



**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**

**January 5, 2023 - 9:30 A.M.**

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; Patrick McFadden, Vice-President; Hal Dardick, Diahann Goode, Stephen Hughes, Kevin Ochalla, Tracy Reed, Samuel Richardson, Jr.

**Staff Present:** Brent Lewandowski, Interim Executive Director; Margaret Fahrenbach, Legal Advisor; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Francis Gonzalez-Crussi, Senior IT Manager; Saron Tegegne, Comptroller

**Others Present:** Mary Pat Burns, Burke Burns & Pinelli, Ltd.; John McCabe, John McCabe & Associates, Legislative Liaison; Adelaide Del Angel, representative from the office of the Cook County Chief Financial Officer

President Wilson asked if any member of the public wanted to address the Board, but no one requested to do so.

1. Review and Consideration of December 1, 2022, Board Meeting Minutes

It was moved by Trustee Hughes and seconded by Trustee McFadden that the presented minutes of the Board meeting on December 1, 2022, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

The trustees asked for clarification about those payments that can be approved for payment by the Interim Executive Director and those payments that must be approved by the Board before they are remitted. The Fund staff was asked to provide a summary of the Fund's practices regarding payments at the next meeting.

It was moved by Trustee Goode and seconded by Trustee McFadden, having received confirmation from Fund staff that the indicated payments were consistent with the 2022 administrative budget, that the Board ratify the action taken by Fund staff in paying the presented bills and payroll records in December, 2022. It was further moved, having received confirmation from Fund staff that the presented bills for expenses incurred in January, 2023, are consistent with the 2023 administrative budget, that the Board approve the recommendations from Fund staff to remit payments for such presented bills.

Roll Call Vote:

AYES: Dardick, Goode, Hughes, McFadden, Ochalla, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities and Refunds

It was moved by Trustee McFadden and seconded by Trustee Reed, after due consideration of the applications presented to the Board and having confirmed that the Fund staff followed the Fund's procedures in reviewing and processing the applications, that the recommendations from the Fund's staff for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Dardick, Goode, Hughes, McFadden, Ochalla, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

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

Roll Call Vote:

AYES: Dardick, Goode, Hughes, McFadden, Ochalla, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Legislative Matters

a. Consideration and Possible Action Regarding Legislative Matters

Brent Lewandowski, Interim Executive Director, presented proposed legislation that might be to be introduced to the 103<sup>rd</sup> General Assembly that was to convene on January 10, 2023. The proposed legislation related to actuarially based funding for the County Fund, which the Board had proposed in previous years, and to the status of annuitants who perform work as election workers. He noted that HB 1859, the funding legislation for the Forest Preserve District Fund, which the Board supported, was currently pending. There were two options proposed for funding legislation for the County Fund. One option was similar to the legislation proposed in 2022 and provided for a three-year ramp and would obtain 90% funding by 2065 for both pension and health liabilities. The other option paralleled HB 1859 that is modeled on the funding mechanism used in the Intergovernmental Agreement ("IGA").

The trustees first discussed the legislation for annuitants who serve as election workers. The proposed legislation was based upon the status of temporary workers in other articles of the Illinois Pension Code. The trustees noted that federal regulations have limited the ability to identify temporary election workers as independent contractors. As a result, annuitants who return to perform service for elections are considered County employees. Under the Pension Code, if an annuitant returns to County service, the annuity benefit must be suspended. The proposed legislation would allow annuitants to work elections for 30 days or less without having their annuity benefits suspended. The trustees discussed whether 30 days was a sufficient length of time and suggested that 60 days might be more appropriate. Fiduciary counsel noted that the problem of annuitants returning to perform service as election workers created administrative issues for the Fund and it was appropriate for the Board to propose this legislation.

It was motioned by Trustee Ochalla and seconded by Trustee Goode that the Board approve the presented amendments to Section 9-108.3 and Section 9-161 of the Illinois Pension Code, 40 ILCS 5/9-108.3, 5/9-161 to provide that an annuitant who re-enters service as a temporary election worker for 60 days or less is not 'in-service' and such employee's annuity shall not be suspended due to service as a temporary election worker. It was further moved that the Fund's Legislative Representative be authorized to take all action reasonably necessary to cause such proposed amendments to be introduced before the Illinois General Assembly

Vote Result: MOTION ADOPTED BY VOICE VOTE

The Board next considered two separate options for legislation to provide for actuarial based funding for the County Fund. The Interim Executive Director stated that the first proposal, which was similar to legislation approved by the Board in 2022 and in earlier years, had a three-year ramp and would achieve 90% funding by 2065. The Board's prior legislative proposals for actuarial based funding were not enacted. The second proposal was based upon HB 1859, the funding legislation for the Forest Preserve District Fund that was currently pending before the General Assembly. HB 1859 generally followed the funding mechanism used in the IGA between Cook County and the County Fund which allowed the employer to remit additional contributions. The second proposal would achieve 100% funding of pension liabilities by 2055. When the liability for health benefits was considered, the funding level is projected to be approximately 85% in thirty years.

The trustees discussed the two proposals and the effect each might have on the funding of both pension and health benefit liabilities. It was noted that the County had proposed legislation directed to funding, health benefits and governance matters for earlier General Assemblies, but had not presented any proposed legislation for the upcoming session that was to begin the following week.

It was moved by Trustee Ochalla and seconded by Trustee Goode that the Board approve the presented amendment to Section 9-169 of the Illinois Pension Code, 40 ILCS 5/9-169, that provides for actuarially based contributions from Cook County, the employer, based upon the methodology used in the Forest Preserve funding plan from Senate Amendment 1 of House Bill 1859 of the 102<sup>nd</sup> General Assembly with actuarially based funding to achieve 100% funding for pension liability by 2055. It was further moved that the Fund's Legislative Representative be authorized to take all action reasonably necessary to cause such proposed amendment to be introduced before the Illinois General Assembly.

Vote Result: MOTION ADOPTED BY VOICE VOTE

- b. Update from Legislative Liaison

John McCabe, the Legislative Liaison, stated that the 102<sup>nd</sup> General Assembly was to close next week and gave an overview of the deadlines for the 103<sup>rd</sup> General Assembly. He asked that the Board provide drafts of any proposed legislation so that they can be submitted to the Legislative Research Bureau (“LRB”). Once the bills are reviewed by the LRB, he and Derek Blaida can secure sponsorship.

Mr. McCabe stated that he had received a request from a Senate Staff member regarding legislation that would permit Tier 2 Sheriff’s Police under Article 9 to retire at age 55 with 20 years of service. The unidentified staff member was requesting that the Fund’s actuary perform an analysis of the bill’s impact. The Board discussed that the costs of such actuarial analysis should not be borne by the Fund. Additionally, the Board would require more information about the persons making the request and the legislation under consideration before providing the data needed for such an analysis.

It was moved by Trustee McFadden and seconded by Trustee Reed that the Board decline to engage the Fund’s actuary to perform the requested analysis about the proposed legislation regarding Tier 2 Sheriff’s Police because there was insufficient information about the identity of the person who made the request, the legislation and person responsible to pay the actuary’s fees.

Vote Result: MOTION ADOPTED BY VOICE VOTE

4. Trustee Matters – Certification of 2022 Trustee Education

The Interim Executive Director presented the certification regarding the trustees’ education in 2022. He stated that the Fund was required to submit the certification to the Illinois Department of Insurance and would do so as required by Section 1-113.18 of the Illinois Pension Code.

5. Benefit Matters – Approval of Referral of Matters Pursuant to 40 ILCS 5/1-135

The Interim Executive Director stated that the Fund had received a direct deposit authorization (“DDA”) that appeared fraudulent. The DDA was purportedly from an unknown person who was not a participant in the Fund. The Fund did not take any action in regard to the DDA, but the Board should consider whether the incident should be reported to the Cook County State’s Attorney.

It was moved by Trustee Goode and seconded by Trustee Dardick that the Board find that there were reasonable suspicions that the identified direct deposit authorization presented to the Fund appeared to constitute false statements or falsified records within the meaning of Section 1-135 of the Illinois Pension Code, 40 ILCS 5/1-135. In accordance with 40 ILCS 5/1-135, the Fund was authorized to report the incident on behalf of the Board to the Cook County State’s Attorney.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Administrative Matters

a. Consideration and Possible Approval of Terms with Novitas Business & Technology

The Interim Executive Director stated that the Fund utilized Novitas to provide support for its pension administration system (“PBMS”) and that a fourth amendment to the agreement was presented for the Board’s approval to continue the engagement through December 31, 2023. He described the initiatives and services that were planned for 2023. The Fund had negotiated a reduced annual fee of \$66,600, which included a bank of 360 hours. In addition, Novitas agreed to rollover the banked hours that had not been used in 2022. He also requested that the Board authorize the Fund to remit the payment of \$5,500 that was due to Novitas in January, 2023, once the amendment was fully executed.

It was moved McFadden and seconded by Trustee Goode that the Board approve the proposed Fourth Amendment (“Amendment”) to the Agreement with Novitas Business & Technology extending the engagement from January 1, 2023 through December 31, 2023, at an annual fee not to exceed \$66,600, as presented, and that the Interim Executive Director be authorized, subject to review by fiduciary counsel, to sign and deliver the presented Amendment on behalf of the Fund. It was further moved that the Fund be authorized to remit the \$5,550.00 payment due to Novitas for January, 2023, once the Amendment had been fully executed.

Roll Call Vote:

AYES: Dardick, Goode, Hughes, McFadden, Ochalla, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Contract Renewals Update and 2023 Expirations Review and Consideration of County Fund.

The Interim Executive Director presented a summary of contracts which required annual payments of \$25,000 or more and the status of their expiration dates. He stated that the health benefits contracts with CVS and UHC would expire at the end of the year. The trustees discussed whether they should proceed with RFPs for these services or whether to negotiate an extension of the current engagements. It was proposed that Segal should reach out to these vendors to see if agreeable extensions could be negotiated or if the Fund should pursue RFPs.

It was also discussed that the contract for the Legislative Liaison expired at the end of the year and whether it was necessary to prepare an RFP for these services. The trustees noted that if there were issues with the legislative services performed, the Fund should contact the representative and see if the matters could be resolved. The trustees also expressed concerns about whether the services performed by the insurance broker were satisfactory. The Interim Executive Director was authorized to request information from other brokers about these services.

The trustees inquired about the status of the agreements with transition managers. The Interim Executive Director stated that these agreements were not included in the presented summary, but that he would follow up on those agreements.

c. Information Technology Audit

The Interim Executive Director introduced Francis Gonzalez-Crussi, Senior IT Manager, who had prepared an audit of the Fund's information technology systems. The IT Manager stated that based upon his assessment of the Fund's IT resources, that the Fund has a moderate amount of risk. He had been able to reduce some risks by the successful implementation of the Office365 migration. He proposed that all employees receive cyber security training and expected to begin that process early in 2023. The trustees asked that it receive periodic updates about IT security.

d. Interim Executive Director Report

The Interim Executive Director stated that each trustee is required to annually submit a Statement of Economic Interests ("SEI") to the Cook County Clerk. The Fund is required to provide the County Clerk with the trustees' contact information so that the Clerk can send the trustees the forms needed to submit their SEIs. The Fund will use the information provided to the County Clerk last year, unless the trustees have changed their contact information. If so, he asked that the trustees notify the Fund of the contact information that should be submitted.

Callan, as the Fund's investment consultant, has provided the disclosures regarding MWBE entities and fee information from investment managers that is required by Section 1-113.22(a) and 1-113.23(b) of the Illinois Pension Code. The disclosures were received prior to January 1, 2023.

The Fund staff will administer orientation to the newly sworn trustees in the first quarter of 2023. The sessions will include Board governance, Fund operations, fiduciary responsibilities and other pertinent topics. The trustees will be contacted to determine the dates that they might be available for the orientation.

7. Employee Matters

It was moved by Trustee Goode and seconded by Trustee Reed pursuant to Section 2(c)(1) of the Open Meetings Act, 5 ILCS 120/2(c)(1), that the Board convene an Executive Session to discuss personnel matters.

Roll Call Vote:

AYES: Dardick, Goode, Hughes, McFadden, Ochalla, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee Reed that the Executive Session be adjourned and that the Board return to an open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

After the return to open session, the trustees discussed whether the Fund staff on a general basis should receive a cost of living increase. The Interim Executive Director stated that based on his inquiries, other local pension funds had provided their staffs with increases ranging from 3% to 8.7%. He stated that based upon his review of increases in social security benefits and inflation, an increase of 4% would be appropriate. Additionally, an increase in salaries consistent with the rise in cost-of-living expenses would assist the Fund in retaining current staff members and in recruiting new employees.

It was moved by Trustee Dardick and seconded by Trustee Ochalla that the Board approve a 5% annual increase for personnel salaries and that adjustments to such salaries be made with the first payroll period in 2023.

Roll Call Vote:

AYES: Dardick, Goode, Hughes, Ochalla, Reed, Richardson, Wilson

NAYS: McFadden

Vote Result: MOTION ADOPTED

8. Old Business/New Business

There was no old business or new business discussed.



9. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for February 2, 2023, at 9:30 am.