



**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 W. Madison, Suite 1925
Chicago, IL 60602**

Minutes for the October 4, 2018 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: Robert DeGraff, Jack Fitzgerald, Diahann Goode, Bill Kouruklis (entered during Item 2b and left after Item 8a), Patrick McFadden, Joseph Nevius, Kevin Ochalla (participated by phone), Lawrence Wilson

Staff Present: Dennis White, Interim Executive; Margaret Fahrenbach, Legal Advisor, Brent Lewandowski, Director, Member Services; Gary LeDonne, Director, Benefits Administration; Michael Maratea, Director of Finance and Administration; Beverly Romanini, Director, Administrative Services; Jane Hawes, Director, Health Benefits; Saron Tegegne, Comptroller, Bravetta Hassell, Sr. Communications Specialist

Others Present: Mary Pat Burns, Burke Burns & Pinelli; Sarah Boeckman, Burke Burns & Pinelli (entered during Item 8); Dan Levin, Segal Consulting

The Interim Executive Director Dennis White stated that Trustee Kevin Ochalla had requested that he be allowed to participate in the meeting by telephone. It was moved by Trustee Fitzgerald and seconded by Trustee McFadden pursuant to Section 7 of the Open Meetings Act that Trustee Ochalla be allowed to participate in the meeting through a telephone conference call connection.

Vote Result: **MOTION ADOPTED BY VOICE VOTE**

Public Comment

Trustee Wilson, President of the Board, opened the meeting for public comment and no one having requested to address the Board, the next item of business on the Agenda was considered.

Review and Consideration of:

a. September 6, 2018 Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Nevius that the minutes of the September 6, 2018, Board meeting be adopted.

Vote Result: **MOTION ADOPTED BY VOICE VOTE**

2. Review and Consideration of:

a. Bills, Payroll Records

The trustees raised some questions with Fund staff about payments made regarding subscriptions, temporary employees and other vendors and asked that the descriptions of the services or products procured include more detail. It was moved by Trustee Goode and seconded by Trustee McFadden having received confirmation from Fund staff that such payments were consistent with the approved administrative budget, that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records, be ratified.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, McFadden, Nevius, Ochalla, Wilson

NAYS: None, other than as noted above

Vote Result: **MOTION ADOPTED**

b. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for 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 then moved by Trustee Fitzgerald and seconded by Trustee DeGraff after due consideration of the applications presented to the Board and having received confirmation from the 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: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund's 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 McFadden and seconded by Trustee DeGraff after due consideration of the disability applications presented to the Board and having received confirmation from 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: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,
 Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Interim Executive Director Report

The Interim Executive Director reported that the former Executive Director, Nickol Hackett, had concluded her tenure at the Fund the previous week. Fund staff convened and thanked Ms. Hackett for her guidance and support of them both individually and for her service to the Fund as a whole. It was also reported that the Fund's process for the 2019 Budget recommendation was proceeding as scheduled and that a preliminary draft would be ready in early November. The Interim Executive Director said that the Fund had appeared before the County Board Pension Sub-Committee and that he had prepared a letter to the Chairman of the Sub-Committee that he shared with the trustees. He further stated that the Fund was scheduled to appear for the annual Illinois Senate hearings regarding the use of emerging investment managers on October 17, 2017. The Fund had already filed the written report for the Senate hearing that he would send to the trustees.

4. Review and Consideration of September 20, 2018 Health Benefits Committee Recommendations

a. Plan Renewal Rates for 2019

Jane Hawes, Director of Health Benefits and Dan Levin of Segal Consulting addressed the Board regarding the plan rates to be effective January 1, 2019. They reported that the Fund had favorable experience with the cost of health benefits in 2018 and was able to reduce its subsidy for 2019. They presented the rate schedules as prepared and proposed by Segal Consulting to the trustees.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board approve the final annuitant and survivor rates for the CCPF health plan in 2019 as proposed and prepared by Segal Consulting. .

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Medicare Ineligible Cost Impact

Ms. Hawes then presented the recommendation from the Health Benefits Committee (“HBC”) that in order to be covered by the Fund’s Health Plan, all members be required to enroll in Medicare when they have attained the age of 65 even if they are ineligible for free Medicare Part A. She stated that the Fund receives significant cost savings when members are enrolled in Medicare. The Health Consultant provided analyses that showed the cost efficiencies from mandating that all members over the age of 65 be enrolled in Medicare, even if the Fund provides a modest premium credit for member ineligible for free Medicare Part A. The credit would reduce the member’s CCPF premium and offset most of the cost of buying Medicare.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on September 20, 2018, that effective January 1, 2019, all future plan participants who are ineligible for free Medicare Part A must purchase Medicare Part A and Part B in order to receive coverage under the CCPF health plan. It is further moved that the Fund will provide a premium credit of \$123 per month to those members ineligible for free Medicare Part A who enroll in the CCPF health plan.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,
 Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Dependent Child Eligibility

The Director of Health Benefits then reported that the HBC had considered eligibility requirements for annuitants' dependents who are enrolled in the health plan. The HBC was specifically addressing coverage for the wards of an annuitant who had been appointed a guardian or for the annuitant's step-children. She stated that the HBC recommended that effective of January 1, 2019, coverage for dependents as new enrollees, be limited to those persons who were an annuitant's biological or adopted children. Any dependents who had been enrolled prior to January 1, 2019, would be allowed to continue coverage.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on September 20, 2018, to allow annuitants who were appointed guardians of minors who are currently enrolled in the CCPF health plan and annuitants whose step children are currently enrolled in the CCPF health plan to continue coverage for such wards and step children until the age of 26 and, effective January 1, 2019, for new enrollees to only allow coverage for annuitants' biological or adopted children.

Vote Result: **MOTION ADOPTED BY VOICE VOTE**

d. Disabled Dependent Eligibility

The Director of Health Benefits also reported that the HBC had considered the eligibility requirements for annuitants' dependents who were disabled adults. The HBC recommended that effective January 1, 2019; an annuitant would be able to include a dependent who was a disabled adult on the Fund's health plan, only if such disabled adult was the biological or adopted child of the annuitant. Any disabled adult over the age of 26 who was a dependent of the annuitant and enrolled in the health plan prior to January 1, 2019, would be able to continue coverage. All such disabled adults would only be allowed to continue coverage so long as the annuitant was also eligible for health benefits.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on September 20, 2018, to allow annuitants who were appointed guardians of disabled adults who are currently enrolled in the CCPF health plan and annuitants whose disabled adult step children are currently enrolled in the CCPF health plan to continue coverage for such wards and step children until the annuitant is no longer enrolled and for new enrollees, effective January 1, 2019, to only provide coverage for disabled dependents who are an annuitant's biological or adopted children.

Vote Result: **MOTION ADOPTED BY VOICE VOTE**

5. Benefit Matters

- a. Collection of Overpayments
 - i. Office #120783

Gary LeDonne, Director of Benefits Administration, stated the Fund had to collect an overpayment of annuity benefits because the member's had received back pay for a period of time during which she was receiving annuity benefits. The member had been terminated in 2015 and began receiving annuity benefits as of May 1, 2015. An arbitration award was entered in the member's favor reversing the termination and she returned to work in November, 2016. The Fund became aware that the member returned to work and ceased the annuity benefits in January, 2017. The member was notified that she received an overpayment of annuity benefits that is owed to the Fund. The member has again withdrawn from service and has applied to receive annuity benefits. The member has acknowledged in writing that the amount of \$42,919.89 is owed to the Fund and agreed that any annuity benefits be reduced by a monthly amount of \$1,500 until the amount due has been paid in full. Mr. LeDonne stated that the Fund was requesting that the Board approve the member's application for annuity benefits and authorize the deduction of \$1,500 each month from the annuity payments until the amount owed the Fund is paid in full.

It was moved by Trustee McFadden and seconded by Trustee Goode, after due consideration of the application for annuity benefits made by the member identified by Office #120783 and having confirmed that the staff followed the Fund's procedures in reviewing and processing the application, that the member be approved for annuity benefits effective May 1, 2018, in the amount of \$3,289.48 per month.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board allow the Fund to collect the overpayment balance of \$42,919.89 owed by the member identified by Office Number 120783 by reducing the member's annuity benefit by \$1,500 each month beginning with the effective date of the member's annuity of May 1, 2018, and continuing through subsequent months until the overpayment balance is paid in full.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

The trustees then inquired about the status of a matter regarding the refund of spouse contributions that was before the Board in September. Brent Lewandowski, Director of Member Services stated that the member had asserted that she was never married, but was using the surname of the father of her children. She was to sign an affidavit stating that she was never married to support her request for a refund of spouse contributions, but the affidavit had not been received by the Fund. The trustees asked that the record be reviewed by fiduciary counsel before any refund was made to the member.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the refund of contributions to the member be made only after an affidavit executed by the member attesting that she had never been married was returned to the Fund and approved by fiduciary counsel.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Professional Services Procurement Update

a. PAS RFP Status Update

Stephen James of Linea Solutions stated that the Fund had conducted commercially confidential meetings and site visits for the two respondents with the most favorable responses to the RFP. He suggested that the next step would be to ask the respondents to submit their best and final offers and possibly, because of the time commitment required by Fund staff, to extend the time period for completing the deliverables.

The trustees discussed the need to retain legal representation with experience in negotiating a contract for the delivery of a pension administration system, particularly so that the requirements of the system and the responsibilities of the parties are clearly delineated in the contract terms. The Interim Executive Director was asked to provide some referrals to retain such counsel in November. The trustees requested that a contract signed by the successful respondent be submitted to the Board.

b. Legislative Consultant Search Update

Margaret M. Fahrenbach, Legal Advisor, reported that the Legislative Committee had invited a responder to the RFP to appear at their meeting on October 25, 2018, to present his proposal. The responder had agreed to attend the meeting as requested by the committee.

7. Election

a. Status Report from Independent Election Administrator

The Director of Member Services presented the report of the Independent Election Administrator (“IEA”) which stated that there was only one candidate for the election of a County Annuitant Trustee, Patrick McFadden, and one candidate for a Forest Preserve District Employee Trustee, Dennis White. Five candidates had filed nominating petitions for the County Employee Trustee position. No challenges had been filed to any of the nominating petitions and the time to do so had expired. The IEA would present Sole Candidate proclamations for the County Annuitant Trustee and the Forest Preserve District Employee Trustee. An election for the County Employee Trustee would be conducted on October 31, 2018.

b. Review and Consideration of Election Rule Changes

The Director of Member Services then presented the modification to Section 2.9 of the Election Rules to reflect that spoiled ballots would be sequestered and only reviewed by the IEA if they were needed to determine the successful candidate in the election.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board approve an amendment to Section 2.9 of the Cook County Annuitant Member Trustee and Forest Preserve District Annuitant Member Trustee Election Rules regarding the treatment of spoiled ballots, as presented.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board approve an amendment to Section 2.9 of the Cook County Employee Member Trustee and Forest Preserve District Employee Member Trustee Election Rules regarding the treatment of spoiled ballots as presented.

Vote Result: MOTION ADOPTED BY VOICE VOTE

8. Finance Matters

a. Overpayment Collection Process

Michael Maratea, Director of Finance and Administration, stated that the Fund has a more robust process for collecting overpayments of annuity benefits after a member's death, but needs to formalize a plan for collection processes. He presented a description of the processes in place and included a summary of overpayments made. He requested authority to engage the Fund's fiduciary counsel, Burke Burns & Pinelli to provide assistance in developing a collection process for overpayments.

It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that the Board approve the engagement of Fiduciary counsel to work with Fund staff to develop procedures for the collection of current and future overpayments and to present the process for Board approval.

Vote Result: **MOTION ADOPTED BY VOICE VOTE**

b. Out of State Fraud Initiative Update

The Director of Finance and Administration presented the status of the Fund's initiative to identify those members living outside the State of Illinois to verify their eligibility for annuity benefits. He stated that the process was initiated in April, 2018, and that Fund staff has verified the continued eligibility of about 2600 members. The Fund had not received responses from about 54 members and was requesting authority to terminate their benefits if no response is received by November 19, 2018.

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board approve the termination of future annuity benefits to those members who have failed to respond by November 19, 2018, to the Fund's request for verification of current addresses and that Fund staff provide a list of such terminations to the Board at the meeting at their meeting on November 1, 2018.

Roll Call Vote:

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| AYES: | DeGraff, Fitzgerald, Goode, McFadden, Nevius, Wilson |
| PRESENT: | Ochalla |
| NAYS: | None |

Vote Result: **MOTION ADOPTED**

The Director of Finance and Administration said that determining the deaths of members who lived outside of Illinois was challenging. He stated that if the Fund were to subscribe to a Lexis Nexis Risk Solutions it would be in a better position to determine whether its members living outside Illinois had passed.

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board approve the purchase of two user licenses, as presented, at an estimated annual cost of \$2,400 and that the Fund staff be authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of related written agreements by the Interim Executive Director on behalf of the Fund.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, McFadden, Nevius, Wilson
PRESENT: Ochalla
NAYS: None

Vote Result: MOTION ADOPTED

c. Required Minimum Distributions

The Director of Finance and Administration then stated that the Fund needed to identify those members who are inactive and eligible to receive a required minimum distributions (“RMD”) of their contributions remaining at the Fund as required by the Internal Revenue Code. He stated that the Fund needed to locate such members and develop processes to distribute the RMDs. He requested that the Fund’s Fiduciary counsel be retained to develop the needed procedures.

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve the engagement of Fiduciary counsel to work with Fund staff to develop procedures for compliance with federal and state law regarding the payment of required minimum distributions.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, McFadden, Nevius, Ochalla, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

9. Discussion and Possible Action Regarding Personnel Matters

a. Update Regarding Legal Matters

Mary Pat Burns, of Burke Burns & Pinelli, Ltd., the Fund’s fiduciary counsel gave an update about various legal matters. First, she stated that a settlement agreement with 3Points had been entered and that the dispute had been resolved. Second, in regard to the Jackson v. CEAB litigation, Ms. Burns stated that as requested by the Board, an order directing the Fund to pay a sum certain to the plaintiff had been entered. She advised the Board that the payment

to the plaintiff did not resolve all issues in dispute in the litigation, but would ask the Board to confirm that the amount may be paid. Ms. Burns added that a letter had been sent by the firm on behalf of the Board expressing their dissatisfaction with the State's Attorney's Office representation of the Fund in the Jackson matter. Third, Ms. Burns stated that the firm had sent a letter on behalf of the Board, as they requested, to the County reminding the employer of their obligation to timely remit contributions to the Fund. Finally, she stated that the firm had spoken with the administrative law judge assigned to the application for unemployment benefits filed by a former employee. He reported that the Fund would not be charged with the former employee's unemployment compensation and that it was her recommendation to the Board that there was no need to prosecute the appeal.

It was moved by Trustee Nevius and seconded by Trustee DeGraff that the amount of \$19,058.59 be remitted to Lawrence Jackson pursuant to the Order entered in the Circuit Court of Cook County.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, McFadden, Nevius, Ochalla, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

The Interim Executive Director stated that Trustee Kouruklis, who had left the meeting after Item 8a, requested that he be allowed to rejoin the meeting for purposes of Item 9b and to participate by telephone. It was moved by Trustee McFadden and seconded by Trustee DeGraff pursuant to Section 7 of the Open Meetings Act that Trustee Ochalla be allowed to participate in the meeting through a telephone conference call connection.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius pursuant to Section 2(c)(1) of the Open Meetings Act that the Board convene an Executive Session to discuss personnel matters.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, McFadden, Nevius, Ochalla, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board adjourn the Executive Session convened pursuant to Section 2(c)(1) of the Open Meetings Act and return to open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Executive Director Search

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board offer an engagement letter to Ms. Regina Tuczak to serve as the Executive Director of the Fund consistent with the terms discussed in the Executive Session.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that Mr. Brent Lewandowski serve in the capacity as Interim Executive Director of the Fund until such time as Ms. Tuczak assumes the position as Executive Director on or about December 4, 2018.

Vote Result: MOTION ADOPTED BY VOICE VOTE

10. Old Business/New Business

There was no old business or new business discussed.

11. Adjournment

There being no further business before the Board, it was moved by Trustee DeGraff and seconded by Trustee McFadden that the trustees adjourn the meeting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting is scheduled for November 1, 2018, at 9:30 a.m.