

**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**

April 6, 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, 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; Colin Kruse, Cook County Government; John McCabe, John McCabe & Associates; Ann O'Bradovich, Callan, LLC; John Jackson, Callan, LLC

President Wilson asked if anyone present wanted to address the Board, but no one requested to do so.

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

It was moved by Trustee McFadden and seconded by Trustee Reed that the presented minutes of the Board meeting on March 2, 2023, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Executive Session Meeting Minutes

i. March 2, 2023

- ii. February 2, 2023
- iii. October 1, 2020
- iv. September 3, 2020
- v. August 6, 2020

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 McFadden and seconded by Trustee Hughes 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 McFadden and seconded by Trustee Hughes, 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, 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 McFadden 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, 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 Hughes, 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, Hughes, McFadden, Ochalla, Pray, Reed, Richardson,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

4. Legislative Matters

a. Cook County Proposed Legislation Update

The Interim Executive Director stated that, as directed by the Board, the Fund had sent a letter to the County's Chief Financial Officer ("CFO") that expressed the Fund's concerns with the County's proposed legislation. The CFO's office responded on March 23, 2023, and proposed amendments to the County's legislation. The County's amendment addressed the Fund's concerns about actuarial funding and had changes to the section regarding health benefits. The County did not change its proposal to add two more trustees to the Board who would be appointed by the President of the Board of Commissioners. The Interim Executive Director stated that, in addition to the changes proposed by the County, there were administrative and compliance issues that needed to be addressed. Fund staff and fiduciary counsel, along with the designated trustees, would continue to perform due diligence on the proposed legislation.

b. Update from Legislative Liaison

John McCabe, John McCabe & Associates, Legislative Liaison, stated that the funding legislation introduced by the Fund had not moved. (See: HB 2870, SB 2435) He noted that the County's proposed amendment had not been introduced and added that the legislators wanted the Fund and the employer to agree about funding legislation. He also reported that the Fund's proposed legislation about annuitants who temporarily provided services during elections had been added to an omnibus bill that addressed other technical changes to the Pension Code. It was noted that amendments to the Sustainability Act, if enacted, would required the Fund's investment managers to provide annual disclosures about the processes they followed to prudently integrate sustainability factors into investment decisions.

5. Finance Matters

a. Update Regarding Banking Sector Investments

The Interim Executive Director stated that the recent failure of Silicon Valley Bank (“SVB”) had impacted the financial markets and affected the Fund’s investments. John Jackson, of Callan, LLC, the Fund’s investment consultant, gave a summary of the events that ultimately caused the Federal Deposit Insurance Corporation to take control of SVB. He stated that the Fund’s losses from SVB’s failure were incurred through its passive investment managers, Rhumblin Advisors and Russell Investments, and were equivalent to the losses incurred by other public funds. He also noted that the County Fund, through MacKay, had a bond investment at SVB that was sold at a loss.

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

The Interim Executive Director stated that the Fund had been notified by two investment managers that they had received emails, purportedly from the Fund, requesting that funds be transferred to entities outside the United States. The emails appeared to have been sent from within the Fund. The Fund’s IT Manager confirmed that the emails did not originate from the Fund and that no breach had occurred. The Fund notified all investment managers of the fraudulent activity and provided additional controls regarding redemption requests. He stated that the activity appeared fraudulent and requested that the Board authorize the Fund to notify the Cook County State’s Attorney of these occurrences as required by Section 1-135 of the Illinois Pension Code.

Mary Pat Burns, fiduciary counsel, suggested that the Fund’s agreements with its investment managers should be reviewed so that issues regarding cyber-security could be addressed. She stated that her firm could draft a single amendment addressing these matters that could be an addendum to the investment managers’ existing agreements.

It was moved by Trustee McFadden and seconded by Trustee Hughes that the Board find that there are reasonable suspicions that the identified communications from third parties to certain Investment Managers appear 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 is authorized to report the incidents on behalf of the Board to the Cook County State’s Attorney.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Update on the Fund’s Pension Verification Program

Michael Maratea, Director of Finance, gave a status report on the Fund’s benefit verification process. He stated that the Fund sent Benefit Eligibility Forms (“BEF”) to annuitants and asked that they be completed and returned. In 2022, the Fund had suspended the direct deposit payments for 54 annuitants because they had not returned their BEFs. Of these, there were 13 members who had not responded. In 2023, the

Fund suspended the direct deposit payments for 64 members and there are 45 who had not yet responded.

6. Health Benefit Matters

a. Review and Possible Approval of RFP for Prescription Drugs

The Interim Executive Director stated that the Fund’s engagement with CVS to perform services as a Pharmacy Benefit Manager (“PBM”) would expire on December 31, 2023. He stated that the Fund had been invited to participate in a City of Chicago Agency Coalition to search for a PBM, but it did not appear that the Agency Coalition RFP was satisfy the Fund’s needs and timeline. Segal Consulting, the Fund’s health benefits consultant, recommended that the Fund conduct an RFP for a PBM in order to get the best pricing from the current PBM as well as to obtain competitive pricing from other vendors. He stated that Segal had prepared a Statement of Work (“SOW”) which included a timeline for the RFP and the costs for their services. Segal was requesting \$75,000 for the RFP, but it should be noted that the negotiation of the final contract was included in the Master Contract with Segal and would not be billed separately.

It was moved by Trustee McFadden and seconded by Trustee Reed that the Board authorize the Fund to engage Segal Consulting to prepare and manage a Request for Proposal (“RFP”) for a PBM, as presented, at a fee not to exceed \$75,000. It was further moved that the Interim Executive Director, subject to legal review, is authorized to execute and deliver the presented Statement of Work on behalf of the Fund for the RFP services to be provided by Segal.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Update Regarding Anticipated Contract Negotiations with UnitedHealthcare

It was reported that the current agreement with UnitedHealthcare (“UHC”) to provide third-party administrative services would expire on December 31, 2023. The Interim Executive Director stated that Segal advised that UHC would most likely be the best third party administrator given the current structure of the plan for Medicare retirees. It was proposed that Segal be authorized to negotiate a renewal of the UHC agreement and that the final terms would be presented to the Board for approval. If favorable terms could not be negotiated, the Fund could extend the agreement for an additional year and proceed with an RFP in 2024. The costs for Segal’s services to negotiate an extension were included in the Master Contract with Segal.

The Board indicated that they were agreeable to the process proposed regarding the UHC agreement, but requested that it be approved by a motion. They asked that the matter be presented for approval at the next Board meeting.

7. Administrative Matters

a. Interim Executive Director Report

The trustees were reminded that their Statements of Economic Interests needed to be filed by April 30, 2023. Filings submitted after that date may be subject to a late penalty.

The Interim Executive Director asked that Stephanie Taylor, a Fund employee, be acknowledged by the Board for her continuing efforts to provide members with exemplary services and invited her to join the meeting. He stated that a member's March 1st annuity payment had been suspended because the member had failed to return the required Benefit Eligibility Form ("BEF"). The member was not able to find parking and personally return the form to the Fund's offices. Ms. Taylor then arranged to meet with the member in her vehicle, have the BEF notarized and provided the annuity payment to the member. Ms. Taylor thanked the Board for their recognition. Trustee Hughes suggested that the Board adopt a resolution acknowledging Ms. Taylor's services.

It was reported that All Information Services ("AIS") has provided backup and disaster recovery services for the Fund's IT systems. The vendor's contract will expire on May 4, 2023, and the Fund plans to bring a renewal agreement at the next Board meeting.

Fund staff met with Ms. Josie Gough, Burke Burns & Pinelli, and a representative from the Records Archivist for the State of Illinois to discuss how the Fund will proceed going forward with document destruction as a regular practice.

Fund staff met with representatives from Linea Solutions to determine the status of the Pension Administration System project. Linea confirmed that the finalists identified by the Fund for the RFP were still providing PAS services. It was planned that the Fund staff would have conversations with the finalists in June or July. The trustees asked that a summary of the RFP process be provided at the next Board meeting. They also inquired if there were any additional changes to the systems since 2018 that should be included in the new PAS.

It was reported that the Fund has open positions for an accountant, retirement counselor and administrative coordinator. The Fund has posted these positions and has invited interested persons to submit resumes.

The Legislative Committee was planning to schedule a meeting for late April and several dates were proposed. After discussion, it was determined that the meeting would be held on April 19th.

8. Legal Matters

a. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #143954

Hearing Officer Motto had conducted the administrative hearing requested by the Member identified by Office Number 143954 on January 25, 2023. The Board had denied his request for duty disability benefits because he failed to file his application in the time period required by the Illinois Pension Code and the Fund's procedures. The Hearing Officer recommended that the Board's decision be affirmed because the Member had not provided a reasonable excuse for the delay in filing his application for duty disability benefits.

It was moved by Trustee Dardick and seconded by Trustee Hughes that the Board adopt the Hearing Officer's Recommended Opinion regarding the Member identified by Office Number 143954 and that the Board reaffirm its earlier denial of the benefits the Member had requested. 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, Hughes, McFadden, Ochalla, Pray, Reed, Richardson,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Legal Matters

The Fund had been served with separate complaints in two distinct matters and required legal representation in each. The first matter was an appeal from a Member who the Board determined was not eligible for benefits due to his felony conviction. (Litigation I). The second matter was filed by a currency exchange regarding a dispute about a check that was not honored for payment. (Litigation II). It was moved by Trustee McFadden and seconded by Trustee Ochalla that the firm of Burke Burns & Pinelli be retained to provide the legal representation for the defendants in Litigation I and Litigation II.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

9. Consideration and Possible Action Regarding Personnel Matters

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Ochalla and seconded by Trustee Pray 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 motions were made:

It was moved by Trustee Ochalla and seconded by Trustee Pray that the Fund staff and fiduciary counsel be authorized to negotiate the retention of a Chief Investment Officer in accordance with and at the direction of the Board during the Executive Session.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Ochalla and seconded by Trustee Reed that Mary Pat Burns, of Burke Burns & Pinelli, Ltd., be authorized to prepare a letter to Brent Lewandowski to engage him as the Executive Director of the Fund in accordance with and at the direction of the Board during the Executive Session.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

10. Old Business/New Business

Trustee Hughes announced that he would resign as an employee of the Forest Preserve District of Cook County effective April 30, 2023, and would not be eligible to serve as a trustee after that date. The trustees congratulated Trustee Hughes and thanked him for his service on the Board.

11. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for May 4, 2023, at 9:30 am.