

**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 August 24, 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, Patrick McFadden, Jerry Pray, Tracy Reed, Samuel Richardson, Jr., Lawrence Wilson

**Staff Present:** Brent Lewandowski, Executive Director; Uwe Schillhorn, Chief Investment Officer; Saron Tegegne, Deputy Executive Director; Margaret Fahrenbach,

**Others Present:** Ann O'Bradovich, Callan LLC; John Jackson, Callan LLC; Peter Keliuotis, Callan LLC; Jay Kloepfer, Callan LLC

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 May 23, 2023, Investment Committee Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Richardson that the minutes from the Investment Committee meeting on May 23, 2023, be approved.

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

2. Chief Investment Officer's Report

Chairman Ochalla welcomed Uwe Schillhorn to his first Investment Committee meeting as the Fund's newly retained Chief Investment Officer. The Chief Investment Officer presented his operational and strategic plans for the Investment Department through 4Q 2024. He noted that the Board had approved allocations for the County Fund in infrastructure and private credit and planned to conduct RFPs for investments in these asset allocations beginning in the later part of 3Q 2023. The RFPs for real estate would be conducted in 2024. He suggested that the allocations for the Forest Preserve Fund be adjusted to become more equivalent to the allocations for the County Fund. Because of the

legislative change in the funding policy, the Forest Preserve Fund, will be positioned to increase its allocations in private equity. A review of the Investment Policy Statement would be conducted to focus upon investment processes and responsibilities exercised by the Fund's fiduciaries. He intended to search for an investment analyst with technical skills in financial matters and with exposure to using artificial intelligence for project management purposes. The trustees thanked the CIO for his report and stated that the Fund needed to follow a conservative approach in its investment programs.

### 3. Second Quarter 2023 Performance Review

Mr. John Jackson of Callan began with a review of the 2Q 2023 performance for the Cook County Fund as prepared and presented by Callan, LLC. The Cook County Fund had a market value of \$12.5B which was an increase of \$256M from the 1Q 2023 ending value of \$12.3B. He reported that all the asset classes were within target ranges. The domestic equity allocation was overweight because the infrastructure and private credit strategies had not yet been implemented. The County Fund returned 3.09% which matched the benchmark return for the quarter. Over the last year, the Fund posted a gain of 8.04% versus the benchmark return of 8.10%. In the last 3-year period, the Fund generated a return of 8.59% outpacing the benchmark return of 7.48%. For the last 5-year period, the Fund earned a 6.99% return which was in line with the benchmark return of 6.95%. For the last 10-year period the Fund gained 7.38% which exceeded the benchmark return of 7.22%. It was reported that the Fund performed favorably among its peers, which included approximately 90 funds with assets of more than \$1B. The trustees asked if the peer group could be identified to include funds with assets between \$10B and \$20B for comparison.

Mr. Jackson presented the 2Q 2023 performance review for the Forest Preserve Fund as prepared by Callan. The Forest Preserve Fund had a market value of \$198.1M which was an increase of \$2.7M from the 1Q 2023 ending value of \$195.4M. All asset classes were near their long-term target allocations. The Forest Fund returned 3.36% versus the benchmark return of 3.13% for 2Q 2023. Over the last 3-year period, the Fund had an annualized return of 8.13% and outperformed the benchmark return of 7.01%. For the last 5-year period, the Fund returned 6.28% versus the benchmark return of 6.24%. For the last 10-year period, the Fund returned 7.36% which exceeded the benchmark return of 7.01%.

### 4. Consideration and Possible Recommendation of Modification of Forest Preserve Asset Allocation

Jay Kloepfer, Callan Inc., presented the Asset/Liability Study update for the Forest Preserve Fund. He reported that the new funding legislation would allow the Forest Preserve Fund to invest in private equity and private credit which have higher expected returns than public market strategies. The Board could maintain the growth-oriented policy of the current allocations and consider diversifying into illiquid strategies for better returns. In the analysis, five different alternative assets mixes were presented which approximated the actuarial assumed rate of return of 7.0%. The trustees discussed the alternative asset mixes as presented in the study and the data used in the analysis. Callan and the Fund's CIO recommended that the Board approve the allocations presented in Mix 5 which would

shift public equity assets into allocations for private equity and private credit. It was noted that the proposed Mix 5 most closely approximated the allocations used for the County Fund.

It was moved by Trustee Reed and seconded by Trustee Richardson that the Committee recommend that the Board, based upon the recommendations from Callan and the CIO, adopt the proposed Mix 5 for the asset allocations for the Forest Preserve Fund which would include the presented allocations for private equity and private credit.

Roll Call Vote:

AYES: Dardick, McFadden, Ochalla, Pray, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

NOTE: The Private Equity Asset Review was presented by Callan after Item 4, but will be summarized in Item 7 below.

5. Consideration and Possible Recommendation Regarding Approval of Private Credit and Infrastructure Searches

The CIO stated that the Board had approved allocations of 2% each to private infrastructure and private credit, but the strategies had not yet been implemented. He presented a description of the process for conducting an RFP for each of these allocations. Callan and the CIO recommended that the Fund conduct RFPs for each of these allocations. The Executive Director stated that once the Board approved an RFP, the quiet period would begin.

It was moved by Trustee Pray and seconded by Trustee Richardson, based upon the recommendations of Callan and the CIO, that the Committee recommend to the Board that the Fund conduct an RFP for a private infrastructure manager for the County Fund and an RFP for a private credit manager for the County Fund and the Forest Fund.

Roll Call Vote:

AYES: Dardick, Goode, McFadden, Pray, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

6. Investment Matters

It was moved by Trustee Richardson and seconded by Trustee Dardick pursuant to Section 2(c)(7) of the Open Meetings Act, 5 ILCS 120/2(c)(7), that the Committee convene an Executive Session to discuss investment contracts.

Roll Call Vote:

AYES: Dardick, Goode, McFadden, Pray, Reed, Richardson, Wilson  
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Reed and seconded by Trustee Pray that the Committee adjourn the Executive Session and return to an open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

a. Review and Consideration of Modification of Investment Manager Guidelines

It was moved by Trustee Reed and seconded by Trustee Richardson, based upon the recommendations of Callan and the CIO, that the Committee recommend to the Board that the Investment Policy Statement Guidelines (“IPS”) be amended as presented and that investment managers be allowed to maintain such positions that are consistent with the revised IPS.

Roll Call Vote:

AYES: Dardick, Goode, Pray, Reed, Richardson, Wilson  
NAYS: McFadden

Vote Result: MOTION ADOPTED

b. Review and Consideration of Recommendation to Liquidate Portion of the Fixed Income Mandate

It was moved by Trustee Dardick and seconded by Trustee Pray, based upon the recommendations of Callan and the CIO, that the Committee recommend to the Board that the liquid assets currently maintained in the portfolio be transitioned to the named emerging manager, that any additional cash proceeds received be transferred to a transition account at BNY/ Mellon and that the sale of remaining illiquid assets be monitored.

Roll Call Vote:

AYES: Dardick, Goode, Pray, Reed, Richardson, Wilson  
NAYS: None  
PASS: McFadden

Vote Result: MOTION ADOPTED

c. Review and Consideration to Liquidate International Equity Manager

This matter was deferred to an Investment Committee meeting scheduled for October 5, 2023.

7. Private Equity Asset Class Review

Peter Keliuotis of Callan, presented the performance review of the County Fund’s private equity portfolio. He stated that the Net Asset Value of the private equity portfolio was \$869M or 6.9% of the Fund’s total assets as of June 30, 2023. The invested amount is above the target allocation of 5%. It is anticipated that with future commitments, the portfolio is expected to decline to the target by 2025. He stated that the returns for private equities were down in 2022, but still outperformed public equities. He stated that the total private equity portfolio was well-diversified with an emphasis on technology and growth industries. Callan recommended that the Fund commit \$100M to the Mesirow Private Equity fund of funds in 2024.

It was moved by Trustee Dardick and seconded by Trustee Reed, based upon the recommendation from Callan, that the Committee recommend to the Board that the County Fund allocate \$100M to the Mesirow Private Equity fund of funds in 2024.

Roll Call Vote:

AYES: Dardick, Goode, McFadden, Pray, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

8. New/Old Business

There was no old business or new business discussed.

9. Adjournment

It was moved by Trustee Reed and seconded by Trustee Ochalla that the Investment Committee meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE