

**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, Held in Room 230
Chicago, IL 60602**

June 3, 2021 - 9:30 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 2021-11 dated May 28, 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, Stephen Hughes, Bill Kouruklis, Patrick McFadden, Joseph Nevius, Kevin Ochalla, James O'Rourke

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; Saron Tegegne, Comptroller; Jodi Weinstein, IT Administrator

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Joe Evans, RSM US LLP; Bill Sarb, RSM US LLP; Hualin Liu, RSM US LLP; Todd Muchinicki, RSM US LLP; Larry Langer, Cavanaugh MacDonald Consulting, LLC; Wendy Lubrock, Cavanaugh MacDonald Consulting, LLC; Ryan Gunderson, Cavanaugh MacDonald Consulting, LLC; John McCabe, John McCabe & Associates, Ltd.; Noureen Hashim, Cook County Board of Commissioners; Martha Merrill, AFSCME; Gar Chung, Financial Investment News; McCyril Espanol, Journalist

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

1. Review and Consideration of:
 - a. May 6, 2021 Board Meeting Minutes
 - b. May 6, 2021 Transcript of Board Meeting

Trustee Wilson, President, asked for a single motion to approve the minutes and the transcript from the Board meeting on May 6, 2021. It was moved by Trustee McFadden and seconded by Trustee Blair that the Board approve the minutes and accept the transcript from the Board meeting on May 6, 2021.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

PRESENT: Wilson

Vote Result: MOTION ADOPTED

2. Review and Consideration of:

a. Bills, Payroll Records

Trustee Wilson asked for a single motion to ratify the bills and payroll records that were paid in May, 2021, and to approve the presented bills for expenses incurred in May, 2021.

After receiving confirmation from Fund staff that the presented payments were consistent with the administrative budget approved for 2021, it was moved by Trustee Blair and seconded by Trustee O'Rourke that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in May, 2021, be ratified and that the Board approve the recommendations from Fund staff to remit payments for expenses incurred in May, 2021.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities, and Refunds

The Fund staff presented their recommendations to the Board regarding the applications for employee annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee Nevius and seconded by Trustee Blair after due consideration of the applications presented to the Board and having received confirmation from Fund staff that they followed the Fund's procedures in

reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee Blair and seconded by Trustee Hughes after due consideration of the disability applications presented to the Board and having received confirmation from Fund staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Presentation of FY 2020 Draft Financial Statements

The Executive Director stated that the Fund had conducted an RFP last year for an independent accounting firm to audit the Fund's financial statements. RSM US LLP (RSM) was the successful candidate and 2020 was the first year that they performed an audit of the financial statements for both the County Fund and the Forest Fund. The financial statements presented to the Board are marked as drafts because there are a few open items, but it is expected that the final statements will be issued soon.

Bill Sarb of RSM, stated that much of the auditing work was performed remotely due to COVID 19 concerns, but he expected that the work would be conducted on-site going forward. The financial statements for the County Fund and the Forest Preserve Fund were a combination of each fund's pension plan fiduciary net position and its postemployment healthcare plan net position as of December 31, 2020. In regard to the County Fund, the net position increased by 10.1% largely due to successful investment

returns. Benefit payments increased from the prior year due to the growing number of retirees and the increase in benefit payments required by the Illinois Pension Code. Employer contributions decreased from 2019 mostly because the supplemental contributions paid under the Intergovernmental Agreement (“IGA”) were less in 2020 as compared to the prior years. There was also a slight decrease in employee contributions which is consistent with the decrease in the number of active members.

The net position of the Forest Preserve Fund increased by 4.6% and it also had successful investment returns. There was a decrease in the dollar amount of required employer contributions, which is based on a multiplier of 1.3 times the employee contributions collected two years prior. The required annual statutory increase in annuity benefits accounted for the increase in benefits paid. Employee contributions also increased due to the members’ seeking permissive service credit purchases.

Mr. Sarb stated that there were no material weaknesses identified in the audit and it was expected that unmodified “clean” opinions would be issued on the financial statements. Mr. Sarb confirmed that the reported numbers will not change. RSM will report to the Board if there are any material changes in the final financial statements. The Executive Director stated that the Fund would attempt to begin the audit process earlier next year, so that final financial statements could be presented to the Board at their meeting in June, 2022.

It was moved by Trustee Hughes and seconded by Trustee McFadden that the 2020 Draft Financial Statements for the County Fund and the Forest Preserve Fund as audited by RSM US LLP be received and filed.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O’Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

4. Presentation FY 2020 Draft Actuarial Valuations

The Executive Director stated that representatives from the Fund’s actuaries, Cavanaugh MacDonald Consulting LLC, would present the actuarial valuations for both the County Fund and the Forest Preserve Fund as of December 31, 2020. Mr. Larry Langer stated that one of the purposes of an actuarial valuation is to estimate the liabilities for the future benefits to be paid by the Fund. He noted that investment returns for both Funds were greater in 2020 than the assumed rate of return of 7.25%. For the County Fund, the additional employer contributions received in 2020 under the Intergovernmental Agreement (IGA) with Cook County government improved its funded status. The Forest Preserve Fund does not receive such supplemental contributions. Both Funds experienced negative cash flows, but the gap was narrowed for the County Fund due to

the IGA. Also, changes in the health benefits provided which increased the costs the annuitants paid had a positive impact on the funding status.

The funded ratio for the County Fund as of December 31, 2020, was 63.87% which was an improvement from the 61.19% reported for the previous year. The actuary indicated that the funded ratio for the County Fund is estimated to be 10%-11% higher than it otherwise would be due to the IGA. The funded ratio for the Forest Preserve Fund as of December 31, 2020 was 59.05% which was slightly lower than the 59.25% reported for the previous year.

The Executive Director stated that 2020 was the first year that the number of annuitants was greater than the number of active members for the County Fund. The Forest Preserve also has a greater number of annuitants as compared to active members. In response to the trustees' questions, Mr. Langer reported that there would be no changes in the final actuarial valuations from the report presented to the Board.

It was then moved by Trustee Hughes and seconded by Trustee Nevius that the Draft Actuarial Valuations as of December 31, 2020, for the County Fund and the Forest Preserve Fund prepared by Cavanaugh MacDonald Consulting LLC be received and filed.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

5. 2022 Funding Review

a. Approval of 2022 Actuarial Projections

The Executive Director stated that under the current IGA, the County Fund needs to inform the President of the Cook County Board of Commissioners of the projected additional contributions that might be paid in 2022 in accordance with the methodology first established under the IGA entered in 2015. Cavanaugh MacDonald prepared a letter to the Board which included these projections and which could be transmitted to the Cook County Board of Commissioners.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Board accept the actuarial required contributions for 2022 for the County Fund made by the Fund's actuary Cavanaugh MacDonald Consulting LLC which are required to be submitted to Cook County pursuant to the 2020 IGA.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Approval of 2022 Tax Levy Cook County Resolution

The Board considered the presented 2022 Tax Levy required by Section 9-184 of the Illinois Pension Code which estimated the amounts to be contributed by Cook County for benefits paid under Article 9. It was moved by Trustee McFadden and seconded by Trustee Blair that that Board approve and adopt the presented resolution for the 2022 Tax Levy for the County Fund.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Approval of 2022 Tax Levy Forest Preserve District Resolution

The Board considered the presented 2022 Tax Levy required by Section 9-184 of the Illinois Pension Code which estimated the amounts to be contributed by the Forest Preserve District for benefits paid under Article 10. The trustees noted that the funding status of the County Fund was improving but that the funding status of the Forest Fund was regressing. The Board had introduced legislation several times in the past that would provide for actuarial based contributions for both Funds, but the legislation has not passed. The County Fund has received benefits from the IGA, but the Board must address the needs to improve the funding status for the Forest Preserve Fund.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Board approve and adopt the presented resolution for the 2022 Tax Levy for the Forest Preserve District Fund.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

6. Review and Consideration of May 25, 2021, Investment Committee Recommendations

a. Real Estate Equity/Debt Emerging Manager

The Executive Director stated that there were several recommendations made by the Investment Committee at their meeting on May 25, 2021, for the Board's

consideration. She stated that a draft of the RFP for a Real Estate Equity/Debt Emerging Manager had been provided to the Board at the meeting on May 6, 2021. A proposed side letter was now included with the RFP. The Fund is seeking authorization to release the RFP. She noted that once the RFP is approved for release, the quiet period will begin.

It was moved by Trustee O'Rourke and seconded by Trustee Blair that the Board adopt the recommendation made by the Investment Committee at their meeting on May 25, 2021, that the presented Real Estate Equity/Debt Emerging Manager RFP be approved and that the Board authorize the Fund to release the RFP.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

President Wilson stated that the Investment Committee had recommended that the Board approve Agenda Items 6b through 6gii. The trustees could, at their discretion adopt these recommendations by consent agenda in a single motion.

- b. Core Real Estate Rebalancing Recommendation for Cook County Fund
- c. Core Real Estate Rebalancing Recommendation for Forest Preserve Fund
- d. LaSalle Income and Growth Fund VI One-Year Extension
- e. Amended Fee Proposal for BNY Mellon Fixed Income Fee
- f. Wells Fargo Asset Management Assignment Consent
- g. Blackstone Alternative Asset Management Matters
 - i. Additional Intermediate Entity Investment
 - ii. Change in Investment Guidelines

It was moved by Trustee Nevius and seconded by Trustee Blair that the Board by consent agenda adopt the recommendations made by the Investment Committee at their meeting on May 25, 2021 to: approve the presented core real estate rebalancing for the Cook County Fund and the Forest Preserve District Fund as recommended by Callan; approve the request by LaSalle Income and Growth Fund VI for a one-year extension of the limited partnership agreement as recommended by Callan; accept the amended fee proposal made for the BNY Mellon Fixed Income Fund; consent to the assignment of the Wells Fargo Asset Management to a new holding company as presented; approve, based upon the recommendation of Callan the investment into an intermediary of BAAM which increases the excess of the current 20% limit and to increase BAAM's maximum allocation to such related entities to 40%, subject to Fund staff's and Callan's prior review and approval. It was further moved that the Fund staff shall take all reasonable action necessary to effectuate the foregoing including, subject to review by legal counsel, the execution and delivery of any related written

agreement on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

7. Review and Consideration of May 18, 2021, Health Benefits Committee Recommendation regarding Imcivree, Specialty Drug, a new therapeutic class of Pharmacy Benefits

The Executive Director stated that the Health Benefits Committee ("HBC") at their meeting on May 18, 2021, discussed a new specialty drug, Imcivree, which is the first drug approved by the FDA to specifically manage obesity due to three rare genetic conditions. The drug belongs to a new therapeutic class, Rare Genetic Adipose Tissue Disorder, and as such, CVS had requested that the Fund make a determination of coverage of this new therapeutic class under the Retiree Health Plan ("Plan"). The annual cost of the drug is estimated to be \$360,000 per person and the drug is not currently covered under Medicare. Based on various information provided, the HBC recommended that the drug not be included as a benefit under the Plan at the present time.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Board approve the recommendation made by the Health Benefits Committee at their meeting on May 18, 2021, that the Imcivree Specialty Drug not be included as a pharmacy benefit under the Retiree Health Plan ("Plan") administered by the Fund. It was further moved that the Executive Director be authorized, subject to any necessary legal review, to execute any documents on behalf of the Fund to reflect this clarification of the Plan's design.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

8. Legislative Matters

a. Update from Legislative Liaison

John McCabe, Legislative Liaison, stated that the Fund had introduced legislation to provide that the Forest Preserve District could use any source of revenue for contributions to the Forest Fund (HB 417, SB 211) and made changes to disability procedures for the Cook County Article of the Pension Code (HB 416, SB 210).

These bills had been amended onto SB 1056 and had passed both houses. He reported that HB 417 was also amended to provide for ARC funding for the Chicago Park District. He also stated that Senator Martwick had conducted virtual meetings on May 12 and May 20 to discuss legislation affecting the Fund and included representatives from the employer, the Fund, and union representatives. It became apparent that a quick resolution of the issues was not possible and that Senator Martwick planned to conduct meetings during the summer so that legislation could be ready for the Fall Veto Session.

b. Communication regarding Funding Legislation

The Executive Director stated that the funding issues of the Forest Preserve Fund and healthcare matters were discussed in the follow-up call with Senator Martwick. The trustees noted that while the letter sent from the CFO for the County to Senator Martwick did not accurately represent the communications between the parties, the Fund should continue to communicate with the County on these matters. The Executive Director stated that she will look for authority from the Board to meet with County representatives to discuss the issues related to the proposed legislation.

The Legislative Liaison reported that he had given the language of the bill the Board had approved to Senator Martwick to be introduced as an amendment, but that did not occur. The trustees stated that the proposed bill should have been introduced as the Board had requested.

9. Administrative Matters

a. Legislative Committee Meeting June 10, 2021

The Executive Director reported that the Legislative Committee would meet on June 10, 2021. The primary purpose of the meeting would be to discuss the election process and vendor submissions. The Committee would also consider the process for reviewing the County's proposed pension legislation.

b. Executive Director Report

The Executive Director reported that the IGA requires the Fund to report certain financial information to the County by June 14, 2021, and that such information will be provided. In addition, she stated that the following financial statements will be sent by email to the County for both the County Fund and the Forest Preserve District Fund: the Combined Actuarial Valuations as of December 31, 2020; the Audited Financial Statements as of December 31, 2021 and the Resolutions for the 2022 Tax Levy. A draft cover letter to President Preckwinkle summarizing the 2020 financial results and submitting the required documents was also provided noting that such information was expected to be sent on or before June 14.

The Executive Director stated that she had recently received a call advising that

Commissioner Gainer wanted to convene a meeting of the Pension Committee in July. The date of that meeting had not yet been determined.

It was reported that the Signature Verification Process has begun and that approximately 1,050 letters had been mailed. Letters were mailed to all annuitants over the age of 92. Letters to County Fund annuitants over age 80 are expected to be mailed by June 11, 2021.

The Executive Director reported that Caroline Vullmahn, Deputy Director, had resigned to pursue her career with another industry in the private sector. Her last day will be June 4, 2021.

10. Legal Matters- Litigation

It was moved by Trustee McFadden and seconded by Trustee Blair pursuant to Section 2(c)(11) of the Open Meetings Act, 5 ILCS 120/2(c)(11), that the Board convene an Executive Session to discuss litigation matters.

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

11. Old Business/New Business

There was no old business or new business discussed.

12. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for July 1, 2021.