

**MEETING OF THE INVESTMENT COMMITTEE OF THE RETIREMENT BOARD  
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND  
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT  
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY  
70 W Madison St, Suite 1925  
Chicago, Illinois 60602**

**Minutes for the February 28, 2023 IC Meeting**

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund."

Call to Order and Roll Call at 9:30 a.m.

**Investment Committee**

**Members in attendance:** Kevin Ochalla (Chair), Hal Dardick, Diahann Goode, Stephen Hughes, Patrick McFadden, Jerry Pray, Tracy Reed, Lawrence Wilson

**Staff Present:** Brent Lewandowski, Interim Executive Director; Michael Maratea, Director, Finance and Administration; Margaret Fahrenbach, Legal Advisor

**Others Present:** Mary Patricia Burns, Burke, Burns & Pinelli, Ltd.; Ann O'Bradovich, Callan LLC; John Jackson, Callan LLC; Jay Kloepfer, Callan, LLC; Michael Bennet, Lazard Asset Management; Tony Dote, Lazard Asset Management; Craig DeGiacomo, Lazard Asset Management

Trustee Ochalla, Chair of the Investment Committee, presided over the meeting. He stated that a quorum of the Committee was present and that some trustees asked to join the meeting virtually. It was moved Trustee McFadden and seconded by Trustee Goode, pursuant to Section 7 of the Open Meetings Act, that Trustee Pray and Trustee Wilson be allowed to join the meeting virtually.

**Vote Result: MOTION ADOPTED BY VOICE VOTE**

The Chair opened the meeting for public comment and because no one requested to address the Committee, the next item of business on the agenda was considered.

1. Review and Approval of;
  - a. November 22, 2022, Investment Committee Meeting Minutes

It was moved by Trustee Reed and seconded by Trustee Goode that the minutes of the November 22, 2022, Investment Committee meeting be approved and adopted.

**Vote Result: MOTION ADOPTED BY VOICE VOTE**

- b. November 22, 2022, Investment Committee Executive Session Minutes

It was moved by Trustee Reed and seconded by Trustee Goode that the Executive Session

minutes of the November 22, 2022, Investment Committee meeting be approved and adopted, but that the minutes remain closed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Approval of Recommended Updates to Investment Policy

Brent Lewandowski, Interim Executive Director, stated that a draft of the Minority/Emerging Investment Manager Policy that would be attached as Exhibit E to the Investment Policy for the County Fund had been prepared by Fund staff and fiduciary counsel. The draft Exhibit E would provide more detail about the Funds' the goals than earlier versions. Mary Pat Burns, fiduciary counsel, added that the draft Exhibit E followed the requirements of the Illinois Pension Code. In regard to the first table presented on Exhibit E, the Committee discussed whether the asset classes for domestic equity and international equities should be combined into a single asset class. The Committee asked that Fund staff, fiduciary counsel and Callan work to provide further detail about the goals on the Exhibit.

It was moved by Trustee McFadden and seconded by Trustee Goode, that the first table on Exhibit E be modified to include domestic equity and international equity as a single asset class and that Fund staff, fiduciary counsel and Callan should provide the other details required by Exhibit E at the Investment Committee to be scheduled in May, 2023.

Vote Result: MOTION ADOPTED BY VOICE VOTE

3. 2023 Capital Markets Projections

Jay Kloepfer, Callan, LLC, presented the Capital Markets Projections for 2023. He stated that Callan had performed an Asset Liability study for the Fund in January, 2022. He noted that an Asset-Liability Study attempts to establish reasonable rates-of-return and risk expectations while acknowledging the change and uncertainty in the capital markets. He summarized changes in the 2023 capital markets assumptions, which included higher expected returns for cash and public equity. Interest rates were likely to continue to rise in an effort to fight inflation. The market appeared to expect a recession as indicated by the inverted yield curve. However, the expectations for strong returns remained intact, so long as inflation and global conflicts were contained.

4. Fourth Quarter 2022 Performance Review

Mr. John Jackson began with a review of the 4Q 2022 performance for the Cook County Fund as prepared and presented by Callan, LLC. The Cook County Fund had a market value of \$11.8B which was an increase of \$523M from the 3Q 2022 ending value of \$11.3B. He reported that the hedge fund allocation was still overweight, but that a redemption request had been submitted. The overweight in the hedge fund allocation was offset by the allocations for Infrastructure and Private Credit that had not yet been implemented. The other allocations were within policy target ranges. Over the trailing 3-year, 5-year and 10-year periods, the Fund outperformed the benchmark returns. The Fund's returns were ahead of its peer group median over the last five-year period, but modestly trailed its peer group median for the last three-year and ten-year periods.

Mr. Jackson presented the 4Q 2022 performance review for the Forest Preserve Fund as prepared by Callan. The Forest Preserve Fund had a market value of \$188.5M which was an increase of \$6.2M from the 3Q 2022 ending value of \$182.3. All asset classes were near their long-term policy

targets. In the third quarter, the Forest Fund outperformed its benchmarks for the trailing 3-year, 5-year and 10-year periods.

Mr. Jackson then provided additional updates on two investment managers who were holding positions that were inconsistent with the Fund's Investment Policy Statement ("IPS"). He explained that two investment managers had positions that met the IPS when the positions were first acquired, but later fell outside the IPS guidelines for different reasons. Mr. Jackson was asked to present more details about these transactions and report his findings to the Investment Committee.

5. International Equity Manager Presentation – Lazard

Representatives from Lazard Asset Management presented an overview of the international equity market and a summary of the Fund's performance. It was stated that diversity within the asset class was necessary and that international markets should benefit from higher interest rates and inflation. The market appeared to stabilize over the past twelve months which indicated that the asset class should enter a period of growth. While both the County Fund and the Forest Fund had positive performances as of 4Q 2022, the result was impacted by lower performances in the preceding years. A return to strong fundamentals was expected to improve performance in this asset class going forward.

6. Cook County Asset Reallocation Update

Michael Maratea, Director of Finance and Administration, reported the status of the implementation of the new target allocations that followed the Asset-Liability Study conducted by Callan LLC. He reported that the reallocation of the most liquid asset classes had been completed as of December 1, 2022. The re-allocations affecting real estate and hedge funds were expected to be largely completed by April, 2023 and finalized in July, 2023. The RFPs processes to implement the newly designated Infrastructure and Private Credit asset classes were expected to begin once the new CIO had been selected.

7. New/Old Business

There was no new business or old business discussed.

8. Adjournment

It was moved by Trustee Goode and seconded by Trustee Hughes that the Investment Committee meeting be adjourned.

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