



**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 February 6, 2020, 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 Blair, Diahann Goode, Stephen Hughes, Bill Kouruklis, Patrick McFadden (Left after Item 6), Joseph Nevius, Kevin Ochalla, James O'Rourke, Lawrence Wilson

Staff Present: Regina Tuczak, Executive Director; Margaret Fahrenbach, Legal Advisor; Brent Lewandowski, Director, Member Services; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Jane Hawes, Director, Health Benefits; Fernando Vinzon, Director, Investments, Saron Tegegne, Comptroller

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Julia Khiria, Cook County, Bureau of Finance (Ent'd during Item 3a)

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.

1. Review and Consideration of:

a. January 9, 2020, Board Meeting Minutes

It was moved by Trustee Nevius and seconded by Trustee O'Rourke that the presented minutes of the Board meeting on January 9, 2020, be adopted.

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

2. Review and Consideration of:

a. Bills, Payroll Records

After receiving confirmation from Fund staff that the presented payments were consistent with the approved 2019 Administrative Budget, it was moved by Trustee O'Rourke and seconded by Trustee McFadden that the Board ratify the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records of December, 2019.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

After receiving confirmation from Fund staff that the presented invoices for operating expenses in December, 2019, were consistent with the 2019 Administrative Budget, it was moved by Trustee Kouruklis and seconded by Trustee Blair that the Board approve the recommendations from Fund staff to remit payments for such presented bills.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

After receiving confirmation from Fund staff that the presented payments were consistent with the approved 2020 Administrative Budget, it was moved by Trustee McFadden and seconded by Trustee Hughes that the Board ratify the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in January, 2020.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

After receiving confirmation from Fund staff that the presented invoices for operating expenses in January, 2020, were consistent with the 2020 Administrative Budget, it was moved by Trustee McFadden and seconded by Trustee Hughes that the Board approve the recommendations from Fund staff to remit payments for such presented bills.

Roll Call Vote:

AYES: Blair, Goode, 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 Goode and duly seconded, 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, Goode, 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 McFadden and seconded by Trustee Goode 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: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

3. Legislative Matters

a. Draft Legislation Comparisons

Regina Tuczak, Executive Director, presented a summary of the discussions with the County about their proposed legislation which included actuarial based contributions with respect to the pension liability, to obtain a funding level of 90% over thirty years. She also discussed funding legislation that had been considered by the Board and the impact of the Intergovernmental Agreement with the County that allowed for additional employer contributions to the County Fund. The trustees discussed that the County's legislation also provided for further codification of retiree health benefits, governance issues and other matters. It was acknowledged by the trustees that there had not been communications with the County about this legislation since early December, 2019, but they recognized that the County might move forward. The County's proposed legislation would likely not include actuarial funding exclusively for the pension liability because of their interest in legislation concerning retiree health benefits via a distinct trust. The trustees discussed that the Fund should consider funding legislation that would provide for actuarial based funding for both the County and Forest Funds and that they would need to engage the actuary to provide the necessary projections. The trustees also discussed their interest in working with labor representatives on these matters and that the Fund's legislative representative should be advised about this process.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Fund retain its actuary, Cavanaugh MacDonald, to prepare actuarial projections, at an amount not to exceed a stated threshold, for the purposes of proposing legislation for both the County Fund and the Forest Fund that would provide for actuarial based funding to achieve a level of 90% funding by 2062. The actuarial services should include calculations for both the County Fund and the Forest Fund that considered the liability based upon pension benefits alone and another set of calculations based upon combined pension and health benefits liability. It was further moved that Fund staff would be authorized to take all reasonable action necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

b. Review and Consideration of Draft Language regarding Disability Benefits

The Executive Director stated that there should be some clarification in Section 9-158 of the Illinois Pension Code about the proof of disability needed to be presented to the Board for those members who are severely ill for extended periods of time and not physically able to travel and see the Board-appointed physician as required by the Pension Code. Other retirement systems in Illinois give their governing bodies some flexibility in the standards needed to prove disability under these circumstances. The Fund's fiduciary counsel drafted an amendment to Section 9-158 that was based upon similar statutes enacted for other retirement systems that would provide the Board the flexibility that was needed.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board approve the proposed legislation, as drafted by fiduciary counsel, to amend Section 9-158 of the Illinois Pension Code, regarding the proof of disability which must be presented to the Board for purposes of establishing disability and 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**

c. Update from Fund's Legislative Liaison

The Executive Director stated that John McCabe and Robert Molaro, who serve as the Fund's legislative representatives, had prepared a report about legislative activity. She stated that Fund's legislation to amend Article 10 had been introduced as HB 4472 and, if enacted, would allow the Forest Preserve District to utilize lawfully available funds to pay employer contributions in lieu of funds generated by the tax levy. It was also noted that legislation had been introduced as HB 3990 which would require actuaries who were retained by public pension funds to post bonds in the amount of \$2B.

4. Health Benefit Matters – Open Enrollment Results

The Executive Director gave a summary of the annuitants who participate in the CCPF plan following the Open Enrollment period which closed on November 30, 2019. She stated that the total number of annuitants and dependents enrolled in the Plan decreased from 13,040 as of November 30, 2019, to 12,922 as of January 1, 2020, which was a decline of 118 participants. She added that about 65% of the members were enrolled in the Choice plan and 35% were enrolled in the Choice Plus plan. About 72% of the members were enrolled in Medicare and about 28% were not enrolled in Medicare. Further detail of plan enrollment by type of member (Medicare, Non-Medicare, Dependent Children, etc.) was also provided.

5. Administrative Matters

a. Review and Consideration of Concentra Contract Extension

The Executive Director stated that the Fund has been utilizing the services of Concentra Medical Centers to perform the medical evaluations required for disability matters and that Fund staff has been satisfied with their performance. The services have been provided under a contract that is to expire after February 29, 2020. Concentra has verbally agreed to extend the engagement for another year, but will increase its fees to \$52 per evaluation, which is the same rate Concentra extends to the County. In addition, Concentra will agree to perform a review of medical records only for those members who have are severely ill for lengthy periods and who are physically unable to travel to one of Concentra's locations.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board authorize the Fund to extend the agreement with Occupational Health Centers of Illinois, P.C. d/b/a Concentra Medical Centers, through February 28, 2021, upon the terms presented and it was further moved that Fund staff should take all action reasonably necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of any related written agreement on behalf of the Fund by the Executive Director.

b. February 26, 2020, Presentation to Cook County Board of Commissioners Pension Committee

It was reported by the Executive Director that Commissioner Gainer requested that she make a presentation to the Pension Committee on February 26, 2020. The Commissioner asked that the Executive Director address how CCPF compares to other retirement systems in regard to their respective funding status and investment metrics. Commissioner Gainer was advised by the Executive Director that the information on funding would be presented based upon the 2018 actuarial valuations and that the investment information would be based upon 3Q 2019 values. The County's CFO would be asked to address the County's change in bond ratings. The Executive Director stated that the presentation would be available for the trustees prior to February 26th and she invited all the trustees to attend.

The trustees discussed that the purpose of the presentation was to advise the Committee about how the Pension Fund is performing. The trustees asked that the presentation include information that CCPF does not have actuarial based funding, which can impact the types of investments that can be made. It was also discussed that the trustees appreciate that the President of the County Board and the Commissioners have approved additional funding through the IGA over the past few years which has been very beneficial to CCPF.

c. Executive Director Report

The Executive Director reported that the communications survey will be provided in the next PensionNotes newsletter and will be distributed to either the annuitant or the active members. The purpose of the survey is to assess how well the Fund communicates with members and to identify opportunities for improvement. A draft copy of the survey was provided by email to the trustees for their comments. The member group who does not receive a copy of the survey in the next PensionNotes newsletter, will receive it in a subsequent newsletter such that eventually the annuitants and active members will all receive the survey.

The personnel changes that were included in the 2020 Administrative Budget were implemented as of February 1, 2020. A candidate for the Deputy Executive Director has been identified and will be sent an offer letter. The position for a manager/director of IT services will be reposted and a new search will be commenced.

The Executive Director reminded the trustees that an investment Committee will meet on Friday, February 28, 2020 at 9:30 am.

The Executive Director stated that a publication containing the Illinois Pension Code was now

available for all trustees. Any trustee who had not yet received a copy, should request one. It was noted that the publication was prepared at the end of 2019 and that the trustees should consult the Illinois General Assembly website for more recent changes: www.ilga.gov.

6. Investment Matters

- a. Approval of Recommendation of Investment Committee regarding Private Equity Allocation to Mesirow Financial

The Executive Director stated that based upon Callan's recommendation, the Investment Committee, considered a \$20M additional commitment to the Mesirow Private Equity Investment as an extension of the County Fund's current private equity program with Mesirow. Successive annual commitments would be determined based upon funding available. At the Investment Committee meeting on January 31, 2020, Mesirow proposed that its fee would be consistent with its prior arrangements with the Fund despite the lower funding level. The Investment Committee recommended that the Board accept Mesirow's proposed fee for the \$20M commitment in 2020 and ensuing years.

It was moved by Trustee Goode and seconded by Trustee Nevius, after consideration of the Disclosure Statements required by Sections 1-113.21(a) and 1-113.14(c)(5) of the Illinois Pension Code, that the Board adopt the recommendation made by the Investment Committee at their meeting on January 31, 2020, to approve a \$20M commitment by the County Fund in 2020 to the mandate managed by Mesirow Private Equity, as presented. It was further moved that Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of any related written agreement on behalf of the County Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

- b. Approval of Recommendation of Investment Committee regarding 2020 Investment Consultant RFP

The Executive Director stated that the current agreement with the Fund's Investment Consultant, Callan Associates, would expire on December 31, 2020. Because the Illinois Pension Code limits the duration of an agreement with an investment consultant to a five-year period, the Executive Director stated that the Fund needed to conduct a Request for Proposal (RFP) for the engagement of an investment consultant. She added that the Fund staff and fiduciary counsel had prepared a draft of an RFP for an investment consultant for the Board's consideration as well as a proposed timetable for the search. The Investment Committee had discussed the process for an RFP at their meeting on January 31, 2020, and recommended that the Board approve that the search be conducted. The Board

discussed the process for conducting the proposed search and the RFP document. Fiduciary counsel reminded the Board that once they gave approval to commence the search, that the ‘quiet period’ would begin and that any inquiries about the RFP should be referred to the Executive Director or Fund staff.

It was moved by Trustee Nevius and seconded by Trustee Hughes that the Board adopt the recommendation made by the Investment Committee at their meeting on January 31, 2020, that the presented 2020 Investment Consultant RFP be approved and that the Board authorize the release of such RFP, as presented.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Approval of Recommendation of Investment Committee regarding 2020 Custodial Search Consultant

The Executive Director stated that the Investment Committee had also discussed whether the Board should consider a search for a new custodian. She gave a background of the custodians that the Fund has retained and noted that the last search for a custodian was conducted in 2007. Mellon Bank, who subsequently merged with the Bank of New York, was the successful candidate of that search. The Bank of New York/Mellon has served as the Fund’s custodian since 2007.

The Executive Director reported that the Investment Committee had been advised about the history of the engagement with the current custodian. They had discussed the need to review the services to be provided by the custodian, which might include the services of a benefit payment agent. The Investment Committee had considered the need to retain a consultant to both review the services to be provided and to prepare the RFP. The Committee had recommended that Callan LLC be retained to provide those services.

It was moved by Trustee McFadden and seconded By Trustee Goode that the Board adopt the recommendation made by the Investment Committee at their meeting on January 31, 2020, that the Fund retain Callan, LLC to provide consulting services for the preparation and administration of an RFP for a Custodian at a cost not to exceed \$50,000, as presented. It was further moved that Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of any related written agreement on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

d. Contract Management Update

The trustees then addressed matters regarding investment issues. It was moved by Trustee Nevius and seconded by Trustee O'Rourke, that the Board convene an Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act, 5 ILCS 120/2(c)(7) to discuss the purchase or sale of securities.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

7. Legal Matters – Complaint filed by Office #152896 and Retention of Legal Counsel

The trustees were advised that the Fund had been served with a complaint filed in the Circuit Court of Cook County alleging that the member was eligible to receive disability benefits and that the Fund needed to retain legal representation for that litigation.

It was moved by Trustee Ochalla and seconded by Trustee Blair that the Fund retain Burke Burns & Pinelli, Ltd. to provide legal representation for the matter presented.

Vote Result: MOTION ADOPTED BY VOICE VOTE

8. Old Business/New Business

There was no old business or new business discussed.

9. Adjournment

It was moved by Trustee Ochalla and seconded by Trustee Goode that the meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for March 5, 2020 at 9:30 am.