

**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 August 4, 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 Benjamin, John E. Fitzgerald, Joseph Fratto, Mark Kilgallon, Patrick McFadden

Staff Present: Daniel R. Degnan, Executive Director, Penny Finch, Chief Operating Officer, Nickol Hackett Chief Financial Officer, David Cholewa, PM of Business System Solutions, Sharon Ryan, Office Manager, Stephanie Taylor. Administrative Assistant, Zenaida Arroyo, Administrative Assistant

Others Present: Mary Pat Burns, Burke, Burns & Pinelli, Christine M. Trzos, Annuitant, C. Cavanagh, Cabrera Capital Markets, James G. Riley, States' Attorney's Office

1. Review and Approval of:

a. July 1, 2010 Board Meeting Minutes.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that the minutes of the July 1, 2010 Board Meeting be approved and adopted as amended.

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 Fitzgerald and seconded by Trustee Kilgallon that the presented payroll bills and recommendations for annuities, disabilities and refunds be approved.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

c. Executive Session Minutes

It is moved by Trustee Fitzgerald and seconded by Trustee Kilgallon, based upon recommendation of Fund fiduciary counsel, that the executive session minutes of December 3, 2009; February 24, 2010; April 21, 2010; and May 19, 2010, be approved as presented and that said minutes be made open to the public.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It is moved by Trustee Fitzgerald and seconded by Trustee Kilgallon, based upon recommendation of Fund fiduciary counsel, that the executive session minutes of May 7, 2010, be approved as presented and that said minutes remain closed as they involve discussions of litigation matters.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Fitzgerald and seconded by Trustee Kilgallon, based upon recommendation of Fund fiduciary counsel and pursuant to Section 2.06(d) of the Open Meetings Act, that the following executive session minutes no longer require confidential treatment and that said minutes be made open to the public: 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.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It is moved by Trustee Fitzgerald and seconded by Trustee Kilgallon, pursuant to Section 2.06(c) of the Open Meetings Act, and on recommendation of Fund fiduciary counsel, that the verbatim recordings of the executive sessions conducted on July 8, 2008; August 6, 2008 and December 2, 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 UNANIMOUSLY BY VOICE VOTE.

2. Litigation Matters- Kathleen Francis v. the Cook County Pension Fund, 10 WC 18546

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that the Board convene an Executive Session pursuant to Section 2(c)(11) of the Open Meetings Act, 5 ILCS 120, to address pending litigation.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that the Executive Session be adjourned and that the Board return to open session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that Board follow the recommendation of ASA James and enter into a settlement agreement in the matter for the sum of \$5,220.94 and further that Fund staff be authorized to work with ASA James to effectuate the foregoing.

Roll Call Vote:

AYES: Benjamin, Fratto, Kilgallon, McFadden

PRESENT: Fitzgerald

NAYS: None

Vote Result: MOTION ADOPTED.

3. Other Benefit Matters

a. In the Matter of Thomas Cicinelli

Mr. Degnan explained the details of the disability matter to the Trustees. It was moved by Trustee Fitzgerald and seconded by Trustee Kilgallon that Mr. Cicinelli had reasonable cause for delay pursuant to Section 5/9-156 of the Pension Code, in filing an application for an extension of duty disability benefits for the period from November 14, 2001 through May 22, 2003.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee Fitzgerald and seconded by Trustee Kilgallon, having found that Mr. Cicinelli had reasonable cause for delay in filing an application for an extension of duty disability benefits for the period from November 14, 2001 through May 22, 2003, that he is eligible for the benefits requested.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

It was moved by Trustee Fitzgerald and seconded by Trustee Kilgallon that Mr. Cicinelli had reasonable cause for delay pursuant to Section 5/9-156 of the Pension Code, in filing an application for duty disability benefits for the period from June 14, 2007 through December 1, 2008.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. In the Matter of Ralph Ferro, 10-RBCC-07

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that Retired Judge Michael C. Close be appointed to serve as the hearing officer for the administrative hearing requested by Mr. Ferro

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

c. In the Matter of Betty Torres, 10-RBCC-2

It was moved by Trustee Fitzgerald and seconded by Trustee Benjamin that the Board adopt the Hearing Officer's order dated June 14, 2010, and pursuant to Section 1000.140 of the Fund's Procedural Rules Governing Hearings, dismiss the administrative hearing requested by Ms. Torres.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Fratto, McFadden

NAYS: None

PRESENT: Kilgallon

Vote Result: MOTION ADOPTED.

4. Administrative Matters

a. 2010 Election Rules

Mr. Degnan presented an election rule amendment that was drafted in response to member inquiry and further reported that the Independent Election Administrator and our election consultant recommended the amendment.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that that Annuitant Trustee Election Rule Section 2.3 be amended to provide that candidates may voluntarily submit a Candidate Statement in accordance with guidelines established by the Board for posting on the Fund's website.

Vote Result: MOTION ADOPTED BY VOICE VOTE.

NAYS: McFadden

PRESENT: Fitzgerald

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that the County Employee Trustee and the Forest Preserve District Employee Trustee Election Rule 2.3 be amended to provide that candidates may voluntarily submit a Candidate Statement in accordance with guidelines established by the Board for posting on the Fund's website.

Vote Result: MOTION ADOPTED BY VOICE VOTE.
NAYS: McFadden
PRESENT: Fitzgerald

b. Trustee Education

It was moved by Trustee Kilgallon and seconded by Trustee Fitzgerald, 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 International Foundation of Employee Benefits Plans seminar on Health Care Reform on August 10, 2010, in Chicago, Illinois at a program cost of \$299 be approved, provided that reimbursement be consistent with the Funds' Travel Expense and Reimbursement Policy.

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

c. IT Projects

In light of the unexpected passage of SB 1946 the Trustees discussed the need to reallocate some previously planned IT resources to the enhancement of the Funds' Pension Benefits Management System. They further discussed that JC Consulting had developed and is familiar with PBMS, that staff has worked with JC consulting in the past and have been pleased with the results of their work.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that \$30,000 which was previously allocated to the HBES Project, be used to enhance the PBMS system to accommodate the reporting required for the two tier system created by PA 96-0889 (SB 1946) and that the firm of JC Consulting Group be retained at a cost of no more than \$30,000 to provide technical services to perform the enhancement 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: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden
NAYS: None
Vote Result: MOTION ADOPTED.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that \$31,000 which was previously allocated to the HBES Project be allocated to develop a home and document management portal to be used with the Microsoft SharePoint system, and that the firm of JC Consulting Group be retained at a cost of no more than \$31,000 to provide technical services to perform the development 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: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

It was moved by Trustee Kilgallon 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 \$30,000 to enhance the PBMS to integrate and automate communications and to update forms used in the administration of refunds and disability benefits 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: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

5. 2011 Levy

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that the Resolution for 2011 Tax Levy for the County Fund be approved and adopted.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

It was moved by Trustee Kilgallon and seconded by Trustee Benjamin that the Resolution for 2011 Tax Levy for the Forest Preserve Fund be approved and adopted.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: None

Vote Result: MOTION ADOPTED.

6. Health Benefits Committee Recommendation

Mr. Degnan reported that the Health Benefit Committee, with the assistance and consultation of The Segal Company, conducted an RFI for health plan providers. The Committee reviewed all proposals as well as analysis from The Segal Company. After full consideration of all factors including cost, network size, disruption levels and a commitment from Blue Cross Blue Shield to improve service and provide proactive solutions to the Fund, the Committee found no compelling reason to switch providers at this time.

On July 22, 2010 the Health Benefits Committee recommended that the Fund move forward in negotiations with Blue Cross Blue Shield to provide health insurance for 2011.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Funds negotiate with Blue Cross Blue Shield to provide health care benefits and related administrative services for 2011 and that the Executive Director and Fund staff is authorized to do so.

Roll Call Vote:

AYES: Fitzgerald, Fratto, Kilgallon, McFadden

NAYS: Benjamin

Vote Result: MOTION ADOPTED.

Prior to entertaining a motion to adjourn the president asked if there was any old business. Mr. Degnan reported that Staff had invested the proceeds of the 2007 Levy consistent with the direction of the Board ascertained via poll. He reported that since the date of the last meeting the Fund received the proceeds and that Staff after consultation with Fund fiduciary counsel sought authority from the Board through a polling process to invest the proceeds consistent with the following communication sent to the Trustees on July 12, 2007 to which all Trustees responded in the affirmative.

“Pursuant to the direction of the Board on July 1, 2010 regarding the third quarter cash funding recommendation contingent on receipt of the 2007 levy proceeds, this communication serves to inform you that the full amount due with interest was received on July 2, 2010. Accordingly, we will suspend the cash calls from managers for the third quarter and use these proceeds to fund benefit payments. These funds are expected to be disbursed on a monthly basis according to the estimated benefit payments of \$25 million per month.

To maximize yield and minimize risk during the third quarter disbursement period, we recommend that \$100 million be managed by Dreyfus in our existing BarCap Aggregate Index account in the form of a Treasury structure that replicates our current duration exposure within the fund. Funds would be made available on a monthly basis to meet benefits in \$25 million increments during the third quarter disbursement period.

Our investment consultant concurs with this recommendation. The comparable yield on a weighted average basis is 1.23% compared to .3% for the cash sweep account. This is in line with the existing liquidity enhanced mandate for the BarCap index fund. The temporary overweight to Treasuries is expected to result in minimal tracking error. Procedures as approved remain in effect for the Forest Preserve District Fund.

We have consulted with Fund counsel who is of the opinion that based on the Investment Staff's recommendation; it is within the Board's fiduciary and financial obligations to promptly invest the 2007 tax levy proceeds. Accordingly, we are seeking Board approval at this time, based on the Motion of Trustee Fratto, seconded by Trustee Fitzgerald, to invest \$100 million of the 2007 tax levy proceeds with Dreyfus in the Fund's existing BarCap index account with directions that the proceeds be invested in Treasuries.

We would ask each trustee to respond to this email noting: (i) affirmation of the Motion based on the Investment Staff's recommendation; (ii) rejection of the Motion or (iii) whether the trustee requires additional information to render a decision on the Motion. Once we have received each trustee's response, we will inform you as to the results of the trustee poll on the Motion."

It was moved by Trustee Kilgallon and seconded by Trustee Fitzgerald that the Fund ratify the action taken with respect to the proceeds of the 2007 Levy as approved via Trustee poll since the last regular Board meeting.

[Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.](#)

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 September 2, 2010