

Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago

321 N. Clark Street, Suite 1300, Chicago, IL 60654

Special Meeting – Regular Minutes

March 9, 2023

12:00 PM

Via Teleconference and In Person

**LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO**

March 9, 2023

Report of the Special Meeting held on March 9, 2023, starting at 12:07 p.m. As permitted by P.A. 101-0640, the meeting was held via videoconference/audioconference and in person.

The following notes attendance:

Board Members:	Reshma Soni*	– Vice President (via videoconference, <i>left at 2:15 pm</i>)
	Michael LoVerde	– Secretary (via audioconference)
	James Capasso, Jr.	– Trustee
	Melissa Conyears-Ervin*	– Trustee (via videoconference, <i>left at 12:22 pm</i>)
	Stephen Skardon	– Trustee
	Thomas Crivellone	– Trustee
	Craig Slack*	– Proxy (via videoconference)
Board Members Absent:	Victor Roa	– President
	Jennie Bennett	– Trustee
Staff & Consultants:	Taylor Muzzy	– Jacobs, Burns, Orlove & Hernandez LLP, Outside Counsel
	James Wesner	– Marquette Associates, Investment Consultant
	Neil Capps	– Marquette Associates, Investment Consultant
	Tina Consola	– Executive Director
	Peggy Grabowski	– Comptroller
	John Carroll	– Compliance Administrator
	Sheila Jones	– Administrative Coordinator
	Mark Oliver	– Senior Investment Manager
	Chris Lucas	– Senior Developer/Staff Actuary
	Andrew Plautz	– Benefits Analyst
Guests:	Mark Myslinski	– Office of the City Treasurer, City of Chicago
	George Adams*	– Office of the Chief Financial Officer, City of Chicago

** Denotes partial attendance during the open portion of the meeting.*

Vice-President Soni determined that a quorum was present after Secretary LoVerde took attendance. There was no public participation.

Vice-President Soni read a statement regarding P.A. 101-0640 which establishes guidelines for the Open Meetings Act as it pertains to remote meetings during this or any other disaster or emergency and determined that an in-person meeting was not practical, prudent, or feasible because of the COVID-19 pandemic. Vice-President Soni then confirmed the attendance of all Board members, Fund staff, consultants, and general public, verified that each person could hear clearly, and informed all participants that the meeting was being recorded. Vice-President Soni further informed the Board that all votes would be taken by roll call with each Board member identifying themselves before voting.

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PUBLIC PARTICIPATION

None.

INVESTMENTS

Review of Portfolio Asset Allocation

Mr. Wesner reviewed LABF's Asset Allocation Study with the Trustees which outlined the Fund's current asset allocation compared to its target allocation and noted the assets where the Fund is overweight and underweight. He also reviewed a number of additional hypothetical portfolios for the Board to consider and explained the differences in the sample portfolios compared to the current allocation. He noted that the goal of this review is to look at what asset classes the Fund could add or change in the future to increase and/or decrease returns and/or risk.

Mr. Wesner also presented to the Trustees with the findings of portfolio stress tests that Marquette performed in order to show how the various hypothetical portfolios would hold up under various distressed investment scenarios. In addition, Mr. Wesner reviewed Marquette's Private Equity Pacing report that outlined some suggestions to keep LABF's pacing plan on target.

Mr. Wesner noted that the asset allocation would be reviewed again later in the year.

Portfolio Performance Review

Mr. Wesner reviewed LABF's 2022 Portfolio Attribution Report with the Trustees and noted the returns for each asset class of the portfolio compared to its benchmark. He highlighted those investment managers that outperformed, and those that underperformed, their respective benchmarks. He noted that most of the underperformance for the portfolio was attributable to the Fund's international equity investment managers and growth investments in general. The Trustees asked questions about the findings of the report.

Mr. Wesner also noted the following steps the Fund has taken to address underperformance in the portfolio:

- 1) When possible, the LABF has trimmed its positions in overweight investment categories thereby selling when the assets were at their highs.
- 2) The LABF has put investment managers on the Watch List due to performance issues.
- 3) The LABF added additional investments such as ARGAs, which contributed to investment performance in 2022.

TRUSTEE EDUCATION

Baillie Gifford Presentation

Paul Taylor and Clare Mazur of Baillie Gifford gave a short overview of Baillie Gifford. The Trustees questioned the lack of diversity of the Baillie Gifford team and whether they had a plan to increase diversity. Baillie Gifford then conducted an educational session for the Trustees regarding the importance of international investing. Baillie Gifford agreed to provide their written diversity plan and a written response to the Trustees' questions regarding Baillie Gifford's plan to reduce volatility in the Fund's portfolio.

Neuberger Berman Presentation

Thomas Obaseki, Cheryl Cannistra, and Adam Grotzinger of Neuberger Berman conducted an educational session for the Trustees regarding fixed income investment strategies. They discussed the impacts of inflation, volatility, growth, and credit risk.

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ADJOURNMENT

With no further business, at 2:22 p.m., Trustee Skardon made a motion to adjourn. Trustee Capasso seconded the motion.

Roll call: For -- Trustees: LoVerde, Capasso, Crivellone, Skardon, and Slack.
Against -- None.