



**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 June 6, 2019, 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, Bill Kouruklis (entered before Public Comment), Patrick McFadden (entered during Item 5a), Joseph Nevius, Kevin Ochalla, Dennis White, (entered during Public Comment, left meeting at 10:15 am, reentered meeting at 11:45 am); Lawrence Wilson

Staff Present: Regina Tuzzak, Executive Director, Brent Lewandowski, Director, Member Services; Gary LeDonne, Director, Benefits Administration; Michael Maratea, Director, Finance and Administration; Beverly Romanini, Director, Administrative Services; Jane Hawes, Director, Health Benefits; Saron Tegegne, Comptroller; Bravetta Hassell, Sr. Communications Specialist

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Edison Uschold, Legacy Professionals, LLP; Colin Thompson, Legacy Professionals, LLP; Ted Nelson, Cook County Bureau of Finance; Larry Langer, Cavanaugh Macdonald Consulting LLC; Wendy Ludbrook, Cavanaugh Macdonald Consulting LLC; Ryan Gundersen, Cavanaugh Macdonald Consulting LLC; John McCabe, John McCabe & Associates, Ltd.; Marcos Feldman, UNITE HERE Local 1

Public Comment

Trustee Wilson, President of the Board, opened the meeting for public comment. Mr. Marcos Feldman of UNITE HERE Local 1 addressed the Board regarding their concerns of alleged labor and sexual harassment issues at properties located in California. The properties discussed are owned by the CBRE Global Investors U.S. Strategic Partners Fund VII, in which the County Fund is an investor and are managed by another entity.

1. Review and Consideration of:

- a. May 2, 2019, Board Meeting Minutes

It was moved by Trustee Nevius and seconded by Trustee DeGraff that the presented minutes of the Board meeting on May 2, 2019, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

- b. May 10, 2019 Special Board Meeting Minutes

It was moved by Trustee Nevius and seconded by Trustee DeGraff that the presented minutes of the Special Board meeting on May 10, 2019, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

- c. May 22, 2019 Special Board Meeting Minutes

It was moved by Trustee Nevius and seconded by Trustee DeGraff that the presented minutes of the Special Board meeting on May 22, 2019, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

- a. Bills, Payroll Records

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius, that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in May, 2019, the Board having received confirmation from Fund staff that the payments were consistent with the approved 2019 administrative budget, that the payments be ratified.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius, having received confirmation from Fund staff that the presented bills for operating expenses incurred in May, 2019, are consistent with the 2019 administrative budget, that the Board approve the recommendations from Fund staff to remit payments for such presented bills.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Kouruklis, Nevius, Ochalla, White 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 employee 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 Nevius and seconded by Trustee DeGraff after due consideration of the applications presented to the Board and having received confirmation from Fund 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, Kouruklis, 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 Fitzgerald and seconded by Trustee Nevius 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, Kouruklis, Nevius, Ochalla, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Presentation of FY 2018 Draft Actuarial Valuations

Larry Langer, Wendy Ludbrook and Ryan Gundersen of Cavanaugh Macdonald Consulting, LLC presented the 2018 Actuarial Valuations for the County Fund and the Forest Preserve Fund. Mr. Langer and Ms. Ludbrook made the presentation of the actuarial valuations for each Fund as of December 31, 2018. Mr. Langer stated that the 2018 valuations for both Funds were the first performed by Cavanaugh Macdonald Consulting LLC. Mr. Langer stated that the supplemental contributions received by the County Fund pursuant to the Intergovernmental Agreement (IGA) helped improve its funded status and noted that the Forest Preserve Fund needs a supplemental funding mechanism.

Representatives of Cavanaugh Macdonald Consulting LLC reported that the actuarial value of the County Fund's assets was \$10.51 billion with actuarial accrued liabilities of \$17.30 billion, resulting in an unfunded liability of \$6.79 billion. The County Fund has a funded ratio of 60.75%, which is an increase over the 2017 funded ratio of 60.09%. The unfunded liability increased by \$49.7 million. The actuarial projected insolvency date is 2040.

The Forest Preserve Fund's assets were valued at \$202.9 million on an actuarial basis with liabilities of \$336.7 million which resulted in an unfunded liability of \$133.8 million. The funded ratio of the Forest Preserve Fund is 60.26%, a decrease from the 2017 funded ratio of 61.73%. The unfunded liability increased by \$7.2 million. The actuarial projected insolvency date is 2037.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the 2018 Actuarial Valuations of the County Fund as prepared by Cavanaugh MacDonald Consulting, LLC be received and filed and distributed to the appropriate parties.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the 2018 Actuarial Valuations of the Forest Preserve Fund as prepared by Cavanaugh MacDonald Consulting, LLC be received and filed and distributed to the appropriate parties.

Vote Result: MOTION ADOPTED BY VOICE VOTE

4. Presentation of FY 2018 Draft Audited Financial Statements

Colin Thompson of Legacy Professionals, LLP (“Legacy”) presented drafts of the 2018 audited financial statements, rather than final statements, for both the County Fund and the Forest Preserve Fund because the receipt of all the information related to the Fund’s investments and actuarial valuations was ongoing. Mr. Thompson stated that the financial statements for the County Fund were a combination of its fiduciary net position and its postemployment healthcare plan net position as of December 31, 2018. He added that the decrease of the net position of the County Fund was due to the decrease in the fair value of investments. Mr. Thompson also noted the change of the discount rate favorably impacted the County Fund’s net pension liability for GASB purposes and the half-percent change in administrative expenses for the plan year.

In response to inquiries from the Board, Legacy discussed two immaterial accounting adjustments that were identified during the audit; that it did not find material weaknesses in internal controls and that it did not find any deficiencies that were not reported.

Colin Thompson then presented the financial statement for the Forest Preserve Fund. He stated that the net decrease of the Forest Preserve Fund was also due to the fluctuation in the fair value of the investments, and that it had not received additional employer contributions from an IGA or other source. Legacy’s representatives stated that the financial statements for both the County Fund and the Forest Preserve Fund would be finalized in a few days.

Ms. Tuczak indicated that she would notify the Board of Trustees should there be any significant changes to the financial statements prior to issuance.

It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that the 2018 Financial Statements of the County Fund as audited by Legacy Professionals, LLP, be received and filed and distributed to the appropriate parties.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that the 2018 Financial Statements for the Forest Preserve Fund as audited by Legacy Professionals, LLP be received and filed and distributed to the appropriate parties.

Vote Result: MOTION ADOPTED BY VOICE VOTE

5. 2020 Funding Review

- a. Approval of 2020 Actuarial Projections

The Board considered and discussed the information received from Cavanaugh Macdonald Consulting LLC which provided the projection of employer actuarial contributions for the County Fund in 2020. It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board adopt, for purposes of an anticipated Intergovernmental Agreement with Cook County, the actuarial required contributions projected for 2020 for the County Fund made by the Fund's actuary, Cavanaugh MacDonald Consulting, LLC and that such information be distributed to the appropriate parties.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Approval of 2020 Tax Levy Cook County Resolution

Regina Tuczak, Executive Director, presented the proposed resolutions for the 2020 tax levies for the County Fund and the Forest Preserve District Fund.

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board approve and adopt the presented resolution for the 2020 Tax Levy for the County Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Approval of 2020 Tax Levy Forest Preserve District Resolution

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that subject to the requested edit, the Board approve and adopt the presented resolution for the 2020 Tax Levy for the Forest Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Legislative Matters

a. Report from Legislative Liaison

John F. McCabe, of John McCabe and Associates reported on the status of the legislation that had been proposed by the Fund to the 100th General Assembly and on other legislation impacting or of interest to the Fund. He noted that the veto session was 2 weeks earlier than he originally believed and that the starting the veto session dates are now October 28 to October 30, 2019 and November 12 to November 14, 2019.

Mr. McCabe stated that HB 2071 – Furlough Credit and Salary Reduction had passed both houses and had been sent to the Governor for signature.

Mr. McCabe stated that SB 1300 – Cook Funding Source did not advance. He noted that there had been some amendments filed to this bill changing it for use for other pension action that did not impact CCPF. Those amendments were not yet acted on by the House Floor. Trustee Kouruklis requested that Mr. McCabe discuss the timeline for the bill. Mr. McCabe stated that he did not request to hold or defer this bill.

Mr. McCabe also reported that SB 1264 – Unclaimed Property – Pensions has passed both houses and would become law once it was signed by the Governor. This bill would require CCPF to report any unclaimed property to the Treasurer but would not require turnover of any assets or contributions.

Mr. McCabe reported on HB 2460 – Sustainability Investing Act this bill has passed both houses and would become law once it was sent to the Governor and he signs the bill. This bill requires that all

boards of the retirement systems covered under article 1 consider sustainability factors in their investment policy.

b. Draft Legislation prepared by Cook County

Regina Tuczak, Executive Director, stated that Trustee Fitzgerald, Trustee Ochalla and Mary Pat Burns, Fiduciary Counsel along with several Fund staff attended a meeting with Ammar Rizki to discuss the table of concerns that was discussed at the May 10, 2019 meeting. Attendees on behalf of the County were Ammar Rizki, Antonio Favela, Rahul Kalsi, and Joseph Cleary. Ms. Tuczak presented several matters that had been requested by the County representatives at the meeting.

The Board members then discussed the Cook County legislation including their many concerns with various provisions of the draft. Many of the concerns had been previously identified and detailed in the materials distributed at the Special Board Meeting held May 10, 2019. The Board members noted the desire for actuarially-based funding and the importance of such to the Fund.

Trustee Kouruklis then discussed a meeting that was held on May 23, 2019, with Mr. Robert Reiter, President of the Chicago Federation of Labor (CFL), Don Villar, Secretary-Treasurer of the CFL, and Andrea Kluger of the CFL (via phone). Trustee Ochalla attended the meeting with Trustee Kouruklis, along with Regina Tuczak and Mary Pat Burns. It was noted that many of the concerns articulated by Mr. Reiter in such meeting were similar to those discussed by the Board. The requirements and concern for actuarially-based funding were shared by both the CFL and the Fund, with the CFL indicating they would be interested in supporting a bill that contains actuarially-based funding, without all of the other provisions in the current County-sponsored legislation.

The Board discussed the desire to have actuarially-based funding legislation with the source of funds language currently in SB 1300. Ms. Burns indicated that almost all other pension funds in the state of Illinois have an actuarially-based funding requirement in the Pension Code and the provisions of such funding amongst many of the funds are similar. The Board requested that the Executive Director work with external legal counsel to draft such language that would provide the Fund a similar funding vehicle as many other similarly-situation funds in the State of Illinois. In addition, the Board indicated that the actuary should work with staff and external counsel; however, costs should be no more than previously-authorized spending limits. Such language was to be available by the next Board meeting.

7. Health Matters

a. Approval of Recommendations of Health Benefits Committee

i. Segal Fee Allocation Relating to Participation in Coalition RFP:

Ms. Jane Hawes, Director, Health Benefits stated that the Fund's contract with UnitedHealthcare (UHC) terminates at the end of a second three-year term on 12/31/2020. The Fund has an opportunity to join the Coalition of Chicago municipal agencies RFP (Coalition RFP) for a January 1, 2021, effective date. The RFP process requires extensive data collection, detailed plan specifications for Medicare primary claims payment, and comprehensive financial analysis which will require assistance from Segal consultants. The cost of Segal participating in a medical RFP project was included in the Segal contract amendment for 2021; however, the bulk of the work needs to be completed this year.

It was moved by Trustee Fitzgerald and seconded by Trustee Ochalla that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on May 22, 2019,

that the 2021 consulting expense under the Segal Consulting Agreement for a medical RFP anticipated in 2021, be repurposed for consulting expenses incurred by Segal for the preparation of data in 2019 to participate in the Coalition of Chicago municipal agencies RFP, in an amount not to exceed \$63,000.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

ii. Out-Of-Network Transplant Services:

Ms. Hawes stated that the industry standard is to exclude coverage for out-of-network transplants, however, the Fund's UHC Choice Plus plan currently provides for transplants performed at any facility. Although no recent out-of-network transplants have been provided for CCPF members, the potential for costly claims is significant because UHC has no rate caps for out-of-network transplant services or clinical quality programs to maximize care outcomes.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on May 22, 2019, to exclude coverage for out-of-network transplant services under the UHC Choice Plus plan.

Vote Result: MOTION ADOPTED BY VOICE VOTE

iii. Medicare Enrollment for Disabled Members and Spouses Under Age 65:

Ms. Hawes stated that in order to be covered by the CCPF Health Plan effective January 1, 2019, all new annuitants over the age of 65, and all Health Plan enrollees reaching age 65 are required to enroll in Medicare Parts A and B. However, there is currently no requirement for members under the age of 65 who are Medicare eligible due to disability to enroll in Medicare Parts A and B. It is important that the requirements of Medicare participation in Parts A and B be applied consistently to the disabled members, along with those over the age of 65.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on May 22, 2019, to mandate Medicare enrollment in Parts A and B for members under the age of 65 who are eligible for Medicare due to disability, effective immediately.

Vote Result: MOTION ADOPTED BY VOICE VOTE

iv. Re-Enrollment Ineligibility after Disenrollment:

Ms. Hawes stated that the current Health Plan eligibility rules allow members to re-enroll after dropping coverage. However, prior to 2010, the Fund did not allow members to opt-out of coverage and then opt back-in at a subsequent open enrollment. As of this date, no internal documentation has been found regarding the rule change in 2010, nor is there any reference in the HBC or Board minutes to State or Federal law supporting the change.

Segal was asked recently to confirm there is no legal barrier preventing the Fund from changing the opt-out/opt--in eligibility rule. Segal's Senior Compliance Consultant, Lisa Simioni, states that since the CCPF Health Plan is a retiree-only plan which does not cover active employees, the plan is not subject to any legal requirement allowing re-enrollment.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on May 22, 2019, that effective January 1, 2020, members who drop coverage under the Retiree Health Plan, may not re-enroll at a later time.

Vote Result: MOTION ADOPTED BY VOICE VOTE

8. Administrative Matters

a. Executive Director's Report

Ms. Tuczak stated that the Intergovernmental Agreement between Cook County and the County Employees' Annuity and Benefit Fund requires that an estimate prepared by an independent actuary relating to additional funds to the Pension Fund be included in the County's FY 2020 Appropriate Bill and submitted to the County's Chief Financial Officer on or before June 17, 2019. A draft of the cover letter to accompany the related materials was presented to the Board.

Ms. Tuczak stated that the Fund hired CDW-G to install a Nutanix infrastructure system for server replication in October 2017. The operating system for Nutanix requires an upgrade as soon as possible. While the upgrade is available at no cost; installation is required. The current estimate of costs is \$4,775; however such estimate has excluded a few considerations and a revised estimate has been requested. Assuming the estimate is below \$10,000, and the statement of work is acceptable to internal legal counsel, the Fund will proceed with this project as soon as possible. If the estimate exceeds \$10,000, Fund staff will report back to the Board prior to engagement.

Ms. Tuczak stated that at the last Board of Trustee meeting, a policy exception memo was provided to the Trustees for consideration on matters pertaining to Health Benefits. The Trustees requested further detail on the scope of exceptions and thresholds of approval. Ms. Tuczak continues to work with the Director of Health Benefits on this matter and will have a revised Policy Exception proposal/request at a subsequent Board meeting.

Ms. Tuczak stated that as discussed at the February 2019 Board meeting, the Fund's custodial bank, BNY/Mellon, was presented with sixteen (16) fraudulent checks for payment. Based upon the Board's approval at the February meeting, the incident was reported to the Cook County State's Attorney, in accordance with 40 ILCS 5/1-135. James Costello, Assistant State's Attorney and Henry Rebich, Investigator at the Cook County State's Attorney, are reviewing and investigating the matter. Both Mr. Costello and Mr. Ribich were advised that the Fund has supplied all available information.

Ms. Tuczak stated that a vendor change is being implemented with respect to design and printing services for the 2018 Comprehensive Annual Financial Reports. The prior vendor is thus no longer providing the requested service. To identify a new vendor, four vendors were contacted and bids were solicited for design and print services. Fund staff has selected Fuse, LLC (Fuse) to provide this service for the 2018 CAFRs (Fuse was formerly known as Rider Dickerson, Inc.). Fuse was the only vendor that indicated they could perform design and print services and the quoted fees were comparable to last year and within the budget amount.

9. Old Business/New Business

It was moved by Trustee White and seconded by Trustee DeGraff that Trustee McFadden assume the role of Chairman of the Legislative Committee and Trustee Ochalla be added to the Committee.

Vote Result: MOTION ADOPTED BY VOICE VOTE

10. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting is scheduled for July 11, 2019, at 9:30 a.m.