



**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 July 11, 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, Diahann Goode (entered during Public Comment), Bill Kouruklis (entered during Public Comment), Patrick McFadden, Joseph Nevius, Kevin Ochalla (entered during Item 2a), Dennis White

**Staff Present:** Regina Tuczak, Executive Director, Margaret Fahrenbach, Legal Advisor; 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; Fernando Vinzons, Director, Investments; Saron Tegegne, Comptroller; Bravetta Hassell, Sr. Communications Specialist

**Others Present:** Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Vince Pinelli, Burke Burns & Pinelli, Ltd.; John McCabe, John McCabe & Associates, Ltd.; Peter Kowalski, Annuitant; Antonio Favela, Cook County; Marcos Feldman, UNITE HERE Local 1; Jordan Fein, UNITE HERE Local 1; Vicky Juarez, UNITE HERE Local 1

**Public Comment**

Trustee White, presided over the meeting in the absence of Trustee Wilson, President of the Board, and opened the meeting for public comment. Mr. Marcos Feldman and Ms. Vicky Juarez of UNITE HERE

Local 1 addressed the Board regarding alleged labor and sexual harassment issues at properties located in California that are held in the CBRE Global Investors U.S. Strategic Partners Fund VII, in which the County Fund is an investor. The properties are managed by a third entity and the commenters were concerned that their perceived failure of management to resolve alleged labor issues could have a negative impact on the value of the assets. The commenters were thanked for addressing the Board.

1. Review and Consideration of:

- a. June 6, 2019, Board Meeting Minutes

It was moved by Trustee Nevius and seconded by Trustee DeGraff that the presented minutes of the Board meeting on June 6, 2019, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

- a. Bills, Payroll Records

The trustees noted that the submitted request to pay an annual regulatory fee under the Affordable Care Act (“ACA) totaled nearly \$30,000, and has been increasing regularly. The payment supports the Patient Centered Outcomes Research Initiative to study patients’ evaluations of treatment within the healthcare system. It is commonly referred to as the “PCORI” fee and is calculated based upon the number of persons covered under the Fund’s Retiree Health Plan. Fund fiduciary counsel was asked to determine if pending litigation challenging the constitutionality of the ACA would impact the continued imposition of the PCORI fee.

It was moved by Trustee McFadden 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 June, 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, Goode, Kouruklis, McFadden, Nevius, Ochalla,  
White

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Nevius, having received confirmation from Fund staff that the presented bills for operating expenses incurred in June, 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, Goode, Kouruklis, McFadden, Nevius, Ochalla,  
White`

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 Fitzgerald and seconded by Trustee Ochalla 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, Goode, Kouruklis, McFadden, Nevius, Ochalla,  
White

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 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

NAYS: None

Vote Result: MOTION ADOPTED

3. Benefit Matters

a. Calculation Considerations

Regina Tuczak, Executive Director, stated that the recent legislation allowing the purchase of service and/or earnings credit for employees on furlough from December 1, 2017, through November 30, 2018, became effective on June 7, 2019 as P.A. 101-0011 ("Furlough

Legislation”). The legislation allows employees who had received salary reductions and/or furlough periods during the stated time period to purchase additional salary and/or service credit which may ultimately increase their annuity benefit. Under the Furlough Legislation, employees are required to purchase the credit while they are still employed. Because several members with planned retirement dates in June expressed interest in purchasing the credit, Fund staff developed a calculation method and certification form to be utilized that was consistent with the Furlough Legislation and which calculated how much the employee needed to pay the Fund before they withdrew from service. Ms. Tuczak stated that during the processing of these initial requests, it was noted that the salary reductions reflected in the Fund’s pension administration system (“PBMS”) were sometimes lower than the salary reductions certified by the employer, perhaps due to different interpretations of what constituted a salary reduction. In some instances, the employer’s calculation required the employee to pay a higher amount to purchase the additional salary under the Furlough Legislation, and ultimately receive a higher annuity.

The trustees discussed the term ‘salary reduction’ as used in the legislation and whether it included scheduled raises that were not implemented on December 1, 2017. John McCabe, the Legislative Representative, stated that there was no discussion of the term ‘salary reduction’ in the legislative history of the Furlough Legislation. The trustees discussed the certification needed from the employer to comply with the legislation and the calculation of the payment due from the employee if there is a discrepancy in the salary reduction as certified by the employer versus the payroll data received by the Fund. Fund staff was directed to get confirmation from the County’s Comptroller regarding the employer’s certified salary reduction amount if a discrepancy exists.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Fund staff should continue to utilize the calculation of the ‘salary reduction’ for payment due based upon the payroll information provided by the employer to the Fund and reflected in PBMS. If the amount of the ‘salary reduction’ separately certified by the County is different from the Fund’s calculation resulting in a higher payment due from the employee, then Fund staff shall rely upon the County’s certification until such time as the differences between the calculation methods can be resolved.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,  
White  
NAYS: None

Vote Result: MOTION ADOPTED

b. Communication Considerations

The Executive Director stated that in some instances, employers sent letters or emails to employees regarding the Furlough Legislation and she provided a sample of such a communication to the trustees. She stated that the Fund posted information about the Furlough Legislation on its website, but that the employer communications were neither requested nor approved by the Fund staff. The Executive Director stated that a draft letter

had been prepared for the trustees' consideration which could be mailed to all active members advising them about the Furlough Legislation.

The trustees discussed the proposed letter, possible revisions and how it might be disseminated. The trustees directed that the communication be emailed to the County's timekeepers and department heads so that it could be posted and made available to active members.

#### 4. Discussion and Possible Action Regarding Legislative Matters

The Executive Director stated that the Board had requested draft legislation for both the County Fund and the Forest Fund that would provide for actuarial-based funding and would situate the Funds in a similar funding position with other public retirement systems in the State of Illinois. She stated that Ms. Mary Pat Burns, Fund fiduciary counsel, was asked to draft such proposed legislation and that the Fund's actuary, Larry Langer of Cavanaugh MacDonald Consulting, LLC was to provide the employers' required annual contributions for the ramp years of 2022, 2023 and 2024. She added that while the actuary provided calculations for the County Fund, the liability for retiree health care benefits was not included. Calculations for the Forest Fund legislation had not yet been requested or calculated by Cavanaugh MacDonald, LLC. The actuary also provided a letter for the Board summarizing his analysis of the proposed legislation. The trustees discussed that the actuarial calculations for the County Fund needed to be revised to include the healthcare liability and that the actuary needed to provide similar calculations for the Forest Fund.

Mr. John McCabe, the Fund's legislative representative, stated that if the employer agreed to the proposed legislation, that it would be possible to have it passed when the General Assembly was in session next November. He noted that without the employer's consent, the legislation was not likely to move through the General Assembly.

The Executive Director stated that the actuary was requesting fees between \$7,000 and \$9,000 for the work already performed. The trustees discussed whether there should be separate billing from the actuary for the work requested and asked the Fund's fiduciary counsel to review the actuary's agreement and to prepare a follow up letter for the actuary.

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the Executive Director be authorized to engage the actuary to revise the County's required annual contributions for the ramp years of 2022, 2023 and 2024 to include the healthcare liability for the proposed legislation for the County Fund and to engage the actuary to provide the Forest Preserve District's required annual contributions, including healthcare liability, for the ramp years of 2022, 2023 and 2024 for the proposed legislation for the Forest Fund.

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

#### 5. Legal Matters – Levin Case Considerations

Fund fiduciary counsel stated that the Board might consider convening an Executive Session to discuss pending litigation matters. It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that

the Board convene an Executive Session pursuant to Section 2(c)(11) of the Open Meetings Act, 5 ILCS 120/2(c)(11) to discuss litigation matters.”

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board adjourn the Executive Session called pursuant to Section 2(c)(11) of the Open Meetings Act and return to open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

Following the return to open session, it was moved by Trustee McFadden and seconded by Trustee Goode that the Board authorize the filing of a Petition for Leave to Appeal from the decision of the Illinois Appellate Court in the matter of *Levin v. The Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund of Cook County*, No. 1-18-1167, dated June 7, 2019, to the Illinois Supreme Court and it was further moved that the firm of Burke, Burns & Pinelli, Ltd. be retained to provide the legal representation necessary to effectuate the foregoing.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee DeGraff that the effective date of the policy change adopted by the Board at their meeting on June 6, 2019, prohibiting members who drop coverage under the Retiree Health Plan from re-enrolling at a later date, be amended from January 1, 2020 to some later date as the Board might determine.

Vote Result: All the trustees voted ‘aye’ with the exception of Trustee McFadden who voted ‘nay’. MOTION ADOPTED BY VOICE VOTE

6. Election Matters

a. Contract with Simon & Griseta

The Executive Director stated that the letter agreement engaging Simon & Griseta as the Independent Election Administrator (“IEA”) for the elections to be held in 2019 and 2020 had been executed on behalf of the vendor and had been approved as to form by the Fund’s fiduciary counsel. The Board asked that the IEA confirm its approval of the services to be provided by Timothy Walsh and Associates as an election consultant, particularly the requirement that mail-in ballots will be picked up from the Post Office each day 11:00 AM CST, including the Election Day. The trustees asked that any communications to members about mail-in voting provide that ballots must be received by 11:00 AM CST on the Election Day in order to be counted.

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the Board authorize the Fund to execute the agreement with Simon & Griseta through December 31, 2020, to

provide services at an hourly rate of \$205, but not to exceed a cumulative amount of \$200,000 without a written agreement and to acknowledge that mail-in ballots will be picked up from the Post Office daily by 11:00 AM CST, including the Election Day. It is further moved that Fund staff shall take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement, on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Contract with Tim Walsh and Associates, Inc.

The Executive Director stated that the agreement with Timothy Walsh and Associates, as an Election Consultant, had been modified as directed by the Board, reviewed by Fund fiduciary counsel and sent to the vendor for review. The Board asked that the agreement be further modified to show that it had been approved as to form by the fiduciary counsel.

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the Board authorize the Fund to execute the agreement with Timothy Walsh and Associates to provide services as an Election Consultant, upon the terms presented, for the elections to occur in 2019 and 2020, subject to approval as to form by the Fund fiduciary counsel. It was further moved that Fund staff shall take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement, on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Election Rule Revision/Clarification

The Executive Director stated that the Election Rules had been revised to show that mail-in ballots would be picked-up from the Post Office each day by 11:00 AM CST, which would include Election Day.

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board adopt the presented amendments to the Cook County and Forest Preserve District Annuitant Member Trustee Election Rules and to the Cook County and Forest Preserve District Employee Member Trustee Election Rules.

Vote Result: MOTION ADOPTED BY VOICE VOTE

7. Administrative Matters

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

The Executive Director reported that there were four falsified checks that had been presented to the Custodian for payment in June, 2019. The checks bear the correct name of the account holder (the Fund) and a correct account number, but none of the intended payees were members of the Fund. She added that while none of the checks were honored because of security controls that are in place, the trustees should consider whether the incident should be referred to the Cook County State's Attorney pursuant to Section 1-135 of the Illinois Pension Code.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board find that there is a reasonable suspicion that the four identified checks presented for payment to BNY/Mellon between June 5, 2019 and June 7, 2019, constitute falsified records within the meaning of Section 1-135 of the Illinois Pension Code and in accordance with 40 ILCS 5/9-135, that the incidents be reported to the Cook County State's Attorney.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Contract Approvals

i. BoardEffect

The Executive Director stated that the current subscription to BoardEffect provides for more users than is necessary. The Fund has received a proposed amendment from BoardEffect to reduce the number of users which, if implemented, would reduce the annual fee.

It was moved by Trustee McFadden and seconded by Trustee Kouruklis, as is consistent with the authority previously given to the Executive Director, that the presented amendment to the subscription agreement with BoardEffect reducing the number of users and thereby decreasing the annual subscription fee from \$4,961 to \$3,500 be approved and that the Executive Director be authorized to execute and deliver the amendment on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

ii. Comcast

The Executive Director stated that the Fund entered a three year contract for internet and cable services with Comcast in May, 2018. Under the agreement, the Fund was not



charged for certain services in the first year, which will now become due. The vendor is willing to reduce other charges so that the monthly fee will be \$149.30.

It was moved by Trustee Ochalla and seconded by Trustee DeGraff, that the contract with Comcast entered in May, 2018, be ratified. It was further moved as is consistent with the authority previously given to the Executive Director, that the presented amendment to the Comcast Business Service Order to provide internet and cable services to the Fund at a monthly rate of \$149.30 for the final 24 months of the agreement be approved and that the Executive Director be authorized to execute and deliver the amendment on behalf of the Fund.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, McFadden, Nevius, Ochalla,  
White  
NAYS: None

Vote Result: MOTION ADOPTED

c. Presentation to Cook County Board of Commissioners' Pension Committee

The Executive Director reported that Commissioner Gainer requested that the Fund make a presentation before the Pension Committee on July 18, 2019, to address 2018 investment returns, changes in the funded status and recent litigation. The preparation of a power point presentation was in progress that would be shared with the trustees for their comments before being finalized. She noted that any comment on pending litigation would necessarily be deferred and not addressed before the Pension Committee. In addition to Fund investment and benefits staff, she would ask fiduciary counsel and the actuary to attend the presentation.

d. Executive Director Report

The Executive Director reported that Legacy provided the audit opinions and final bound reports of the financial statements for both the County Fund and the Forest Funds. Ms. Tuczak noted some disclosures that were not complete when the financials were presented at the Board's meeting on June 6, 2019 were completed, most notably the 2017 investment information pertaining to derivative holdings. The financials also include a subsequent event note reflecting developments in litigation that occurred after the presentation to the trustees. The auditor's required communications due to those charged with Governance was also included with the final bound financial statements, copies of which are included in the Board materials.

The Executive Director stated that the actuarial valuations were revised subsequent to the June 6, 2019, Board meeting to more accurately reflect the impact of mandatory Medicare enrollment on the GASB 74 and 75 reports and to correct clerical errors. The Executive Director stated that the audited financials and actuary valuation reports are posted on the Fund's website. Hardcopies or PDF versions of these reports will be provided to any trustee who might so request.

The Executive Director had been recently made aware of an invoice due to the Fund's former actuary related to services rendered during the transition to the new actuary. The invoice requested additional fees of \$8,900 and was believed to have been sent as an attachment to an email to the Fund's former executive director. The trustees discussed the nature of the services provided by the former actuary in the transition. The Executive Director was directed to contact the former actuary and obtain more detail about the services rendered to support the requested fees.

The trustees also inquired about the procedures for reviewing emails sent to the former executive director after she had separated from service. In a response to a question, the Director of Administrative Services stated that she had not received emails sent to the former executive director. The trustees directed the Executive Director to determine how the emails to the former executive director were managed after her employment with the Fund ended.

The Executive Director reported that Commissioner Gainer had requested a meeting with her prior to the presentation before the Pension Committee. She would advise the trustees at their next meeting of any significant topics that might be discussed.

The trustees were reminded that the Investment Committee would meet on July 25, 2019. She also stated that the Legislative Committee meeting scheduled for July 25, 2019, had been cancelled at the direction of the Committee's Chairperson.

8. Old Business/New Business

There was no old business or new business discussed.

9. Adjournment

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

Vote Result:      MOTION ADOPTED BY VOICE VOTE

The next Board meeting is scheduled for August 1, 2019, at 9:30 a.m.