Minutes for January 5, 2010 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: Robert Agnes, Robert Benjamin, John E. Fitzgerald, Joseph Fratto, William Granberry, Mark Kilgallon, Patrick J. McFadden

Staff Present: Daniel R. Degnan, Executive Director, Penny Finch, Chief Operating Officer, Nickol Hackett, Chief Investment Officer, Michael Maratea, Director of Finance, David Cholewa, Director of Systems and Project Management, Sharon Ryan, Office Manager

Others Present: Mary Pat Burns, Burke, Burns & Pinelli, Christine M. Trzos, Annuitant, Sharon Piet, Podesta, Sandor Goldstein, Goldstein & Associates, Thomas Hartman, Goldstein & Associates, Francine Larkin, Cook County Health Department, John McCabe, John McCabe & Associates, LTD.

1. Review and Approval of:

   a. December 3, 2009 Board Meeting Minutes.

      It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that the minutes of the December 3, 2009, Board Meeting be approved and adopted.

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


      It was moved Trustee Kilgallon and seconded by Trustee Benjamin that the presented payroll bills and recommendations for annuities, disabilities and refunds be approved.
c. Other Benefit Matters:

i. In the Matter of Elliot Kozel v. The Retirement Board, 08-RBCC-03

It was moved by Trustee Granberry and seconded by Trustee Fitzgerald that the Hearing Officer’s Findings of Fact and Conclusions of Law In the Matter of Elliot Kozel v. The Retirement Board, 08-RBCC-03, be adopted, and consistent therewith and the recommendation of Hearing Officer Michael Close, that Mr. Kozel’s application for ordinary disability benefits be denied.

ii. In the Matter of Sam Tenuto

It was moved by Trustee Fitzgerald and seconded by Trustee Granberry that Retired Judge Brian L. Crowe be appointed to serve as the hearing officer for the administrative review requested by Mr. Sam Tenuto.

d. 2010 Meeting Schedule

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin consistent with the recommendations of the Fund’s professional staff and the Fund’s counsel that the Board shall meet at 9:30 am, at the Fund’s administrative offices at 33 N. Dearborn Street, Suite 1000, Chicago, Illinois, on the following dates in 2010: February 3; March 3; April 1; May 5; June 2; July 1; August 4; September 2; October 6; November 4; and December 2. It is further moved that the Funds’ administrative staff shall take all steps necessary to post the dates, times and locations of these meetings as required by the Illinois Open Meetings Act.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.
e.  2009 Training Certification

It was moved by Trustee Benjamin and seconded by Trustee Fitzgerald pursuant to Section 5/1-113.18 of the Illinois Pension Code, and based on the Executive Director’s report establishing that each of the trustees has met the statutory requirements of at least 8 hours of ethics, fiduciary and investment training as of December 31, 2009, (with the exceptions of Trustees Agnes and McFadden, who were only sworn to their respective offices on December 3, 2009), that the attached 2009 Annual Certification of Trustee Training be approved and that the President of the Board be authorized to execute the same on behalf of the Board. It is further moved that the Fund staff file said 2009 Annual Certification with the Department of Financial and Professional Regulation, Division of Insurance, as required by Section 5/1-133.18 of the Illinois Pension Code.

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

f. Executive Session Minutes

It was moved by Trustee Benjamin and seconded by Trustee Kilgallon, based on the recommendation of Fund fiduciary counsel, that the executive session minutes of January 5, 2006; June 6, 2007; July 11, 2007; September 5, 2007; May 5, 2008; July 8, 2008; August 6, 2008; December 2, 2008; July 24, 2009; September 3, 2009 and November 6, 2009 be approved as presented and that said minutes be made open to the public.

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

AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon

PRESENT: McFadden

It was moved by Trustee Granberry and seconded by Trustee Kilgallon, based on the recommendation of Fund fiduciary counsel, that the executive session minutes of January 21, 2009; February 6, 2009; March 6, 2009; April 3, 2009; May 7, 2009; June 4, 2009; July 1, 2009; July 15, 2009 and October 1, 2009 be approved as presented and that said minutes remain closed as they involve discussions of potential litigation.

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

AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon

PRESENT: McFadden

It was move by Trustee Kilgallon and seconded by Trustee Fitzgerald, pursuant to Section 2.06(c) of the Open Meetings Act, 5 ILCS 120/2.06, and on the recommendation of Fund fiduciary counsel, that the verbatim recordings of the executive sessions conducted on September 7, 2005; January 5, 2006; February 2, 2006; June 6, 2007; July 11, 2007; September 5, 2007 and May 5, 2008, be destroyed based on the Board having approved minutes of said executive sessions in accordance with
Section 2.06(a) of the Act.

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

**AYES:** Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon

**PRESENT:** McFadden

2. Health Benefits

a. Provider Search

Ms. Finch explained the health provider search process and the need for assistance in the search. She further explained that Segal understands our plan and the local market. The Trustees discussed the potential problems with switching providers and acknowledged the benefit of providing additional choice and cost savings that a bid may result in.

It was moved by Trustee Fitzgerald and seconded by Trustee Kilgallon, consistent the recommendation of the Funds’ professional staff that the firm of Segal Consulting be retained to provide services, analysis and support in preparation of a medical bid at a cost not to exceed $90,000.00 and that the Funds’ staff take all action reasonably necessary to effectuate the foregoing, including, subject to legal review and sign off, execution and delivery of related contracts on the Funds’ behalf by the Executive Director.

**Roll Call Vote:**

**AYES:** Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden

**NAYS:** None

**Vote Result:** MOTION ADOPTED.

3. Actuarial Matters:

a. 2009 Experience Study

Mr. Goldstein and Mr. Hartman presented the findings of their experience study and their recommendations based thereon. Their analysis included the consideration of mortality rates, termination rates, salary assumptions, retirement rates and investment returns. They indicated that it is standard practice to perform such a study on a three to five year basis.

It was moved by Trustee Fitzgerald and seconded by Trustee Benjamin to receive and file 2009 Experience study presented by Goldstein & Associates.

**Vote Result:** MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.
b. Proposal for Actuarial Services

It was moved Trustee Fitzgerald and seconded by Trustee Kilgallon that the firm of Goldstein & Associates be engaged for a one year period commencing on January 1, 2010, to provide actuarial services including: 1) an actuarial valuation as of December 31, 2009 of each fund and actuarial reports based on those valuations for a fee of $84,000; and 2) performing such other actuarial services as the Board might request from time to time at the following hourly rates: Consulting Actuary (Sandor Goldstein) - $210; Actuary (Carl Smedinghoff) - $150; and Actuarial Assistant (Ryan Gundersen) - $115. It is 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 contracts on behalf of the Funds.

Trustee Kilgallon reiterated that it was reported that the fee for these services has gone down from last year and that there is a further benefit of continuity is utilizing the same actuary from year to year.

Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

4. IT 2010 Projects and Service Agreements:

Trustee Kilgallon indicated that it was beneficial to use JC consulting Group on these matters as it designed and created the PBM System

a. Health Benefit Eligibility System Integration to PBM System

It was moved by Trustee Granberry and seconded by Trustee Benjamin, consistent with the recommendations of the Fund’s professional and administrative staff that the firm of JC Consulting Group be retained at a cost of no more than $82,000.00 to provide technical services to integrate the Funds’ health eligibility system to the PBM system and that the Executive Director is 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: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED
b. Upgrade to the SQL 2008 Database

It was moved by Trustee Granberry and seconded by Trustee Benjamin, consistent with the recommendations of the Funds’ professional and administrative staff that the firm of JC Consulting Group be retained to provide services to upgrade the Funds’ PBMS SQL 2005 Database to SQL Server 2008 at a cost not to exceed $10,000 and that fund staff be authorized to purchase at a cost not to exceed $25,000, the SQL 2008 Database MS Software and that the Executive Director is 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: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

c. Installation of Microsoft SharePoint

It was moved by Trustee Granberry and seconded by Trustee Benjamin, consistent with the recommendations of the Funds’ professional and administrative staff that the firm of JC Consulting Group be retained to install Microsoft SharePoint at a cost not to exceed $2,000 and that fund staff be authorized to purchase at a cost not to exceed $9,000, the Microsoft Office SharePoint software that the Executive Director is 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: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

d. PGP Encryption-Command Line Servers

It was moved Trustee Granberry and seconded by Trustee Benjamin, consistent with the recommendations of the Funds’ professional and administrative staff that the Fund purchase from PGP its encryption-command line software at a cost not to exceed $6,500 and that the Executive Director is 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: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

e. PerTrac Licensing

It was moved Trustee Granberry and seconded by Trustee Benjamin, consistent with the recommendations of the Funds’ professional and administrative staff that the Fund purchase the annual licenses and software for PerTrac at cost not to exceed $21,050 and that the Executive Director is 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: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

f. PBMS/HB Maintenance and Support

It was moved Trustee Granberry and seconded by Trustee Benjamin, consistent with the recommendations of the Funds’ professional and administrative staff that the firm of JC Consulting Group be retained to provide maintenance and support for the PBM & HBE Systems for the year 2010 at a cost not to exceed $90,000, and that the Executive Director is 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: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

7. Legislative Matters:

At the call of the Chair and with consent of the Board this matter was taken out of order.

a. Proposal for Lobbyist Services

It was moved by Trustee Granberry and seconded by Trustee Kilgallon that the firm of John McCabe & Associates, Ltd. be retained for a one year period commencing on January 1, 2010, to provide professional services and information on behalf of the Funds in regard to legislation before the
Illinois General Assembly at an annual fee of $24,000, which is to be paid in four installments of $6,000 each on the following dates in 2010: April 1; July 1; October 1; and December 15. It is 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 written agreements on behalf of the Funds.

Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

b. 2010 Legislative Initiatives

Mr. McCabe reviewed the schedule for the 2010 Illinois State Legislature and explained our options to introduce legislation. The Trustees discussed possible legislative actions and directed that the Legislative Committee convene on January 28, 2010.


It was moved by Trustee Fitzgerald and seconded by Trustee Granberry that the cash funding recommendation of the Fund Investment Staff be approved and adopted for the County Employees’ Annuity & Benefit Fund immediately for the first quarter of 2010 and that the County Fund maintain its cash balances for the first quarter of 2010 based on the pro rata cash withdrawal methodology approved by the Board on July 1, 2009. It is further moved that the Fund’s Investment Staff be authorized to take all action reasonably necessary to effectuate the foregoing.

Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee Granberry that the cash funding recommendation of the Fund Investment Staff be approved and adopted for the Forest Preserve District Annuity & Benefit Fund immediately for the first quarter of 2010 and that the Forest Preserve Fund maintain its cash balances for the first quarter of 2010 based on the pro rata cash withdrawal methodology approved by the Board on July 1, 2009. It is further moved that the Fund’s Investment Staff be authorized to take all action reasonably necessary to effectuate the foregoing.
Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

6. Travel Related Matters:

a. Approval of Revised Travel Policy

It was moved by Trustee Fitzgerald and seconded by Trustee Agnes, consistent with the recommendations of the Fund’s professional staff and the Fund’s counsel, that the revised Travel Expense Reimbursement Policy as amended be adopted and that the Fund’s staff have authority to take all action necessary to implement the Policy.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. Pre-Approval of Attendance at 2010 Events

It was moved by Trustee Kilgallon and seconded by Trustee McFadden, consistent with the recommendations of the Fund’s professional staff and the Fund’s counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Employee in attending the IPPFA’s Certified Trustee Program 23 on January 21, February 25, March 25, and April 2, 2010, in Hoffman Estates, Illinois, at an estimated program cost of $1,000.00 per attendee be approved, provided that reimbursement shall be in and for amounts consistent with the Funds’ Travel Expense Reimbursement Policy.

Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

It was moved by Trustee Kilgallon and seconded by Trustee McFadden, consistent with the recommendations of the Fund’s professional staff and the Fund’s counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Employee in attending the IPPFA’s Certified Trustee Program 24 on January 28, March 4, April 1 and 29, 2010, in Hoffman Estates, Illinois, at an estimated program cost of $1,000.00 per attendee be approved, provided that reimbursement shall be in and for amounts consistent with the Funds’ Travel Expense Reimbursement Policy.
Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

It was moved by Trustee Kilgallon and seconded by Trustee McFadden, consistent with the recommendations of the Fund’s professional staff and the Fund’s counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Employee in attending the IPPFA’s Regional Training Seminars in 2010 on January 29, February 10, 11, 12 and March 11 and 29, to be held at various locations at an estimated program cost of $150.00 per attendee be approved, provided that reimbursement shall be in and for amounts consistent with the Funds’ Travel Expense Reimbursement Policy.

Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

It was moved by Trustee Kilgallon and seconded by Trustee McFadden, consistent with the recommendations of the Fund’s professional staff and the Fund’s counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Employee in attending the NCPERS Trustee Educational Seminar on May 1-2, 2010, in Las Vegas, Nevada, be approved, provided that reimbursement shall be in and for amounts consistent with the Funds’ Travel Expense Reimbursement Policy.

Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

It was moved by Trustee Kilgallon and seconded by Trustee McFadden, consistent with the recommendations of the Fund’s professional staff and the Fund’s counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Employee in attending the Opal Emerging Managers Summit on May 12-14, 2010, in Chicago, Illinois, be approved, provided that reimbursement shall be in and for amounts consistent with the Funds’ Travel Expense Reimbursement Policy.
Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

c. Pre-Approval of Employee Attendance at Caremark Conference

It was moved by Trustee Granberry and seconded by Trustee Kilgallon that the expenses, including any associated travel expenses, incurred by Ms. Penny Finch in attending the Caremark Conference on March 3-5, 2010, in Scottsdale, Arizona, at a program cost of $700.00 and estimated airfare of $300.00 be approved, provided that the reimbursement shall be in and for amounts consistent with the Funds’ Travel Expense Reimbursement Policy.

Roll Call Vote:
AYES: Agnes, Benjamin, Fitzgerald, Fratto, Granberry, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED

8. Adjournment

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

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

The Board’s next regular meeting is scheduled for February 3, 2010.