

**SPECIAL 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**

**70 West Madison, Suite 1925
Chicago, IL 60602**

May 18, 2021 - 10:30 A.M.

The meeting was conducted to allow any trustees and other attendees to participate by video conference as permitted by the Illinois Governor Executive Order Number 2020-07 and as extended by Executive Order Number 2021-09 dated April 30, 2021.

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: Lawrence Wilson, President, John Blair, Diahann Goode, Stephen Hughes, Bill Kouruklis, Patrick McFadden, Joseph Nevius, Kevin Ochalla

Staff Present: Regina Tuczak, Executive Director; Caroline Vullmahn, Deputy Executive Director; Margaret Fahrenbach, Legal Advisor; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Brent Lewandowski, Director, Member Services; Fernando Vinzons, Director, Investments; Jodi Weinstein, IT Administrator

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; John McCabe, John McCabe & Associates, Ltd.; Derek Blaida, John McCabe & Associates, Ltd.; Cathryn Marsico, Bureau of Finance

There was no member of the public present or participating by video conference who asked to address the Board.

1. Review and Possible Action Regarding Legislative Matters

Regina Tuczak, Executive Director, stated that she had received legislation last week prepared by the County that addresses funding for the County Pension Fund under Article 9 and governance, health benefits and Tier 2 matters under Article 1. The draft legislation was received from the Fund's legislative liaison, John McCabe. She informed the Board that she had conversations with Trustee Kouruklis, Trustee Ochalla, fiduciary counsel, Fund staff and the legislative liaisons about the draft legislation. She advised that there are Pension Committee meetings in the Senate and the House scheduled and wanted to discuss with the

Board about how to proceed in the final days of the General Assembly's legislative session. She added that, following the Board's direction, a letter was sent to State Senator Martwick dated May 14, 2021, stating that the Retirement Board has been diligent in submitting legislation to provide actuarial based funding ("ARC") for both the County Fund under Article 9 and the Forest Preserve District Fund under Article 10. Labor representatives were copied in that correspondence. She also advised that the funding legislation that the Board had approved was given to Senator Martwick by the legislative liaison, but that it had not been introduced before the General Assembly. The Executive Director stated that a comparison of the County's legislation and the Fund's legislation had been prepared for the Board's review. In addition, the Board had also been provided a more detailed summary of the County's legislation which included comments from the Fund about the proposal.

The trustees wanted to review the comparison of the County legislation with the Fund's legislation. The Executive Director stated that the County's proposal appeared to be based upon the calculations used for the Intergovernmental Agreement ("IGA") that was first introduced in 2016 and provided for 100% funding for the Cook County pension by 2046. The County's legislation made no provision for ARC funding for the Forest Preserve Fund. The Fund's legislation provided for ARC based contributions for both the County Fund and the Forest Preserve Fund that would achieve 90% funding over 40 years. The contributions would provide for both pension and health benefits.

In its legislation, the County proposed that it would pay \$50M annually in two installments for retiree health benefits beginning on January 1, 2022. The amount would be adjusted each year based upon the consumer price index for urban areas ("CPI-U") or 4 percent, whichever is lower. The County's proposal for healthcare did not adequately address increased expenses due to the rising number of retirees and that the two installment payments could create cash flow problems for the payment of benefits. The County's legislation did not include a stabilization fund, which had been proposed in earlier years by the County, to allow for fluctuations in claims that needed to be paid. It was noted that the Fund had expressed to the County in prior years that the consumer price index for medical services was a better indicator of medical costs than the CPI-U.

The County also proposed that an additional two trustees be included on the Retirement Board who would be appointed by the President of the County Board of Commissioners. The Retirement Board would then be comprised of 11 members, but there was no requirement that the appointees be members of the Fund and there was no stated process to verify their qualifications to serve on the Retirement Board.

The County's proposed amendment affecting Tier 2 employees was concerning because the Fund might be required to pay benefits based upon higher salaries even though the employees had only paid contributions based upon lower salaries. The Fund could be required to pay benefits without receiving the corresponding contributions. There were also potential administrative issues about how the pension administration system, PBMS, would need to be reprogrammed to provide for this Tier 2 change. In addition, the County legislation clarified that contributions could be paid from any legal source of revenue and not just from the tax levy. It was also proposed by the County to expand the members who might

be eligible to purchase certain military service credit.

The trustees discussed that the failure by the County to address ARC funding for the Forest Fund and the County's proposed amendments affecting health care benefits were significant matters. In addition, labor representatives had expressed concerns about the appointment of two additional trustees by the County. The trustees discussed that the Fund's legislation addressed the Board's core responsibility to obtain adequate funding under both Article 9 and 10. The Fund had already attempted to meet the County's concerns because its most current legislative proposal sought 90% funding over 40 years, as was consistent with other retirement systems in Illinois, and not a higher funding level. Despite outreach from the Fund regarding the County's earlier legislation, the County did not seek the Fund's collaboration when it prepared the current proposal. The trustees questioned whether it was necessary to include all the changes proposed by the County in a single bill. Some of the issues required further discussion and could be introduced in separate legislation. The trustees discussed that for fiduciary reasons the Fund's legislation seeking actuarial funding for both Cook County and Forest Preserve Funds should be introduced. In addition, Senator Martwick should also be made aware of the Fund's specific concerns about the legislation that the County has proposed. Because the General Assembly's session was drawing to a close, there was a possibility that the County's bill could pass through quickly without consideration of the Fund's concerns.

Mr. John McCabe stated that in March the Fund's legislation was given to the Legislative Reference Bureau who prepared versions that could be introduced before the House and the Senate. McCabe did not give the bill prepared for the House to the intended sponsor because of pending election matters related to that representative. He gave a copy of the legislation to Senator Martwick, but it was never introduced. He stated that any legislation regarding funding would need to go through the Senate Pensions Committee which is chaired by Senator Martwick. There was doubt that the Fund's legislation could be introduced as an amendment to the County's bill at the present time. Derek Blaida stated that the County could not introduce its legislation as an amendment to SB 2094 because the bill was in the Assignments Committee and the amendment would not be permitted under the Senate rules. He agreed with John McCabe that any amendment would necessarily go before the Senate Pensions Committee. Mr. Blaida suggested that the Fund's legislation be filed as a clean bill with its own number. The Fund should wait to see how the County will attempt to amend a bill to introduce its legislation.

The trustees asked if the legislative liaisons could request that the County's bill be deferred until the issues raised by the Fund could be addressed. The trustees also wanted to know if the legislative liaisons would be able to deliver a letter to Senator Martwick that day, which would be prepared by the Fund, describing the administrative problems with the County's legislation. The legislative liaisons believed that they could do so.

It was moved by Trustee Kouruklis and seconded by Trustee Ochalla, that the funding legislation previously approved by the Board be introduced before the General Assembly and that the Fund provide a letter addressed to Senator Martwick, which would describe the Fund's concerns about the County's proposed legislation. It was further moved that such

letter be delivered to Senator Martwick by the legislative liaisons on May 18, 2021.

Roll Call Vote:

AYES: Blair, Hughes, Goode, Kouruklis, McFadden, Nevius, Ochalla,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

Following the motion, the trustees summarized that the Fund will provide a letter for Senator Martwick that will be hand delivered by the legislative liaisons to him today. The letter will be shared with labor representatives for review. They will be given an update about the Fund's legislation in order to seek their support for its introduction before the General Assembly. The County would also receive a copy of the letter.

2. Old Business/New Business

There was no old business or new business discussed.

3. Adjournment

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for June 3, 2021.