



**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 7, 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 (departed during Item 5), Patrick McFadden, Joseph Nevius, Kevin Ochalla, Dennis White, 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; Saron Tegegne, Comptroller
- Others Present:** Sarah Boeckman, Burke Burns & Pinelli; Stephen James, Linea Solutions, Inc.; Timothy Fagan, Legacy Professionals, LLP; Colin Thompson, Legacy Professional, LLP; Aaron Shapiro, Conduent; Robert Besenhofer, Conduent; Robert Molaro, John McCabe & Associates; John McCabe, John McCabe & Associates

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. May 3, 2018 Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Nevius that the minutes of the April 5, 2018, Board meeting be adopted.

Vote Result: Trustee Goode voting “Present” and the other trustees voting “Aye”;
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 “Nay” on Robert Half Legal and OfficeTeam), Goode, Kouruklis (except voted “Nay” on Robert Half Legal and OfficeTeam), McFadden (except voted “Nay” on Robert Half Legal and OfficeTeam), 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 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 McFadden 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 Goode and seconded by Trustee DeGraff 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. Review and Consideration of May 17, 2018 Health Benefits Committee Recommendations

Jane Hawes, Senior Manager of Health Benefits, said that the Fund had not yet received final confirmation from Guardian about the annuitants' dental benefits program and that the matter would be deferred to a later meeting.

a. Levin v. Retirement Board

Sarah Boeckman, of Burke Burns & Pinelli, Ltd. reported that the Fund had received a favorable ruling from the Circuit Court of Cook County affirming the Board's decision that under the applicable rules, Ms. Lori Levin was not eligible to participate in the annuitants' health benefits plan. Ms. Boeckman stated that the Court found that the Board had authority to make rules regarding eligibility for health benefits and that the specific rule did not conflict with the Illinois Pension Code. She reminded the Board that the Plaintiff had filed class action allegations, but that there was no need for the Court to address the class issues because of the ruling. She added that the Plaintiff had not filed an appeal of the Circuit Court's order, but that the time to do had not yet expired. The Board thanked counsel for their representation in this matter.

4. Presentation of FY 2017 Audited Financial Statements

Colin Thompson of Legacy Professionals, LLP ("Legacy") stated that the firm had presented drafts of the 2017 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 experiences was ongoing. Mr. Thompson stated that the financial statement for the County Fund was a combination of its fiduciary net position and its postemployment healthcare plan net position as of December 31, 2017. He added that the increase of the net position of the County Fund was due to favorable investment returns and to the supplemental contributions made by the employer pursuant to the Intergovernmental Agreement ("IGA"). Mr. Thompson also noted the change of the discount rate favorably impacted the County Fund's net pension liability and the half-percent change in administrative expenses for the plan year.

In response to inquiries from the Board, Legacy stated that it had not made any unexpected adjustments; that it did not find material weaknesses in internal controls and that it did not find any deficiencies that were not reported.

Timothy Fagan of Legacy then presented the financial statement for the Forest Preserve Fund. He stated that the net increase of the Forest Preserve Fund was also due to favorable investment returns, but 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 two weeks.

It was moved by Trustee Goode and seconded by Trustee Kouruklis that, absent any material changes in the open items when the financial statements are finalized, that the 2017 Audited Financial Statements of the County Fund as prepared by Legacy Professionals, LLP, be received and filed.

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

It was moved by Trustee Nevius and seconded by Trustee Goode that, absent any material changes in the open items when the financial statements are finalized, that the 2017 Audited Financial Statements for the Forest Preserve Fund as prepared by Legacy Professionals, LLP be received and filed.

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

Trustee Fitzgerald proposed that the Board consider Item 8a, the report from Legislative Liaison, before proceeding with the remaining items on the agenda.

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board consider Item 8a before addressing the other items on the agenda.

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

5. Presentation of FY 2017 Actuarial Valuations

Aaron Shapiro and Robert Besenhofer of Conduent Human Resource Consulting presented the 2017 Actuarial Valuations for the County Fund and the Forest Preserve Fund. Mr. Shapiro made the presentation of the actuarial valuations for pension benefits relating to each Fund as of December 31, 2017 and Mr. Besenhofer presented the valuations for retiree health benefits. Mr. Shapiro stated that the 2017 valuations for both Funds were impacted by the updated assumptions approved by the Board following the recent Experience Study and by investment returns. The changes in subsidies for the retiree health plan also led to reduced liabilities for both Funds. In addition, the supplemental contributions received by the County Fund pursuant to the IGA helped improve its funded status. He noted that the Forest Preserve Fund needs a similar funding mechanism. The funded ratio of both the County Fund and Forest Preserve District Fund increased.

The actuary reported that the actuarial value of County Fund's assets was \$10.15 billion with actuarial accrued liabilities of \$16.89 billion, resulting in an unfunded liability of \$6.74 billion. The County Fund has a funded ratio of 60.09%, which is an increase over the 2016 funded ratio of 56.739%. The unfunded liability was reduced by \$497 million. The actuarial projected insolvency date is 2042.

The Forest Preserve Fund's assets were valued at \$204 million on an actuarial basis with liabilities of \$330 million which resulted in an unfunded liability of \$127 million. The funded ratio of the Forest Preserve Fund is 61.73%, a slight increase over the 2016 funded ratio of 60.04%. The unfunded liability was reduced by \$5.3 million. The actuarial projected insolvency date is 2040.

It was moved by Trustee Goode and seconded by Trustee White that the 2017 Actuarial Valuation of the County Fund as prepared by Conduent Human Resource Consulting, LLC be received and filed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee White and seconded by Trustee Goode that the 2017 Actuarial Valuation of the Forest Preserve Fund as prepared by Conduent Human Resource Consulting, LLC be received and filed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. 2019 Funding Review

a. Approval of 2019 Actuarial Projections

The Board considered and discussed the information received from Conduent which provided the projection of employer actuarial contributions for the County Fund in 2019. 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 2019 for the County Fund made by the Fund's actuary, Conduent Human Resource Consulting, LLC, and that the results be sent to the Board of Commissioners of Cook County.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Approval of 2019 Tax Levy Cook County Resolution

Nickol R. Hackett, Executive Director & CIO, presented the proposed resolutions for the 2019 tax levies for the County Fund and the Forest Preserve District Fund.

It was moved by Trustee Fitzgerald and seconded by Trustee Ochalla that the Board approve and adopt the presented resolution for the 2019 Tax Levy for the County Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Approval of 2019 Tax Levy Forest Preserve District Resolution

It was moved by Trustee Fitzgerald and seconded by Trustee Ochalla that the Board approve and adopt the presented resolution for the 2019 Tax Levy for the Forest Preserve Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

7. Presentation on PAS RFP Status

Stephen James of Linea Solutions presented the results of the RFP for the pension administration system ("PAS"). He reported that five entities had submitted proposals, as follows: James Evans and Associates, Ltd.; Levi, Ray & Shoup, Inc.; Morneau Shepell; Sagitec and Vitech. Each of the submissions was evaluated by consideration of the proposed flexibility and adaptability of the solution; maintenance and support; the bidder's industry experience; cost; implementation plan and other matters. The reviewers assigned points to each bidder for the identified categories and ranked them in each category. Mr. James stated that the Board would be asked to identify which of the bidders should be considered for further due diligence by Linea and Fund staff.

The Board considered the various proposals submitted by the bidders and discussed the processes used by Linea and Fund staff in their quantitative and qualitative evaluations of each submission. The Board noted the range in cost estimates among the bidders and considered whether the respective proposals were compatible with the Fund's existing platforms and the time commitments required by Fund personnel to design and implement the proposed solutions.

It was moved by Trustee White and seconded by Trustee Goode that the Board authorize Linea, and the Fund staff to perform further due diligence as presented, with respect to the submissions for a PAS as presented by Levi, Ray & Shoup, Inc. and Sagitec.

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

8. Legislative Matters

NOTE: Following a motion that was duly made and seconded, the report from the Legislative Liaison was presented to the Board after Item 4.

a. Report from Legislative Liaison

John F. McCabe, of John McCabe and Associates and Robert Molaro 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. Mr. McCabe stated that the Nursing Home Amendment proposed by the Fund (SB 2578) had passed both the House and the Senate. Assuming that the bill would be sent to and signed by the Governor, it would be effective immediately. The Fund's legislation for actuarial required funding had been introduced in both the House (HB 5118) and the Senate (SB 2578), but neither bill made it out of committee. Cook County, the employer, did not introduce any funding legislation.

Mr. McCabe also stated that HB 4143 requires live broadcasts of board meetings for pension funds. An amendment had been filed to remove Article 3 and Article 4 funds and local funds from this legislation, so that it would only apply to State funds. The legislation remained in committee. He also noted that HB 4412 amended the Pension Code to require retirement systems to use their best efforts to ensure that its senior staff reflected the racial and ethnic make-up of its membership. The legislation passed both houses and would be effective immediately.

9. Old Business/New Business

Ms. Boeckman reminded the Board that they needed to provide certifications of their completion of the required cyber-security training to the Fund by no later than June 30, 2018.

10. Adjournment

There being no further business before the Board, it was moved by Trustee McFadden and seconded by Trustee White that the meeting be adjourned.

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

The next Board meeting is scheduled for July 12, 2018, at 9:30 a.m.