



**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 March 8, 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 2a), Patrick McFadden (departed during Item 6), Joseph Nevius, Kevin Ochalla (departed during Old Business), Dennis White (entered during Item 1a), Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Margaret Fahrenbach, Legal Advisor, Gary LeDonne, Senior Policy Advisor; Brent Lewandowski, Senior Benefits Manager; Michael Maratea, Director of Finance and Administration; Beverly Romanini, Office Manager; Jane Hawes, Senior Manager of Health Benefits

Others Present: Sarah Boeckman, Burke Burns & Pinelli; Marcos Feldman, Unite Here; Tim Bowen, Alliant/Mesirow Insurance Services, Wendy Ludbrook and Aaron Shapiro, Conduent

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. February 1, 2018 Board Meeting Minutes, as Amended

It was moved by Trustee Goode and seconded by Trustee DeGraff that the minutes of the February 1, 2018, Board meeting be amended to show that Trustee McFadden voted “Aye” but following the vote requested his vote be amended to “Aye” with the exception of payment to Robert Half Legal.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

It was moved by Trustee McFadden and seconded by Trustee White 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 (except voted “Present” on Comcast Cable), Goode, Kouruklis (except voted “Present” on Comcast Cable), McFadden (except voted “Nay” on Comcast Cable, Fleur, Inc. and Robert Half Legal), Nevius (except voted “Present” on Comcast Cable), Ochalla (except voted “Present” on Comcast Cable), White (except voted “Present” on Comcast Cable), Wilson (except voted “Present” on Comcast Cable)

NAYS: None

Vote Result: MOTION ADOPTED, with the exception of ratification of the payment for the Comcast Cable bill.

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 Goode 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,
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 Ochalla, 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 Report

a. Disposal Update

The Executive Director reported that the Fund had entered an Agreement with the Landlord at 33 N. Dearborn to resolve the removal of certain alterations from the Premises. The Fund remitted the payment required by the Agreement, which had been accepted by the Landlord, and the issues had been resolved.

b. Medicare Education Event Recap

Jane Hawes, Senior Manager for Health Benefits, reported on the Medicare event that was held on February 28, 2018. She stated that representatives from the Social Security Administration, UnitedHealth Care, CVS/Caremark and the Fund's health benefits department gave presentations and answered members' questions related to Medicare eligibility, enrollment and coordination with the benefits provided by the Fund. About seventy persons attended the event and the Fund received positive feedback about the presentations. She added that a summary of the event and the presentations had been posted to the Fund's website and that planning for a similar event in July was in process.

4. Trustee Matters

a. Legislative Update

The Executive Director stated that the legislation regarding payments to a member's nursing home under certain limited conditions (SB 2578) was moving through the Senate and that a corollary bill had been introduced to the House (HB 5117). She stated that that the funding legislation (SB 3030, HB 5118) had received some traction and that a request for a hearing before the Licensed Activities and Pensions Committee had been made. Although the hearing had been postponed, the Board might consider a hearing an opportunity to edify the legislature and the stakeholders that the Fund is the only public pension fund in Illinois that does not have actuarially based funding. Any approach should be coordinated with the employer. It was also discussed that while pending legislation was not generally posted on the website until enacted, the members are advised in the newsletter about the status of the Fund's legislative efforts.

Sarah Boeckman of Burke Burns & Pinelli, Ltd. stated that legislation amending the Pension Code to requiring a live stream of any meetings of the Board or its committees had been introduced (HB 4413) and that a hearing was scheduled. She stated that newly enacted PA 100-40 requires Board Members and Fund employees to receive cyber-security training annually.

The trustees discussed whether a timeline had been prepared for an RFP to engage a legislative representative. It was reported that a timeline had been prepared for the Legislative Committee meeting that had not convened because of the failure to attain a quorum. It was then to be presented and discussed at the Legislative Committee meeting to be held following the Board meeting.

b. Fiduciary Liability Insurance

Margaret M. Fahrenbach, Legal Advisor, stated that its insurance broker Alliant Insurance Services, Inc./ Mesirow Insurance Group, Inc.(MIS) had prepared a proposal recommending the terms upon which the Fund's fiduciary liability insurance policies should be renewed and that Mr. Timothy Bowen of MIS was present to address any questions that trustee might have. Mr. Bowen stated that the fiduciary insurance policy the Fund has covers liability incurred under the Illinois Pension Code and provides very broad coverage. He stated that it covers not only allegations for breaches of fiduciary duty, but also allegations for errors and omissions and negligence. The policy covers attorneys' fees for such litigation unless the wrongful acts were related to willful misconduct. Mr. Bowen stated that because of the broad coverage provided by the fiduciary liability insurance policy, it was not necessary for the Board to obtain separate policies for errors and omission liability or directors' and

officers' liability. Mr. Bowen stated that the policy limit of \$15,000,000 was adequate for the size of the Fund.

The trustees asked if the Fund should have made claims to recover attorneys' fees for recent litigation where breach of fiduciary duty allegations had been made. Mr. Bowen stated that such claims should be made as soon as practicable, but could be made during the active policy period. The Fund's fiduciary counsel advised that the recent cases had not warranted the need to file a claim, which could trigger an increase in the cost of the policy, but would advise the Board about whether such claims should be made for recent litigation.

Mr. Bowen also stated that the Board could obtain a \$1M policy for litigation brought by employees for claims arising from employment practices at any time while the fiduciary insurance liability policy was in effect. The annual cost for such a policy would be \$4,800 and would cover claims for sexual harassment, discrimination and retaliation.

It was moved by Trustee White and seconded by Trustee Goode that the Board renew the expiring Fiduciary Liability Insurance Policy with Markel (ULLICO) with limits of \$10,000,000 and an excess policy with Hudson (Euclid) with limits of \$5,000,000 for an additional twelve months for an annual premium of \$105,254 upon the terms proposed and that the Board obtain a policy for the coverage of claims arising from employment practices at an annual premium of \$4,800. It was further moved that the Funds' staff and legal counsel take all action reasonably necessary to effectuate the foregoing including, subject to legal review and sign off, execution of related written agreements on the Fund's behalf by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

5. Discussion and Approval of PAS RFP

Stephen James of Linea Solutions, Inc. presented the Pension Administration System Request for Proposal ("RFP") that had been prepared and distributed to the Board. He described the operational needs assessment Linea made of the Fund's current pension administration system which is known as PBMS and the requirements and technical needs for a new system. He also presented the minimum requirements for bidders, the timeline and the scoring procedures for responses. Mr. James stated that a short list of two to three candidates would be selected in mid-May. The RFP would be posted on the Fund's website, on Cook County's website and on PRISM, a website resource for

pension fund IT and technical needs. The President asked that the Board be advised by counsel about guidelines for proceeding during the Quiet Period while the RFP was pending.

It was moved by Trustee Kouruklis and seconded by Trustee DeGraff that the Board approve the release of the RFP for a pension administration system as presented by Linea, upon the timeline and terms presented and that Fund staff shall take all action reasonably necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of any related written agreements on behalf of the Fund by the Executive Director.

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

6. 2018 Actuarial Experience Study

Aaron Shapiro and Wendy Ludbrook of Conduent HRS Consulting, the Fund's Actuary, presented the results of the experience study conducted for the Fund. The purpose of the analysis was to determine the demographic, OPEB and economic assumptions that will serve as the bases for the actuarial valuations to be performed from December 31, 2017 through December 31, 2020. The study compared the Fund's actual demographic and economic experiences for the four-year period ending on December 31, 2016, with the assumptions used for the actuarial valuations made during that time. The actuary recommended that the Fund make changes to the demographic, mortality and OPEB assumptions to better reflect the Fund's experiences. The actuary also reviewed the Fund's economic assumptions, including the assumed rate for investment returns, and recommended some adjustments. The actuary noted that the Fund has assumed an investment return of 7.5% for more than eight years and indicated that over a long-term historical basis evidence supported less conservative rates, and therefore recommended that the rate be maintained.

The trustees asked questions with respect to the bases for the actuary's recommended assumptions and whether they were reasonably based upon the Fund's historical experience. Trustees also inquired about the demographic assumptions used by other public pension funds, particularly in regard to mortality rates and retirement ages. Trustee Fitzgerald inquired as to what similarly situated funds were assuming for their investment rates of return. Ms. Boeckman informed the Board that the City public pension funds were reviewing their rates of return and were expected to lower them. The trustees discussed whether the Fund should consider the impact of a more conservative investment return rate than the current standing rate. The Executive Director informed the board staff had requested that the actuary conduct a sensitivity analysis for the effect of lower rates and that the result would be made available. It was also discussed whether a lower rate could be phased in over a period of years, rather than as a single adjustment. The trustees were interested in an analysis with more conservative assumptions to evaluate the impact on the actuarial valuations before adopting any recommendations regarding the economic assumptions presented by the actuary.

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that Conduent prepare an analysis of the impact on the actuarial valuations to both the County Fund and the Forest Fund based

upon assumptions for more conservative investment returns and that the report be presented at the Board's meeting on April 5, 2018.

Vote Result: MOTION ADOPTED BY VOICE VOTE

7. Old Business/New Business

Trustee Goode stated that she would like copies of legal billing statements for fees incurred on the Feinstein matter and for all other legal matters billed in the last six months. She also wanted a report on the errors that required correction for the 1099R reporting for 2017 as well as the Comcast billing. She expressed concern about trustees missing committee meetings. Trustee DeGraff stated that he would like fiduciary counsel to provide information about what factors should be considered before making a claim on the fiduciary policy.

8. Adjournment

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

The next Board meeting is scheduled for April 5, 2018, at 9:30 a.m.