



**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 April 5, 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, Patrick McFadden, Joseph Nevius, Kevin Ochalla, Dennis White (entered during Item 2b), 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; Carol Palmer, Member

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. March 8, 2018 Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Ochalla that the minutes of the March 8, 2018, Board meeting be adopted.

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 Goode 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, Goode, Kouruklis, McFadden (except voted "Nay" on Robert Half Legal), Nevius, Ochalla, 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 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. Brent Lewandowski, Senior Benefits Manager, reported that the disability payment due to the member identified by Office #151278 was being paid pursuant to an order entered by the

Cook County Circuit Court. He further stated that the member's attorney had concurred with the period for which the member was to receive disability benefits.

It was moved by Trustee Fitzgerald 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 Report

a. Health Benefits Committee July Date Change to July 12, 2018

Jane Hawes, Senior Manager of Health Benefits, informed the Board that a meeting of the Health Benefits Committee would convene on July 12, 2018, in the afternoon following the regular Board meeting scheduled for that day.

b. Second Level Medical Appeal

Ms. Hawes stated that the member identified by Office Number 110740 had requested a second level appeal for a medical procedure that had been previously denied by UnitedHealth Care because it was not covered under the plan.

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the decision of UnitedHealth Care to deny coverage for the procedure as requested by the member identified by Office Number 110740 be affirmed and that Fund's staff shall notify the member of the Board's decision.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. System Security and Compliance

Nickol R. Hackett, Executive Director & CIO, stated that the Fund was requesting to modify the maintenance and support arrangement with CDW for the Fund's technology infrastructure and provide more robust data backup and recovery processes with enhanced capabilities. The engagement with CDW for maintenance and support would be provided at

an annual fee not to exceed \$49,875 and the data backup and recovery processes would be provided at an annual fee not to exceed \$39,235. She stated that requests were being made because the data backup services provided by the current vendor were incomplete and current service needs are beyond the scope of incumbent vendors and require added staff and resources.

The trustees discussed the need to evaluate the current IT infrastructure to be sure that it will be able to support the anticipated new pension administration system. They requested that Fund staff provide an overview of the IT services currently provided, including the scope and costs for such services at the next Board meeting.

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve the engagement of CDW and its affiliates to provide maintenance and support for the Fund's technology services infrastructure at a cost not to exceed \$49,875.00 and to provide data backup and recovery processes for the Fund's technology services infrastructure at a cost not to exceed \$39,235.00. It was further moved that Fund staff be authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of related written agreements by the Executive Director on behalf of the Fund.

Roll Call Vote:

AYES: DeGraff, Goode, Kouruklis, Nevius, Wilson

NAYS: Fitzgerald, Ochalla, White

PRESENT: McFadden

Vote Result: MOTION ADOPTED

4. Legislative Committee Report

Trustee Goode, Chairman of the Legislative Committee, stated that the Committee had approved the rules governing Board procedures that will be posted to BoardEffect. She also stated that the Committee was currently preparing rules that would apply to Fund employees. She expected that following the completion of the employee rules, the Committee would address procedures relating to operations of the Fund. Ms. Goode asked if the trustees would propose a date for the next meeting of the Legislative Committee.

5. Review and Consideration of 2018 Actuarial Experience Study

The trustees considered the recommended changes to demographic assumptions and the proposed economic assumptions made by the Fund actuary, Conduent HRS Consulting, at the Board meeting on March 8, 2018, as presented in the Experience Study. The Board also reviewed the impact on the Fund's actuarial accrued liability and recommended contributions due to the assumption changes.

It was moved by Trustee White and seconded by Trustee DeGraff that the Board adopt the actuarial changes to the demographic assumptions for retirement/termination rates, mortality table, salary scale, and percentage of married participants as proposed by Conduent HRS Consulting in the presented Experience Study for the actuarial valuations for both the County Fund and the Forest Fund.

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

Aaron Shapiro the Board's actuary from Conduent then joined the Board meeting by telephone to address any questions the Board might raise regarding the economic assumptions to be used in the actuarial valuations. The actuary recommended that the investment rate of return remain at 7.5%. He stated that while it might be more difficult to meet the proposed rate of return over the short term, the actuary believed the rate could be met over a longer horizon. The actuary stated that it would be acceptable for the Board to reduce the assumed investment return to build in some conservatism and that he could support a reduction of the investment rate of return to 7.25%. The Board discussed the relative merits of reducing the investment rate of return to 7.25% in the present investing and funding climate.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the Board adopt a 7.25% rate of return for the actuarial valuations for both the County Fund and the Forest Fund.

Roll Call Vote:

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

NAYS: Kouruklis

PRESENT: McFadden

Vote Result: **MOTION ADOPTED**

6. Legal Matters

a. In the Matter of Office #175375

Margaret M. Fahrenbach, Legal Advisor, stated that the Appellate Court had recently affirmed a Circuit Court decision in which the Board had denied the member ordinary disability benefits based upon Section 9-159(b) of the Illinois Pension Code. The Cook County State's Attorney, who had represented the Fund in the litigation, recommended that the Board approve the disability benefits requested.

It was moved by Trustee Fitzgerald and seconded by Trustee White that the Board, pursuant to the advice of the Fund's legal counsel the Cook County State's Attorney, that the member identified by Office #175375 be found eligible for ordinary disability benefits as requested.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

7. Old Business/New Business

Michael Maratea gave an update on the PAS RFP process. He stated that the RFP had been posted following the Board's approval at their meeting on March 8, 2018, and that as of April 2, 2018 six entities had submitted their intents to bid.

Sarah Boeckman of Burke Burns & Pinelli, stated that the Board might consider notifying its fiduciary insurance carrier of any claims for substantial litigation in which the attorneys' fees could be substantial. Given the status of the pending Levin matter and the likelihood of pretrial litigation and appeal, she stated that the Board might notify its carrier of the litigation.

It was moved by Trustee McFadden and seconded by Trustee DeGraff that Fund fiduciary counsel, Burke Burns & Pinelli prepare a Notice of Claim to the Fund's fiduciary insurance carrier regarding the pending litigation identified as *Levin v. County Employees' and Officers' Annuity and Benefit Fund of Cook County, et al.* and that such Notice be acknowledged on behalf of the Fund by the Executive Director.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The Executive Director then introduced Saron Tegegne who recently joined the Fund as the new Comptroller. The Board welcomed Ms. Tegegne to the Fund staff.

Trustee Fitzgerald reminded the Board that the Executive Director's contracting will be expiring June 1, 2018.

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 May 3, 2018, at 9:30 a.m.