



**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 March 7, 2013 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: John Fitzgerald, Clem Balanoff, Robert Benjamin, Diahann Goode, Robert Janura, Brent Lewandowski, Patrick McFadden, Samuel Richardson, Jr., and Ivan Samstein

Staff Present: Nickol R. Hackett, Executive Director & C.I.O.; Margaret Fahrenbach, Legal Adviser; Michael Maratea, Director of Finance; Angela McMillin, Director of Health Benefits; Paul Rzeszutko, Director of Annuity Benefits; Gary LeDonne, Senior Benefit Advisor; and Rachel Farris, Manager of Communications and Research

Others Present: Mary Pat Burns, Burke Burns & Pinelli, LTD; Theron Pickets, Cabrera Capital; Jason Parks, Loop Capital; and Katie Sabo, Commissioner Gainer's Office

1. Review and Consideration of:

a. February 7, 2013 Board Meeting Minutes.

It was moved by Trustee Samstein and seconded by Trustee Balanoff that the minutes of the February 7, 2013, Board Meeting be adopted as amended and that the minutes of the December 6, 2012, Board meeting be adopted as corrected.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. Public Comment.

There was no public comment.

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

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

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Goode, Janura, Lewandowski, Richardson, Samstein

NAYS: None

Vote Result: MOTION ADOPTED

2. Administrative Matters

- a. Segal Engagement

Nickol R. Hackett presented an overview of the consulting services provided by Segal Company and the basis for the Fund to expand the scope of such services beyond the negotiation of annual renewal rates. Ms. Hackett stated that Fund staff had met with representatives from Segal to discuss what additional consulting services would be provided, including the development of a multi-year budget that addresses short-term needs in consideration of the Fund’s liability for unfunded post-employment benefits liability and other matters. She stated that Segal had submitted a proposal for the services discussed that would be provided over a two year period at an annual cost of \$120,000. Ms. Hackett also noted that the current budget anticipated increased costs for expanding the scope of health consulting services.

It was moved by Trustee Balanoff and seconded by Trustee Lewandowski that the Board agree to expand the scope of the consulting services provided by Segal Company, upon the terms presented, for a two year period from May 1, 2013 through April 30, 2015, and that annual fees for such services would not exceed \$120,000. It was further moved that the Funds’ staff and 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 Funds’ behalf by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Goode, Janura, Lewandowski, Richardson, Samstein

NAYS: None

Vote Result: MOTION ADOPTED

- b. Fiduciary Liability Insurance

Margaret Fahrenbach provided an update to the Board regarding the Fund’s fiduciary insurance policy and the renewal status. Ms. Fahrenbach stated that the current fiduciary liability insurance

policy under ULLICO/Hudson provides for \$10,000,000 in coverage and also includes a \$5,000,000 excess policy by Chubb. The current policy expires on April 23, 2013. At the Fund's request, Mesirow Financial Insurance Brokers requested proposals from other insurers to provide fiduciary liability insurance. ULLICO offered to renew the existing \$10,000,000 policy, including a \$5,000,000 excess policy by Chubb at an annual premium of \$104,588. The renewal premium represented about a 2.5% reduction from the current premium and the renewal policy would be effective from April 23, 2013, to April 23, 2014. The policy would include an automatic 12 month extension from April 23, 2014, to April 23, 2015, at the same rate if there were no claims made against the policy in the first year. It was noted that three insurance companies responded with proposals and that eight insurance companies declined to submit a proposal because of the size of the Fund and its funding ratio. Discussion followed regarding the declining number of insurance companies that were willing to provide fiduciary liability coverage and the expectation that the cost of such insurance would likely increase.

It was moved by Trustee Samstein and seconded by Trustee Goode that the Board accept the proposal for a Fiduciary Insurance Policy offered by ULLICO/Alterra, in the amount of \$10,000,000 and an excess policy in the amount of \$5,000,000 by Chubb for the period commencing on April 23, 2013, to April 23, 2014, at an annual premium of \$104,588, including the provision that the policy may be automatically extended at the same rate if no claims are made and upon the other terms presented in the proposal. It was further moved that the Funds' staff and counsel should take all action reasonably necessary to effectuate the foregoing, including, subject to legal review and sign off, execution of related written agreements on the Funds' behalf by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Goode, Janura, Lewandowski, Richardson,
Samstein
NAYS: None

Vote Result: MOTION ADOPTED

3. Consideration of Health Benefit Committee Recommendations

Angela McMillin presented the recommendations for changes made by the Health Benefits Committee ("HBC") at their meeting on February 14, 2103, to the Health Benefits Policy ("Policy") regarding dependent eligibility for health insurance coverage. The HBC recommended that the Board approve an administrative change to the Policy so that dependents of an annuitant would become eligible for health benefits within 30 days of the qualifying event rather than requiring the dependents to wait for the open enrollment period to apply for health benefits. The HBC also recommended that the surviving spouse and dependents of a deceased annuitant be eligible for coverage under the applicable family rates, rather than the individual rates. It was moved by Trustee Balanoff and seconded by Trustee Lewandowski that the Board adopt the recommendations made by the HBC at their meeting on February 14, 2013.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

4. Second Quarter Cash Flow Report

Michael Maratea presented the second quarter cash flow forecast for the Cook County Fund and the Forest Preserve Fund through June 30, 2013. He reported that the Cook County Fund needed to withdraw \$110 million and that the Forest Preserve Fund needed to withdraw \$3.15 million to cover projected expenses through June 30, 2013.

Trustee Balanoff moved and Trustee Janura seconded the motion that the Cook County Fund shall have authority to withdraw cash in an aggregate amount not to exceed \$110 million dollars and that the Forest Preserve Fund shall have authority to withdraw cash not to exceed \$3.150 million to cover projected expenses through June 30, 2013. It was further moved that the Fund's staff would be authorized to take all steps reasonably necessary to effectuate the same.

Trustee McFadden joined the meeting at approximately 9:49 during the presentation by Mr. Maratea.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Goode, Janura, Lewandowski, McFadden, Richardson, Samstein

NAYS: None

Vote result: MOTION ADOPTED

5. Legislative Update

Nickol R. Hackett reported the status of the bills proposed by the Fund. Generally, the bills proposed by the Fund regarding spouse annuity after death, disability annuity and the definition of salary seek to clarify the administration of the benefits provided in Article 9. She noted that the Fund's lobbyists reported that it would be difficult to pass any bill that might be interpreted as an increase in benefits in this session. Trustee Samstein raised a question regarding whether higher earners in Tier 2 were paying less in contributions if they were employed for fewer than 12 months in a calendar year and inquired if the statute should be amended to adjust for that discrepancy. Paul Rzeszutko stated that the Fund has administrative rules that address this circumstance and will provide the trustees a memorandum regarding those procedures. Ms. Hackett also reported on the status of other legislation proposed by the Fund including the bill to phase the Fund into ARC funding and the bill regarding record reproduction and upon other legislation.

6. Consideration of County Administration's Request for Actuarial Information

Trustee Samstein recused himself from the meeting before discussion commenced.

The Board discussed the request made by the County Board to retain Buck Consultants and to use the Funds' 2011 actuarial data to conduct actuarial valuations as directed by the County Administration.

It was moved by Trustee Balanoff and seconded by Trustee Richardson that the Board consent to the engagement of Buck Consultants by the Cook County Board of Commissioners, at the County's expense and for the purposes presented in the Memorandum from the Office of the President dated March 1, 2013, which would include the use of the Funds' 2011 actuarial data as submitted to Buck Consultants, so long as the engagement is consistent with the standards and practices employed by Buck Consultants for such engagements, including coordination with Fund staff, and provided that any final deliverables be presented to the Retirement Board within five business days after such final deliverables are received by the County Board.

Vote Result: MOTION ADOPTED BY VOICE VOTE, TRUSTEE SAMSTEIN HAVING RECUSED HIMSELF AND NOT VOTING.

Trustee Samstein rejoined the meeting after the conclusion of business on Agenda Item 6.

7. Old Business/New Business

There was no old business or new business discussed.

There being no further business before the Board the meeting was adjourned.

The Board's next regular meeting is scheduled for April 4, 2013.