

**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**

March 2, 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; Jerry Pray, Secretary; 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.; Dean Constantinou, Deputy CFO; Adelaide Del Angel, Office of the CFO; Cathryn Marsico, Office of the CFO; Larry Langer, Cavanaugh Macdonald Consulting, LLC; Alisa Bennett, Cavanaugh Macdonald Consulting, LLC

After confirming that a quorum of the Board was present in the meeting room, it was moved by Trustee Goode and seconded by Trustee Reed pursuant to Section 7 of the Open Meetings Act, 5 ILCS 120/7, that President Wilson, Trustee Hughes and Trustee Ochalla be allowed to participate remotely.

Vote Result: MOTION ADOPTED BY VOICE VOTE

Vice-President McFadden presided over the meeting. He asked if any member of the public wanted to address the Board, but no one requested to do so.

1. Review and Consideration of February 2, 2023 Board Meeting Minutes

It was moved by Trustee Richardson and seconded by Trustee Goode that the presented minutes of the Board meeting on February 2, 2023, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Executive Session Meeting Minutes

- i. February 4, 2021
- ii. April 1, 2021
- iii. May 6, 2021
- iv. June 3, 2021
- v. July 1, 2021
- vi. October 7, 2021
- vii. November 4, 2021

Brent Lewandowski, Interim Executive Director, stated that the Board was asked to approve the presented minutes from the identified Executive Sessions, but that the minutes remain closed.

It was moved by Trustee Richardson and seconded by Trustee Goode that the Board approve the presented minutes from the Executive Sessions convened on the indicated dates and that the presented minutes remain closed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

3. Review and Consideration of:

a. Bills, Payroll Records

It is moved by Trustee Goode and seconded by Trustee Reed, having received confirmation from Fund staff that the indicated payments were consistent with the 2022 and 2023 administrative budgets, that the Board ratify the action taken by Fund staff in paying the presented bills for expenses incurred in 2022 and 2023 and that the Board approve the recommendations from Fund staff to remit payments for the presented bills for expenses incurred in 2022 and 2023.

Roll Call Vote:

AYES: Dardick, Goode, Hughes, McFadden, Ochalla, Pray, Reed,
Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities and Refunds

It was moved by Trustee Goode and seconded by Trustee Pray, 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, Pray, Reed,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

It was moved by Trustee Reed and seconded by Trustee Richardson, 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, Pray, Reed,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

4. Legislative Matters

a. Update from the Legislative Liaison

John McCabe, Legislative Liaison, stated that the proposed funding legislation introduced by the Fund (SB 2435, HB 2870) and the funding legislation introduced by the County (SB 1690) remained in committee. He stated that the unions are expected to oppose the County legislation and he will reach out to the sponsors to move the Fund's legislation forward.

The Legislative Liaison reported that there were several bills introduced that would affect a public pension fund's investment processes. SB 2429 and HB 2782 would require investment managers to annually disclose the processes followed to integrate sustainability factors in decisions regarding investments. HB 2427 would require funds to develop climate change risk minimization policies and HB 3037 would prohibit investment in fossil fuel companies. While this legislation might not be applicable to the County and Forest Preserve Funds, the trustees discussed their concerns about statutory limitations on their investment decisions. It was noted that these bills

remained in committee, but the trustees were concerned about their possible enactment into law. The Legislative Liaison was asked to report to the Interim Executive Director about the status of this legislation.

It was moved by Trustee Dardick and seconded by Trustee Goode that the Legislative Liaison be authorized, on behalf of the Fund, to oppose SB 2429, HB 2427, HB 2782 and HB 3037 or other legislation that would limit how the Fund could invest its assets.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Consideration and Possible Action Regarding Actuarial Analysis of Proposed Legislation

The Interim Executive Director stated that the Fund had received from Cavanaugh Macdonald Consulting the actuarial analysis requested regarding HB 1469 which lowered the retirement age for Tier 2 police officers with 20 years of service in the Cook County Sheriff's Office. The actuary reported that the legislation was a benefit enhancement without providing any additional funding and would increase the unfunded liability for the County Fund. The trustees discussed the legislation and noted that other Tier 2 employees could seek to lower the retirement age for their positions without providing increased funding to support the enhancement. Fiduciary counsel noted that the Board does not generally take positions on legislation regarding the enhancement of benefits, but only administers the benefits that might be enacted. However, because HB 1469 increases benefits without additional funding, it would increase the unfunded liability of the Fund. On that basis, it would be appropriate for the Board to express its opposition to the legislation.

It was moved by Trustee Dardick and seconded by Trustee Reed that the Legislative Liaison be authorized, on behalf of the Fund, to oppose HB 1469 because the legislation enhances the annuity benefits for the affected employees, and in the absence of mandated actuarial funding, would increase the unfunded liability and hasten the Fund's insolvency date.

Vote Result: Trustee Goode having voted "Nay" and the remaining trustees having voted "Aye", the MOTION WAS ADOPTED BY VOICE VOTE

It was moved by Trustee Pray and seconded by Trustee Richardson that the Interim Executive Director be allowed, upon request, to release the actuarial analysis of HB 1469 prepared by Cavanaugh Macdonald Consulting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Discussion of Proposed Legislation from Cook County

The Interim Executive Director stated that the legislation proposed by the County in HB 3765 and SB 1690 included amendments affecting annuity benefits, funding, retiree health benefits and governance. Regarding annuity benefits, the legislation affects the contributions to be paid by Tier 2 employees and the ability for employees to purchase additional pension credit based upon their military service. While these amendments can be considered benefit enhancements, they are tied to the actuarial based funding also included in the bill. Because the Fund would receive additional contributions based upon these changes, there was no reason to take a position on these matters.

The legislation also proposes actuarial based funding modelled on the calculations used in the Intergovernmental Agreements between the Fund and the County. This method could be changed in 2030 by an agreement between the Fund and the County, which is not workable. Additionally, the legislation restricts using these funds for health benefits.

The legislation provides for specific contributions to be used for retiree health benefits. These contributions would vary annually based upon the expenses actually paid in the previous year. The Fund's actuary performed a high-level analysis of the legislation. They reported that the Fund's claim experiences were volatile from year-to-year and that there was no reserve for years in which the claims spiked. The actuary also reported that in the near-term, either the annuitants' costs would increase significantly, or the benefits would necessarily be greatly reduced. It was noted that the IGA includes a calculation for the payment of health benefits on a yearly basis.

The legislation also provides that the employer would be allowed to appoint two additional trustees to the Board. These additional trustees were to provide expertise on investments, health benefits and other matters. They would not need to be either active employees or annuitants.

The Interim Executive Director stated that County representatives had presented their legislation to the Senate Special Committee on Pensions and the House Personnel and Pensions Committee. He added that the Fund was not invited to participate in these Committee meetings. The Interim Executive Director recommended that the Fund prepare a written response to the County which would identify the problematic issues identified in the proposed legislation. He also proposed that the Fund contact union representatives to discuss the Fund's concerns with the proposed legislation. The trustees discussed the next steps that the Interim Executive Director had proposed in his written presentation provided to the Board.

It was moved by Trustee McFadden and seconded by Trustee Pray that the Board approve the recommended next steps regarding the County’s legislative proposal and that the Interim Executive Director be authorized to proceed as directed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

- 5. Investment Matters
 - a. Review and Approval of Recommended Updates to Investment Policy

This item was deferred to a later meeting.

- 6. Administrative Matters
 - a. Interim Executive Director Report

The Interim Executive Director provided an update on the search for a Chief Investment Officer. He expected that the final candidates would make presentations to the Board at their meeting on April 6, 2023

A status report about the Benefit Eligibility Verification process was provided. The Board had approved the suspension of annuity benefits for 64 persons as of March 1, 2023. Of these 64, three annuitants had responded to the Fund. Seventeen annuitants had been suspended between May 1, 2022, and August 1, 2022. The Fund had received responses from 11. A complete status report of the suspensions that were effective March 1, 2023, will be provided at the Board meeting on April 6, 2023.

The Fund’s offices will be closed on March 6, 2023, in observance of Casimir Pulaski Day.

- 7. Legal Matters
 - a. Consideration and Possible Felony Forfeiture Pursuant to Section 9-235 of the Illinois Pension Code, 40 ILCS 5/9-235 – Office #161897

It was moved by Trustee Goode and seconded by Trustee Richardson pursuant to Section 2(c)(1) and 2(c)(11) of the Open Meetings Act, 5 ILCS 120/2(c)(1), (11) that the Board convene an Executive Session to discuss personnel and litigation matters.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

Following the return to open session, the following motion was made regarding Item 7a:

It was moved by Trustee Richardson and seconded by Trustee Pray, after due consideration of the facts presented and pursuant to Section 9-235 of the Illinois Pension Code that the Board does not find a legal nexus between the facts, notwithstanding the repugnancy of the crime committed, and the Member's services as an employee of Cook County and that the Member is eligible for annuity benefits from the Fund so long as the other requirements of the Pension Code are satisfied. It was further moved that the Board's action was a final agency decision pursuant to Section 236 of the Illinois Pension Code.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

8. Consideration and Possible Action Regarding Personnel Matters

There was no motion made or required to be made for Item 8 following the return to an Open Session.

9. Old Business/New Business

There was no old business or new business discussed.

10. Adjournment

It was moved by Trustee Pray and seconded by Trustee Richardson that the meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for April 6, 2023, at 9:30 am.

