

**COUNTY EMPLOYEES' AND OFFICERS' ANNUITY & BENEFIT FUND OF  
COOK COUNTY ("County Fund")  
And Ex-Officio for the  
FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY & BENEFIT FUND  
OF COOK COUNTY ("Forest Preserve District Fund")  
MEETING OF THE RETIREMENT BOARD ("Board")  
33 N. DEARBORN STREET – ROOM 1000**

**Minutes for June 2, 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:** Clem Balanoff, Robert Benjamin, John E. Fitzgerald, Joseph Fratto, William Granberry, Mark Kilgallon,

**Staff Present:** Daniel R. Degnan, Executive Director, Penny Finch, Chief Operating Officer, Nickol Hackett Chief Financial Officer, Michael Maratea, Director of Finance, Colleen Lakis, Comptroller, Fernando Vinzons, Investment Analyst, Sharon Ryan, Office Manager

**Others Present:** Mary Pat Burns, Burke, Burns & Pinelli, Pat Krolak, Marquette Associates Inc., Kelli Schrade, Marquette Associates Inc., Christine M. Trzos, Annuitant, Sharon Piet, Podesta, Angela Myers, Loop Capital

1. Review and Approval of:

- a. May 7, 2010 Board Meeting Minutes.

It was moved by Trustee Kilgallon and seconded by Trustee Granberry that the minutes of the May 7, 2010 Board Meeting be approved and adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

- b. Bills, Payroll Records, Annuities, Spouse & Child Annuities, Ordinary & Duty Disabilities and Refunds

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

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

2. Other Benefit Matters:

a. Hearing Officer Decision- In the Matter of Sam Tenuto, 10 RBCC-01

Mr. Tenuto's application for ordinary disability was denied by the Board. Mr. Tenuto sought a hearing on the denial. The Board appointed retired Judge Brian L. Crowe as hearing officer in the matter. The hearing date was set and Mr. Tenuto was duly informed of that date. Mr. Tenuto failed to appear at the hearing and Judge Crowe dismissed the matter. It was moved by Trustee Fitzgerald and seconded by Trustee Benjamin that the Board adopt the decision of Hearing Officer Brian L. Crowe entered on May 10, 2010.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Fratto, Granberry

NAYS: None

PRESENT: Kilgallon

Vote Result: MOTION ADOPTED.

b. In the Matter of Elizabeth Hudson:

It was moved by Trustee Balanoff and seconded by Trustee Kilgallon that the felony conviction of Elizabeth Hudson in the Circuit Court of Cook County, Illinois, on March 3, 2010, was related to, arose out of or was in connection with her service as a County employee.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

It was further moved by Trustee Balanoff and seconded by Trustee Kilgallon that the Board having found that the felony conviction of Elizabeth Hudson was related to, arose out of or was in connection with her service as a County employee and consistent with Section 5/9-235 of the Illinois Pension Code, 40 ILCS 5/9-235, that Elizabeth Hudson's annuity benefits shall be revoked as of March 3, 2010, the date of her conviction, and that she be entitled to a refund of her contributions plus applicable interest, less any annuity payments made after the date of her conviction.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

c. In the Matter of Dennis Evans:

It was moved by Trustee Kilgallon and seconded by Trustee Balanoff that the felony conviction of Dennis Evans in the United States District Court of the Northern District of Illinois, on March 2, 2010, was related to, arose out of or was in connection with his service as a County employee.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

It was further moved by Trustee Kilgallon and seconded by Trustee Balanoff that, the Board having found that the felony conviction of Dennis Evans was related to, arose out of or was in connection with his service as a County employee and consistent with Section 5/9-235 of the Illinois Pension Code, 40 ILCS 5/9-235, that Dennis Evans' annuity benefits shall be revoked as of March 2, 2010, the date of his conviction, and that he be entitled to a refund of his contributions plus applicable interest, less any annuity payments made after the date of his conviction.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

3. Administrative Matters:

a. Data Reporting

It was reported to the Board that JCCG, Inc. designed and developed the Fund's Pension Benefits Management System (PBMS) and that they have been pivotal in the development and design of all enhancements thereto.

It was moved by Trustee Balanoff and seconded by Trustee Benjamin that the Funds retain JCCG, to develop a data warehouse, as an enhancement to PBMS, to store all member data for the purpose of improving the Funds' reporting capabilities, which repository shall be owned by the Funds, and that the professional fees for the service shall not exceed \$72,000, and that the Funds' staff be authorized to take all action reasonably necessary to effectuate the foregoing, including, subject to legal review and sign off, execution and delivery of related written agreements on the Funds' behalf by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

4. Investment Matters:

a. May 19, 2010 IC Recommendations – Pacific Ventures Group Extension

It was moved by Trustee Kilgallon and seconded by Trustee Fitzgerald that, consistent with the recommendation from the Investment Committee, the proposed Pacific Ventures Group II term extensions and fixed management fees be approved and that the Investment Consultant and the Fund's Investment Staff, in consultation with the Fund's legal counsel, be authorized to take all action reasonably necessary to effectuate and communicate the foregoing, including the execution and delivery of related written agreements on the Fund's behalf by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

b. Mesirow Financial

This matter was deferred by the Investment Committee to this regular Board Meeting. It was moved by Trustee Granberry and seconded by Trustee Benjamin that Mesirow Financial shall be placed in an "On-Notice" status pursuant to its management of a small-cap value equity portfolio on behalf of the County Fund and that approximately half of the County Fund's assets, approximately \$75 million, now managed in such portfolio be transferred to RhumbLine's passively-managed small-cap value product and that the Fund's staff be authorized to take all action reasonably necessary to effectuate the foregoing, including subject to legal review and sign off, the execution and delivery of related written agreements on the County Fund's behalf by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

c. International Small Cap Funding

Ms. Hackett provided an update on the status of the final due diligence and negotiations for non-U.S. small cap managers as approved at the May 20, 2010 Investment Committee meeting. As per the Board's request, Mr. Krolak advised on the impact of market conditions and economic events with respect to the strategy, reaffirming the allocation as prudent to providing the diversification and mitigating volatility for the non-U.S. equity portion of the Cook portfolio. Mr. Krolak recommended funding the managers pending finalization of the agreements.

It was moved by Trustee Benjamin and seconded by Trustee Kilgallon, in accordance with the recommendation of Marquette, that, pending

finalization of the agreements, Fund staff and Investment Consultant proceed with funding of the selected Non-U.S. Equity managers from the Rhumblin S&P 500 and that staff utilize a transition manager to do so.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

d. Education Approvals

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin, consistent with the recommendations of the Funds' professional staff and the Funds' counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Fund Employee in attending the IMN's 5<sup>th</sup> Annual Illinois Public Employee Retirement Systems Summit on June 2-3, 2010, in Chicago, Illinois, at a program cost of \$395 per attendee be approved, provided that reimbursement shall be in and for amounts consistent with the Funds' Travel Expense and Reimbursement Policy.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin, consistent with the recommendations of the Funds' professional staff and the Funds' counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Fund Employee in attending the National Association of Securities Professionals 21<sup>st</sup> Annual Pension and Financial Services Conference on June 16-18, 2010, in Chicago, Illinois, at a program cost of \$125 per attendee be approved, provided that reimbursement shall be in and for amounts consistent with the Funds' Travel Expense and Reimbursement Policy

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin, consistent with the recommendations of the Funds' professional staff and the Funds' counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Fund Employee in attending the Private Equity Exclusive on July 26-27, 2010, in Chicago, Illinois, at a program cost of \$179 per attendee be approved, provided that reimbursement shall be in and for amounts consistent with the Funds' Travel Expense and Reimbursement Policy

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED.

e. Senate Committee on Pensions & Investments Hearings

Fund Chief Investment Officer Ms. Nickol Hackett informed the Trustees that Fund staff would be appearing before the Illinois Senate Committee on Pensions and Investments on June 15, 2010 and that Fund staff would also respond to questions regarding minority manager and broker policies from the Senate Committee. The Board directed that the staff forward a copy of the responses to the full Board upon submitting them to the Senate Committee.

5. FY 2009 Auditor's Report and Actuarial Presentation.

a. 2009 Audits – Legacy Professionals

Representatives of Legacy Professionals LLC presented the FY 2009 Audited Financial Statements for both Funds. It was reported that, once again, both Funds received clean opinions. It was moved by Trustee Balanoff and seconded by Trustee Kilgallon that the 2009 Audit of the County Fund as prepared by Legacy Professionals be received and filed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee Balanoff and seconded by Trustee Kilgallon that the 2009 Audit of the Forest Preserve Fund as prepared by Legacy Professionals be received and filed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. 2009 Valuation – Goldstein & Associates.

Sandor Goldstein of Goldstein & Associates presented the Actuarial Valuations as of December 31, 2009 for both Funds. He reported that the funding levels for both Funds decreased due to the investment losses sustained in 2008 and as a result of the changes in assumptions made by Goldstein & Associates, particularly the mortality rate assumptions. It was moved by Trustee Balanoff and seconded by Trustee Benjamin that the 2009 Actuarial Valuation of the County Fund as prepared by Goldstein & Associates be received and filed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee Balanoff and seconded by Trustee Benjamin that the 2009 Actuarial Valuation of the Forest Preserve Fund as prepared by Goldstein & Associates be received and filed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

6. Old Business/New Business.

a. Medicare Update:

Ms. Finch reminded the Trustees of the requirement adopted by the Board that effective January 1, 2010 all Medicare eligible Annuitants and their Dependents enrolled in the Group Health Benefit were required to enroll into Medicare Part B and that effective July 1, 2010 all those eligible for Part B would be placed into a Medicare Supplement Plan. She reported that the Fund has worked with BCBS in an attempt to identify and notify all participants that would be impacted. Of those identified thus far 12 have either not responded or have sought additional time to enroll into Part B. The Board instructed that staff send a certified letter to the remaining participants and inform them of the pending change and report back to the Board at the July meeting.

b. 2010 Legislation

Mr. Degan provided a summary of Fund legislative initiatives for the current legislative session.

7. Adjournment.

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

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

The Board's next regular meeting is scheduled for July 1, 2010