 2012, be approved provided that reimbursement shall be in and for amounts consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

5. Cook County Pension Subcommittee on Pensions.

Mr. Degnan reported that the Fund would provide the requested data to Commissioner Gainer. The Trustees discussed and recognized that the Fund's actuary, Goldstein & Associates, may be retained by the Commissioner for purposes of actuarial analysis.

6. Investments.

a. Consideration of Investment Committee Recommendations

It was moved by Trustee Janura and seconded by Trustee Herrera that the Board approve the recommendation of the Investment Committee to accept the proposed Hedge Fund Investment Policies for both the County Fund and the Forest Fund as drafted by the Fund's Investment Staff and Investment Consultant and it was further moved to revise the County Fund's and the Forest Fund's respective Statements of Investment Policy to reflect the proposed policies.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Janura and seconded by Trustee Herrera that the Board approve the recommendation of the Investment Committee to accept the proposed revised fee for Fiduciary Management Associates' management of the Small Cap Value portfolio for the County Fund. It was further moved that the Fund's Investment Staff shall take all action reasonably necessary to effectuate the foregoing including, subject to legal review and sign off, execution and delivery of related written agreements on the Fund's behalf by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

The following Hedge Fund of Fund finalist made presentations to the Trustees: Blackstone Alternative Asset Management, Diversified Global Asset Management, Mesirov Advanced Strategies Inc., and the Rock Creek Group.

It was moved by Trustee Janura and seconded by Trustee Herrera that the Board select Blackstone Alternative Asset Management, Diversified Global Asset Management and The Rock Creek Group for approximately 9% of the total Cook County Fund funded from the current fund structure implementation subject to

satisfactory completion of final due diligence and successful contract negotiations. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all actions reasonably necessary to effect the foregoing.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Janura and seconded by Trustee Herrera that the Board approve Blackstone Alternative Asset Management L.P. for approximately 9% of the total Forest Preserve District Fund funded from the current fund structure implementation subject to satisfactory completion of final due diligence and successful contract negotiations. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all actions reasonably necessary to effect the foregoing.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

7. Old Business/New Business.

Mr. Degnan reported that the Funds received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States for year ended December 31, 2010. The Trustees congratulated and thanked the staff for their hard work.

8. Adjournment.

After consideration of all other items of business, it was moved and seconded that the meeting be adjourned.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

The Board's next regular meeting is scheduled for February 2, 2012.