

**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**

June 1, 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, Kevin Ochalla, Tracy Reed, Samuel Richardson, Jr.

Staff Present: Brent Lewandowski, Executive Director; Margaret Fahrenbach, Legal Advisor; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Saron Tegegne, Comptroller; Francis Gonzalez-Crussi, Senior IT Manager.

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Bill Sarb, RSM US LLP; Chad McCoy, RSM US LLP; Larry Langer, Cavanaugh Macdonald Consulting LLC; Alisa Bennett, Cavanaugh Macdonald Consulting LLC; Wendy Ludbrook, Cavanaugh Macdonald Consulting LLC; Ryan Gundersen, Cavanaugh Macdonald Consulting, LLC; Cathryn Marsico, Office of the Cook County CFO

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

1. Review and Consideration of May 4, 2023, open and closed Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Richardson that the presented minutes of the open and closed sessions of the Board meeting on May 4, 2023, be adopted. It was further moved that the minutes from the closed session remain closed.

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 Pray having received confirmation from Fund staff that the indicated payments were consistent with the 2023 administrative budget, that the Board ratify the action taken by Fund staff in paying the presented bills for expenses incurred in 2023 and that the Board approve the recommendations from Fund staff to remit payments for the presented bills for expenses incurred in 2023.

Roll Call Vote:

AYES: Dardick, 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 Reed and seconded by Trustee McFadden, 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, McFadden, Ochalla, Pray, Reed, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

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

NAYS: None

Vote Result: MOTION ADOPTED

3. Presentation of FY 2022 Financial Statements

Bill Sarb and Chad McCoy of RSM US LLP, presented the final financial statements for the County Fund and the Forest Fund. The financial statements for both funds were a combination of their pension plan fiduciary net position and their postemployment healthcare plan net positions as of December 31, 2022.

In regard to the County Fund, the net position decreased by \$2.3 billion or 15.8% in 2022 as compared to 2021, resulting in a net position for pensions of \$12 billion. The decrease was because of the investment losses incurred due to volatility in the markets. Benefit payments increased to \$1.1 billion in 2022 from \$1.0 billion in 2021 due to the 3% increase in benefits required under the Illinois Pension Code and the increase in the number of annuitants. Employer contributions decreased in 2022 because of the decrease in the supplemental contributions that were made under the Intergovernmental Agreement (“IGA”) in 2022. Employee contributions increased because of salary increases in 2022. The number of active members remained consistent from year- to-year.

The Forest Fund also experienced investment losses because of the volatile financial markets. In regard to the Forest Fund, the net position decreased by \$41.2 million or 17.5% in 2022 as compared to 2021 resulting in a net position for pensions of \$194.0 million. Benefit payments increased to \$22.7 million in 2022 from \$20.9 million in 2021 due to the 3% increase required under the Illinois Pension Code and the increase in the number of annuitants. Employer contributions increased in 2022 and were made at the statutory rate of 1.30 of the employee contributions. There was a decrease in the employee contributions which was due to the decline in the number of active employees. It was noted that the net pension liability decreased in 2022 due to the passage of P.A. 102-1131 which requires the employer to make actuarial based contributions.

It was reported that there were no material weaknesses identified in the audits for either the County Fund or the Forest Fund and that RSM had issued unmodified ‘clean’ opinions for each of the funds. In response to questions from the trustees, the auditors noted that the Fund might adopt procedures to more formally review the valuations presented by the investment managers. While the auditors reviewed the investment managers’ fees as part of the general auditing process, they could also provide a more detailed review of those fees going forward if requested.

It was moved by Trustee McFadden and seconded by Trustee Pray that the Board receive and file the 2022 Financial Statements of the County Fund as audited by RSM US LLP.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Reed that the Board receive and file the 2022 Financial Statements of the Forest Preserve District Fund as audited by RSM US LLP.

Vote Result: MOTION ADOPTED BY VOICE VOTE

4. Presentation of FY 2022 Actuarial Valuations

The Executive Director stated that representatives from the Fund’s actuary, Cavanaugh Macdonald Consulting LLC would present the actuarial valuations for both the County Fund and the Forest Fund. The actuaries discussed the primary purpose of an actuarial valuation, including the estimation of liabilities for the future benefits expected to be paid by the plan. The market returns of -11.47% and -12.90% for the County Fund and the Forest Fund respectively were less than the assumed return of 7.00% and impacted the funded ratios. The losses would not be totally reflected in the actuarial valuations for 2022, but would be incorporated into the valuations over a smoothing period of five years. While each of the Funds received statutory contributions from the employers, the County Fund had received additional contributions under the IGA. The unfunded actuarial accrued liability (UAAL) for the County Fund increased from \$6.3 billion in 2021 to \$6.6 billion in 2022. The funded ratio for the County Fund decreased from 67.16% in 2021 to 66.46% in 2022. The unfunded actuarial accrued liability (UAAL) for the Forest Fund increased from \$149 million in 2021 to \$164 million in 2022. The funded ratio for the Forest Fund decreased from 59.37% in 2021 to 56.54% in 2022.

It was moved by Trustee Dardick and seconded by Trustee Richardson that the Board receive and file the 2022 Actuarial Valuations of the County Fund as prepared by Cavanaugh MacDonald Consulting, LLC.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Richardson that the Board receive and file the 2022 Actuarial Valuations of the Forest Preserve District Fund as prepared by Cavanaugh MacDonald Consulting, LLC.

Vote Result: MOTION ADOPTED BY VOICE VOTE

5. 2024 Funding Review

a. Approval of 2024 Actuarial Projections

Larry Langer stated that the 2024 Actuarial Projection that the County Fund is required to submit to Cook County under the IGA had been prepared and presented to the Board for their review. He stated that the details regarding the projections had been covered in the presentations for the 2022 valuations.

It was moved by Trustee McFadden and seconded by Trustee Pray that the Board accept the actuarial required contributions projected for 2024 for the County Fund made by the Fund’s actuary Cavanaugh Macdonald Consulting, LLC, which are required to be submitted to Cook County pursuant to the 2023 Intergovernmental Agreement.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Approval of 2024 Tax Levy Cook County Resolution

The Executive Director stated that the resolutions for the tax levies for the County Fund and the Forest Fund had been prepared for the Board's consideration. He added that the resolutions, if approved and adopted, would be submitted to Cook County.

It was moved by Trustee McFadden and seconded by Trustee Dardick that the Board approve and adopt the presented resolution for the 2024 Tax Levy for the County Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Approval of 2024 Tax Levy Forest Preserve District Resolution

It was moved by Trustee Reed and seconded by Trustee Richardson that the Board approve and adopt that presented resolution for the 2024 Tax Levy for the Forest Preserve District Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Review and Consideration of May 23, 2023 Investment Committee Recommendations

The Executive Director reported that Callan, LLC, the Fund's Investment Consultant, had presented an analysis of the Fund's real estate allocations at the Investment Committee meeting on May 23, 2023. Callan had recommended future initiatives to increase the commitment to private core real estate and to non-core real estate within the allocation.

a. Approval of RFP for Core Real Estate

It was moved by Trustee Ochalla and seconded by Trustee McFadden that the Board adopt the recommendation made by the Investment Committee at their meeting on May 23, 2023, that the Board approve the release of a Request for Proposal for investment in a core real estate fund for the County Fund with a mandate of an estimated \$110M as presented and recommended by the Fund's Investment Consultant.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Approval of RFP of Non-Core Real Estate

It was moved by Trustee Ochalla and seconded by Trustee Pray that the Board adopt the recommendation made by the Investment Committee at their meeting on May 23, 2023, that the Board approve the release of a Request for Proposal for investment in a non-core emerging manager real estate fund for the County Fund with a mandate not to exceed \$60M to be issued after the RFP for the core real estate fund had been completed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

7. Finance Matters

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

The Executive Director reported that there had been emails sent to four investment managers that appeared fraudulent. The emails were attempts to withdraw Fund assets from the investment managers. The requests were not honored and the Fund did not incur any losses, but the occurrences should be reported to the Cook County State's Attorney as provided in the Illinois Pension Code.

It was moved by Trustee Ochalla and seconded by Trustee Reed that the Board find that there were reasonable suspicions that the identified communications from third parties to certain investment managers appeared 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 was authorized to report the incidents on behalf of the Board to the Cook County State's Attorney.

Vote Result: MOTION ADOPTED BY VOICE VOTE

8. Administrative Matters

a. Review and Consideration of Contract with Hensley Company

The Executive Director stated that The Hensley Company had signed the proposed Election Service Provider Agreement and that it had been approved as to form by fiduciary counsel. He requested authority from the Board to execute the agreement on behalf of the Fund.

It was moved by Trustee Pray and seconded by Trustee Richardson that the Board authorize the Fund to engage The Hensley Company to provide services regarding the 2023 election pursuant to the proposed Election Rules to be approved by the Board, at a fee not to exceed \$63,700. It was further moved that the Executive Director be authorized, on behalf of the Fund, to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of the presented Election Service Provider Agreement signed on behalf of The Hensley Company and approved as to form by fiduciary counsel.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Consideration and Possible Approval of Retained Attorney

The Executive Director stated that fiduciary counsel had prepared a Letter Agreement to retain Matthew Welch of Montana & Welch, LLC, to provide certain legal services related to the 2023 election which had been presented to the Board. He requested authority to sign the Letter Agreement on behalf of the Fund.

It was moved by Trustee McFadden and seconded by Trustee Reed that the Board authorize the Fund to retain Matthew Welch of Montana & Welch, LLC, (“Retained Attorney”) to provide services regarding the 2023 election pursuant to the proposed Election Rules to be approved by the Board at an hourly rate of \$210, which compensation shall not exceed \$10,000. It was further moved that the Executive Director be authorized, on behalf of the Fund, to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of the presented Letter Agreement signed by the Retained Attorney and approved as to form by fiduciary counsel.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Executive Director Report

The Executive Director stated that HB 2352 which provided, among other things, actuarial based funding for the County Fund, had passed both Houses. In addition, the bill allowing annuitants to return to work as election workers without impacting their retirement benefits (HB 1646) had also passed. He thanked all those who participated in achieving the passage of these bills and expressly acknowledged the efforts of Trustee Ochalla and Trustee Goode on these matters. President Wilson thanked all of those whose efforts over the years contributed to the passage of this important legislation.

The IGA requires the Fund to submit certain financial statements to the County The Executive Director confirmed that the required financial statements would be delivered by email to the President of the Cook County Board of Commissioners and other parties.

The Fund had posted a Notice of Vacancy on the Board for the Forest Preserve District Employee Member. Two persons inquired about the vacancy, but one was not eligible to serve as a trustee and the other did not proceed further. The Executive Director stated that a notice of the vacancy would be posted again.

A meeting of the Health Benefits Committee was scheduled for Thursday June 15, 2023, at 9:30 am.

9. Legal Matters

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Reed 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

- a. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #144174

It was moved by Trustee Ochalla and seconded by Trustee Reed that the Board adopt the Hearing Officer's Recommended Opinion regarding the Member identified by Office Number 144174 and that the Board reaffirm its earlier approval of annuity benefits which did not include additional service credit for accumulated sick leave pursuant to Section 9-219(f). It was further moved that the Board's action would be a final agency decision pursuant to Section 236 of the Illinois Pension Code.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

- b. Legal Update

There was no motion made or required to be made for Item 9b following the return to Open Session.

10. Consideration and Possible Action Regarding Personnel Matters

There was no motion made or required to be made for Item 10 following the return to Open Session.

11. Old Business/New Business

There was no old business or new business discussed.

12. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

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