



**MEETING 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
33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the March 2, 2017 Meeting of the Board

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 are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: Robert DeGraff, Jack Fitzgerald, Diahann Goode, Andrew Jatico, Bill Kouruklis (arrived during Public Comment), Patrick McFadden, Joseph Nevius (left during item #7), Dennis White, Lawrence Wilson, CPA

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance and Administration; Gary LeDonne, Senior Policy Advisor; Margaret Fahrenbach, Legal Advisor; Brent Lewandowski, Senior Benefits Manager; Beverly Romanini, Office Manager; Rachelle Howliet, Health Benefit Team Lead

Others Present: Mary Pat Burns, Burke Burns & Pinelli; Timothy Parker, Active Member; Mark Debofsky, Attorney

Public Comment

Trustee Fitzgerald, President of the Board, opened the meeting for public comment. Mr. Mark DeBofsky, an attorney who is representing Lowell Feinstein, M.D. for purposes of his pending application for ordinary disability benefits, addressed the Board. Mr. DeBofsky stated the Dr. Feinstein's long standing application for disability benefits should be approved by the Board. He added that the record included the requisite medical documentation proving his client's disability and that the application should be approved without further delay. Mr. Timothy Parker, an employee of the Sheriff's Office, addressed the Board regarding the processes for disability benefits. He stated that the form completed by the member's attending physician should be amended to allow for additional explanation as to the nature of the disability. Mr. Parker also stated that the continuation process for disability benefits should be reviewed so that there was clarification about the member's 'return to work' date.

1. Review and Consideration of:

a. February 2, 2017 Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Goode that the minutes of the February 2, 2017 Board meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

It was moved by Trustee Goode and seconded by Trustee Nevius that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records and having received confirmation from Fund staff that such payments were consistent with the approved administrative budget, that the payments be ratified.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee McFadden and seconded by Trustee Goode, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee Goode and seconded by Trustee McFadden, after due consideration of the disability applications presented to the Board and having received confirmation from staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Personnel

Nickol R. Hackett, Executive Director and CIO, stated that the personnel matters would be deferred to later in the meeting during the convening of the Executive Session.

b. Fiduciary Liability Insurance

Margaret Fahrenbach, Legal Advisor, presented the proposals that the Fund had received regarding the renewal of the Fiduciary Liability Insurance. Ms. Fahrenbach stated that the Fund's current carrier provided the most favorable terms. The proposed annual premium of \$105,241 represented an increase of less than 1%. Public funds of similar size in Illinois were presented with annual increases between 10% and 15%. The Fund's broker recommended that the expiring policy be renewed on the terms presented.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board renew the expiring Fiduciary Liability Insurance Policy with ULLICO/Markel with limits of \$10,000,000 and an excess policy with Euclid (Hudson) with limits of \$5,000,000 for an additional twelve months for an annual premium of \$105,241 upon the terms proposed and that the Funds' staff and legal counsel take all action reasonably necessary to effectuate the foregoing including, subject to legal review and sign off, execution of related written agreements on the Fund's behalf by the Executive Director.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

4. Review and Consideration of February 21, 2017 Investment Committee Recommendations

The Executive Director & CIO then presented the recommendations made by the Investment Committee regarding the asset allocations modification for both the County Fund and the Forest Fund. She stated that in 2011, the Board had approved certain target allocations but that active liquidation, market impact and other factors had caused the County Fund to deviate from these original target allocations. The Investment Committee approved recommended modifications and were advancing the recommendations to the Board.

It was moved by Trustee McFadden and seconded by Trustee Wilson that the Board adopt the recommendation made by the Investment Committee at their meeting on February 21, 2017, that the target allocations and target ranges per asset class as policy for the County Fund be modified effective March 2, 2017, as presented.

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

The Executive Director also stated that the Investment Committee had made recommendations to change the hedge fund and real estate target allocations ranges for the Forest Fund that had been recently approved. Because of the Forest Fund's liquidity needs, it was recommended that the allocations for hedge funds and real estate be revised.

It was moved by Trustee McFadden and seconded by Trustee Wilson that the Board adopt the recommendation made by the Investment Committee at their meeting on February 21, 2017, that the hedge fund and real estate target allocation ranges as policy for the Forest Fund be modified effective March 2, 2017 as presented.

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

The Executive Director next addressed recommendations from the Investment Committee regarding guidelines for emerging managers' allocations and assets under management within the manager of managers portfolio. Progress Investment Management recommended that removing the current allocation limitations and increasing the AUM for emerging managers would allow more emerging managers with promise to be considered for the program and more consistent with the plan's direction.

It was moved by Trustee McFadden and seconded by Trustee Wilson that the Board adopt the recommendations made by the Investment Committee at their meeting on February 21, 2017, that the Investment Manager-of-Emerging Manager guidelines surrounding allocations and assets under management be revised to: 1) remove the allocation restriction of \$10-\$15 million per manager and 2) allow minority, women and disabled-owned firms with assets between \$250 million and \$10 billion to be considered for the Fund's Manager-of-Emerging Manager program.

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

5. Health Benefit Matters

a. Office #119901 – Health Enrollment Request

Trustee Fitzgerald then presented the request from a member that he and his spouse be allowed to enroll in the retiree health benefits plan even though the Open Enrollment Period had closed. The trustees discussed that changes to enrollment in the retiree health benefits plan were only allowed during the Open Enrollment Period. This member has requested that the Board make an exception to this policy. The trustees discussed that allowing the exception would effectively be a change to the policy in order to accommodate this member's preferences.

It was moved by Trustee DeGraff and seconded by Trustee White that the Board not approve the request made by the member identified by Office #119901 to enroll in the retiree health benefits plan outside of the Open Enrollment Period.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee White and seconded by Trustee Goode pursuant to Section 2(c)(1) and Section 2(c)(11) of the Open Meetings Act that the Board convene an Executive Session to discuss personnel and litigation matters.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Jatico that the Board adjourn the Executive Session convened pursuant to Sections 2(c)(11) of the Open Meetings Act and return to open session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

6. Legal Matters

a. In the Matter of Feinstein

It was moved by Trustee McFadden and seconded by Trustee Jatico that staff enter into settlement negotiations as discussed regarding Lowell Feinstein, M.D. for the disability benefits requested.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

b. ARCP Collection Report

It was moved by Trustee White and seconded by Trustee DeGraff that the Board approve that Fund staff continue with the collection process as previously approved by the Board, except that the Board should receive prior notice before litigation is commenced against a current employee.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

c. Overpayments

It was moved by Trustee Nevius and seconded by Trustee McFadden that the Board approve the commencement of litigation by the Fund to collect the overpayments made to the member identified by Office Number 88005 as presented except that any settlement shall be subject to the Board's prior approval.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board approve the proposed Letter of Indemnity to collect the overpayments made to the member identified by Office Number 43459 and that the Executive Director shall have the authority to execute and deliver the instrument on behalf of the Fund.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

7. Legislative Update

The Executive Director stated that she and Fund counsel had met with representatives of the County, at their request, to discuss the Fund's proposed legislation. Legislative prospects 1) require actuarial based funding as to address inadequate funding; and 2) a bill to simplify the payment of annuity benefits to members who are aging and residing in nursing homes. At the meeting, the County representatives addressed the nursing home legislation and stated that the bill should provide more specifics about what rules the Board would adopt to require nursing homes to account for the annuity benefits received. The Fund responded that the bill was identical to provisions in the Pension Code related to other public funds and that procedural rules would be adopted regarding the nursing homes accounting for annuity benefits received outside of the legislation itself. Following the meeting, the Fund confirmed with the Public Guardian that procedural rules would be sufficient to allow for an accounting of annuity benefits distributed. The County representatives acknowledged that the proposed legislation for actuarial based funding was, in principal, similar to legislation that had been proposed in earlier years.

8. Old Business/New Business

The trustees raised the matter of continuing problems with the County payroll reporting and whether, when the process was completed, the Fund could get a certification that the 2016 payroll reports are accurate. It was discussed that the County was conducting an ongoing process to get the payroll reporting reconciled.

9. Adjournment

There being no further business before the Board, it was moved by Trustee McFadden and seconded by Trustee DeGraff that the trustees adjourn the meeting.

The next Board meeting is scheduled for April 6, 2017, at 9:30 a.m.