



**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 7, 2019, 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 (participated by phone), Diahann Goode, Bill Kouruklis, Patrick McFadden (left during Item 5a), Joseph Nevius, Kevin Ochalla, Dennis White, (entered during Public Comment), Lawrence Wilson

Staff Present: Regina Tuczak, Executive Director, Brent Lewandowski, Director, Member Services; Margaret Fahrenbach, Legal Advisor; 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, Fernando Vinzons, Director, Investments

Others Present: Sarah Boeckman, Burke Burns & Pinelli, Ltd.; Marco Feldman, Unite Here, Mitra Elie, Unite Here, John McCabe, John McCabe & Associates, Bob Molaro, John McCabe & Associates, Martha Merrill, AFSCME C31

The Executive Director, Regina Tuczak stated that Trustee Jack Fitzgerald had requested that he be allowed to participate in the meeting by telephone. After noting that a quorum was physically present, it was moved by Trustee Goode and seconded by Trustee Nevius pursuant to Section 7(a) of the Open Meetings Act that Trustee Fitzgerald 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. Mr. Marcos Feldman and Ms. Mitra Elie addressed the Board regarding their concerns of alleged labor and sexual harassment issues at properties located in California. The properties discussed are owned by the CBRE Global Investors U.S. Strategic Partners Fund VII, in which the County Fund is an investor, and are managed by another entity.

1. Review and Consideration of:

- a. January 10, 2019, Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the presented minutes of the Board meeting on January 10, 2019, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

- a. Bills, Payroll Records

The trustees raised some questions to Fund staff about proposed payments to Simon Consultants, LLC and other payees. Staff was requested to ascertain whether the invoice from Simon Consultants, LLC, is in accordance with contract terms with Simon & Griseta. With the exception of payment to Simon Consultants, LLC, it was moved by Trustee McFadden and seconded by Trustee DeGraff, having received confirmation from Fund staff that the presented bills for operating expenses incurred in December, 2018, are to be allocated to and are consistent with the 2018 administrative budget, and that the presented invoices for investment management fees for 2018 are consistent with the applicable investment management agreements, that the Board approve the recommendations from Fund staff to remit payments for such presented bills.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

The trustees raised some questions to Fund staff about payments made to Henricksen and other payees. It was moved by Trustee McFadden and seconded by Trustee DeGraff, that having received confirmation from Fund staff that the presented bills for expenses incurred or to be incurred in February 2019, are consistent with the 2019 administrative budget, that the Board approve the recommendations from Fund staff to remit payment for such presented bills.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,
White (except voted "Present" on Henricksen), Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee DeGraff, that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in January, 2019, the Board having received confirmation from Fund staff that the payments were consistent with the approved 2019 administrative budget, that the payments be ratified.

Roll Call Vote:

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

NAYS: None

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 McFadden and seconded by Trustee Goode 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,
White, 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 Nevius and seconded by Trustee White 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,
White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Matters

a. Approval of Referral of Matter Pursuant to 40 ILCS§ 5/1-135

Regina Tuczak, Executive Director, reported that several fraudulent checks had been presented for payment at the Custodial Bank, BNY Mellon, utilizing the Fund's name and account number. Ms. Tuczak indicated that the checks were not honored by the Custodian because of positive pay controls in place. The Board was asked to consider whether the facts presented created a reasonable suspicion that fraudulent activity had occurred which should be reported pursuant to Section 1-135 of the Illinois Pension Code.

It was moved by Trustee Nevius and seconded by Trustee DeGraff that the Board finds that there is reasonable suspicion that the checks presented for payment to BNY/Mellon on or about January 29, 2019, constitute falsified records within the meaning of Section 1-135 of the Illinois Pension Code and in accordance with 40 ILCS 5/1-135, that the incident be reported to the Cook County State's Attorney.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Contract Approvals

The Executive Director stated that there were two contract renewals for the Board to consider. First, the Fund has the option to extend the Agreement with Callan Associates, the Investment Consultant, through December 31, 2019. Second, the Board had approved a six month engagement with Occupational Health Centers of Illinois, PC to perform the evaluations required for disability applicants. The Fund was requesting that the engagement be extended through February 29, 2020, upon the same terms.

a. Callan Associates, Inc.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board authorize the Fund to extend the agreement with Callan Associates, Inc. through December 31, 2019, at an annual fee not to exceed \$395,266.43 and it was further moved that Fund staff should take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement, on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Occupational Health Centers of Illinois, P.C.

It was moved by Trustee Goode and seconded by Trustee DeGraff 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 29, 2020, upon the same terms as the existing agreement and it was further moved that Fund staff should take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement, on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Custodial Authorization Approval

The Executive Director stated that updates are needed with respect to Fund staff authorized to approve certain transactions with the Custodian, and authorization forms were presented for the trustees' consideration. Under the presented authorizations, the Executive Director, the Director of Finance and the Comptroller would be able to direct the transfer of funds for administrative matters and payments, asset transfers and investments, and benefit distributions. She noted that the authorization provided to the Comptroller was limited in dollar amount, as compared to the authority given to the Executive Director and the Director of Finance. Separate authorizations would need to be executed for the County Fund and the Forest Preserve Fund.

The trustees discussed the proposed authorizations and requested clarification about other controls in place with respect to new account opening at the custodian and transfer of funds outside of the custodian account. The Executive Director stated that she would return to the Board at a future meeting about the clarification requested.

It was moved by Trustee Goode and seconded by Trustee White that the Board approve the presented Authorizations from the County Fund to BNY/Mellon, the Custodian Bank, and that Fund staff should take all action reasonably necessary to effectuate the foregoing, including the execution and delivery of the Authorizations to the Custodian Bank.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee White that the Board approve the presented Authorizations from the Forest Preserve District Fund to BNY/Mellon, the Custodian Bank, and that Fund staff shall take all action reasonably necessary to effectuate the foregoing, including the execution and delivery of the Authorizations to the Custodian Bank.

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

d. Investment Manager Authorization Approval

The Executive Director stated that updates are needed with respect to Fund staff authorized to approve certain transactions with Investment Managers. A proposed authorization form was presented for the Board's consideration. If approved, it would be sent to each of the investment managers.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board approves the presented Authorization to all Investment Managers of both the County Fund and the Forest Preserve District Fund, and that Fund staff shall take all action reasonably necessary to effectuate the foregoing, including the execution and delivery of the Authorization to the Investment Managers.

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

e. Executive Director Report

The Executive Director stated that she and Trustee Ochalla had attended the meeting of the Cook County Board of Commissioners on January 24, 2019. At the meeting, the Commissioners adopted a resolution that the Executive Director should appear before the Pension Committee to provide an update of the Fund and the 2019 outlook. She added that no meeting date had been proposed, but that she would advise the Board of the date once it is scheduled.

The Executive Director presented the vendor schedules that had been requested by the Board. A separate schedule was provided for vendors who received annual payments in excess of \$10,000. The schedule included information about the renewal dates of the contract, indication if the Board approved the contract, and as applicable, the date of Board approval. Another schedule was provided indicating all administrative expense vendors that were paid in 2018. Payments made to investment managers were not included in the analysis, but would be provided at a later meeting.

Regarding procurement, Ms. Tuczak noted that the Board's minutes of December 5, 2013, indicated parameters of approval of certain contract renewals, expenditures of less than \$10,000 and consents required by investment agreements.

Consistent with the Board's direction in 2013, Ms. Tuczak indicated that she wanted to enter a renegotiated agreement with ADP for Fund staff payroll which would reduce the annual fee by about \$12,000, and additionally, Ms. Tuczak indicated that she intended to negotiate a Statement of Work with CDW to provide additional capacity on the Fund's network systems.

The trustees stated that proceeding with the ADP and CDW matters under the current policy was acceptable, but discussed whether the authority given to the Executive Director should be limited to \$5,000 and whether other parameters should be considered. The trustees also discussed whether all amendments to a contract should be considered by the Board. The Executive Director stated that a revision of the directions given by the Board on December 5, 2013, would be prepared for the next meeting.

The Executive Director stated that she had begun to meet individually with staff members to gain an understanding of the Fund's operations and to evaluate its efficiencies. These reviews will better enable the Executive Director to assess the pending pension administration system (PAS) project, but may delay the start of the PAS project.

The Executive Director reminded the trustees about discussion at the last month's meeting regarding the opening of the Fund's office on Abraham Lincoln's birthday, February 12, 2019, in exchange for closure on Tuesday, December 24, 2019. Similarly, the Fund's office would be open on Casimir Pulaski Day, March 4, 2019, but closed on Friday, July 5, 2019. She added that upon investigation, it was determined that Fund employees did not have a floating holiday. Instead, the practice was started about ten years ago that the floating holiday offered to many Cook County employees was taken by Fund staff on the Friday after Thanksgiving and the office would be closed that day.

The Executive Director reminded the Board that the Legislative Committee would meet on February 14, 2019, at 9:30 am and that the Investment Committee would meet on February 27, 2019, at 9:30 am.

The summary of the cost of living adjustments received by Fund employees from January 1, 2009, was also presented as the Board had requested at its meeting in January.

The Executive Director recommended that the Fund obtain a Corporate Costco membership for \$120, which would allow the Fund to order office supplies and to pay for the items upon delivery. It was noted that the Costco membership card was not a credit card and would not include any line-of-credit facility.

4. Health Matters

a. Extension of Contract with Segal

Jane Hawes, Director of Health Benefits, stated that the Fund's agreement with its two principal health vendors, United Healthcare and Segal Consulting, would both expire on December 31, 2020. Ms. Hawes stated that the Fund would be at a disadvantage if the engagements of both vendors expired simultaneously. She requested authority from the Board to negotiate an extension of the Segal contract through December 31, 2021, and that the renegotiated terms would be presented to the Board at a subsequent meeting for their approval.

It was moved by Trustee Ochalla and seconded by Trustee Goode that the Board authorizes Fund staff to negotiate with Segal Consulting an extension of the existing Agreement through

December 31, 2021, and that the terms of any such extension be presented to the Board at a subsequent meeting.

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

b. EGWP Contract Term Update

Ms. Hawes reported that the Fund had received a commitment letter from CVS confirming their intent to provide additional EGWP pricing improvements for 2020 and 2021. Action on an EGWP RFP has been postponed pending CVS' additional pricing proposal. Segal intends to present a savings analysis of the CVS proposal at the meeting on March 7, 2019.

5. Legislative Matters

a. Proposed Legislation – Submission by John McCabe Associates Ltd.

It was noted that John McCabe of John McCabe Associates Ltd. had submitted legislation on behalf of the Fund with two elements: (1) actuarially-based funding and (2) allowance of the employer to utilize revenues from sources other than the tax levy to provide funding to the Fund. This legislation was presented prior to the February 1, 2019, deadline, however, without approval from the Board or the Fund's Executive Director. Ms. Tuczak indicated that John McCabe was scheduled to present this information to the Board at the meeting.

Sarah Boeckman, of Burke Burns & Pinelli, Ltd., addressed the Board prior to the Fund's legislative consultant entering the meeting room. Ms. Boeckman noted her concern that legislation had been entered in Springfield to the Legislative Reference Bureau ("LRB") without authority from the Board or communication with the Fund or Legislative Committee

It was discussed that the County, as employer, should be approached about funding legislation before it is introduced. The Fund may need to initiate the dialogue and bring any specifics of the legislation to the appropriate parties at the County. In addition, President Wilson stated that a dialogue should be started by the Fund, via the Executive Director, for pension reform with the County. Any specifics of proposed legislation should be returned to the Board. In addition, to improve communication with the legislative consultant, the Fund should schedule regular telephone calls for status reports.

Ms. Boeckman provided the Board with a copy of HB 2071, which amends Article 9 to allow employees to purchase service credit for periods of furlough beginning on or after December 1, 2017, and ending on or before November 30, 2018.

b. Draft Legislation for Board Review

John McCabe and Robert Molaro of John McCabe & Associates addressed the Board about the status of the Fund's proposed legislation. Mr. McCabe stated that because of the legislative calendar, he submitted proposed legislation to the LRB to provide for actuarially required contributions from the employer ("ARC funding") for both the County Fund and the Forest Fund based upon bills that had been submitted in prior years. The legislation also included language which amended the source of funds that could be used for contributions paid by the County. In addition, he submitted a proposal for separate legislation that did not

include ARC funding, but was limited to an amendment regarding the County's funding sources for employer contributions. McCabe stated that the draft legislation was returned to him from the LRB, but had not been released to any other person. McCabe also addressed the Board about HB 2071. He inquired about whether the bill would have a financial impact on the Fund, and if the Board had a position on the legislation. Fund staff noted that the payroll records received from the County do not indicate when an employee might be on furlough and it would not be possible to determine how many employees would be affected by the bill or the related cost.

Robert Molaro stated that the proposed amendment for ARC funding was significant legislation and asked if there would be opposition to its enactment. He added that any failure to communicate with the Board or the Fund about the proposed legislation rested with the legislative consultant and not with the Fund.

The trustees discussed that the legislation presented by McCabe to the LRB for ARC funding had a few flaws and that the Fund staff had prepared legislation for the Board's consideration which corrected those deficiencies. The trustees also discussed that any proposal for ARC funding would not likely be successful unless all stakeholders were in agreement with the legislation. Ms. Boeckman stated that in the opinion of fiduciary counsel, the Board as fiduciaries should pursue legislation for ARC funding, particularly since the Fund was the only remaining public pension plan in Illinois without this type of funding.

It was moved by Trustee Goode and seconded by Trustee Nevius that the Board approve the proposed legislation prepared by Fund staff for actuarially based funding for both the County Fund and the Forest Preserve Fund, including the amendment relating to the source of funding for the County, and authorize the Legislative Representative to submit the indicated legislation for introduction before the Illinois General Assembly.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve the separately proposed legislation regarding the source of funding for the County and authorize the Legislative Representative to submit the indicated legislation for introduction before the Illinois General Assembly.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Legal Matters

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the Board convene an Executive Session pursuant to Section 2(c)(11) of the Open Meetings Act to discuss litigation matters.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee White and seconded by Trustee DeGraff that the Board adjourn the Executive Session and return to open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

a. Jackson v. CEAB

It was moved by Trustee Goode and seconded by Trustee Nevius that that Board authorize the Fund to take the action recommended by Fund counsel including payment in an amount of \$18,664.85 to the named Plaintiff pursuant to the Order entered in the Circuit Court of Cook County on January 22, 2019.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

7. Old Business/New Business

The Executive Director stated that as of March 7, 2019, all emails to the trustees would be delivered to their respective addresses using the domain name “countypension”. She stated that the trustees could access their email accounts at the Fund through a mobile phone device. The Fund’s IT staff can provide any assistance needed to the trustees to access their emails in this manner.

8. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting is scheduled for March 7, 2019, at 9:30 a.m.