



**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 August 1, 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, Patrick McFadden, Joseph Nevius, Kevin Ochalla (entered after Roll Call), Dennis White, Lawrence L. Wilson

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.; John McCabe & Associates, Ltd.; Edward Nelson, Cook County Bureau of Finance; Martha Merrill, AFSCME 31

The Executive Director, Regina Tuczak stated that Trustee Kouruklis had requested that he be allowed to participate in the meeting by telephone. After noting that a quorum was physically present, it was moved by Trustee Goode and seconded by Trustee Nevius pursuant to Section 7 of the Open Meetings Act that Trustee Kouruklis be allowed to participate in the meeting through a telephone conference call connection, at such time as he might call into the Board meeting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

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. July 11, 2019, Board Meeting Minutes

It was moved by Trustee Nevius and seconded by Trustee Goode that the presented minutes of the Board meeting on July 11, 2019, be adopted.

Vote Result: All the trustees voted 'aye' with the exception of Trustee Wilson who was not in attendance at the Board meeting on July 11, 2019, and voted 'present'. MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff, that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in July, 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, McFadden, Nevius, Ochalla, White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff, having received confirmation from Fund staff that the presented bills for operating expenses incurred in July, 2019, were 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, McFadden, 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 McFadden 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, Goode, 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 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, McFadden, Nevius, Ochalla, White, Wilson

NAYS: None

Vote Result:

MOTION ADOPTED

3. Discussion and Possible Action Regarding Legislative Matters

Regina Tuczak, Executive Director, summarized the status of proposed legislation that had been separately prepared by the County and the Board of the Fund and which were intended to address the funding status of the County Fund and the Forest Preserve District Fund. It was noted that Mr. John McCabe, the Fund's Legislative Representative was present and able to respond to any questions that might arise related to the legislative process.

The Executive Director stated that the County had prepared legislation that proposed actuarially-based contributions from the employer, but also proposed changes to the composition of the Board, codification of the administration of retiree healthcare benefits within a trust, along with other matters. The proposed legislation was reviewed by Fund staff, external counsel and the Fund's health and actuarial consultants. Following these discussions, a table outlining various issues was presented for the trustees' consideration at a Special Meeting on May 10, 2019. With the Board's direction, two trustees, Fund staff and fiduciary counsel met with the County on May 17, 2019, to discuss the issues raised by legislation that was proposed by the County. Subsequent to that meeting, the Board also met with representatives from labor at the Chicago Federation of Labor, on May 23, 2019, who shared similar concerns on components of the County's draft legislation.

At the Board meeting on June 6, 2019, the Executive Director reported on the discussion with the County on May 17, 2019, and shared the employer's requests for clarification about certain matters and its interest in continuing the dialogue.

At the Board meeting on June 6, 2019, the Board then authorized Fund representatives to prepare

separate legislation for actuarially-based funding alone, as the matter of most significant concern to the trustees, noting such legislation would not address board composition or healthcare issues. The Board considered the support of labor for this legislation based upon comments from the May 23, 2019, meeting with labor representatives. Based upon similar legislation enacted for local funds, the Fund's staff worked with external counsel to prepare draft legislation which proposed a three-year ramp and a funding level of 90% by 2062. The draft legislation was presented for the Board's consideration at their meeting on July 11, 2019. After review by the Board, it was determined that the actuarial analysis needed for the legislation did not encompass all the relevant issues for the County Fund and did not provide any analysis for the Forest Fund. The actuary was engaged to provide further analysis needed for the proposed legislation.

The Executive Director reported that the Fund's actuary had performed the analysis as requested and was presented to the Board. She noted that in the actuary's analysis, it was recommended that any proposed legislation should, among other things, amortize the unfunded liability to achieve a 100% funding level over 30 years. The trustees considered the draft legislation and the actuary's analysis. They also discussed the potential benefits and risks of pursuing legislation similar to other local funds and legislation that would achieve a funding level of 100%. They noted that the proposed legislation for 90% funding provided less employer contributions than the Intergovernmental Agreement ("IGA") for at least the County Fund, but that the IGA was negotiated annually and was not codified. They also discussed concerns that legislation the Board had proposed in prior years for 100% funding did not advance before the General Assembly. They noted that the Board could continue its discussions with the County on the employer's proposed legislation, but also remain active with the Board's own funding legislation. The Legislative Representative advised that in order for any proposed funding legislation to be successful, the Fund's discussions with the County and labor representatives should continue.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the Board authorize the Executive Director and external counsel to request the Fund's actuary to calculate the actuarial required contributions necessary to obtain 100% funding of pension and healthcare liability amortized over a 30 year period initiated with a three year contribution increase ramp for both the County Fund and the Forest Preserve District Fund at a cost not to exceed \$4,500, and that external counsel prepare draft legislation incorporating the actuary's analysis for such funding proposals.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

4. Benefit Matters – Update on Furlough Legislation Calculation Considerations

The Executive Director stated that the Fund was in contact with the employer to establish the procedures needed to allow employees to purchase service credit and/or salary credit for periods that they were on furlough or received reductions in salary, respectively, as permitted by P.A. 101-0011 ("Furlough Legislation"). The Board had indicated that when the data certified by the employer was different from the data maintained in PBMS, the Fund may need certification from the Comptroller about the salary reduction amounts to be used.

The trustees discussed that some salary assumptions submitted by the employees' departments may be based on subjective factors. The Comptroller would work with the Fund staff to reach some resolution about how to address these discrepancies. Fund staff was directed to utilize the calculation that provided the lower benefit for any member whose annuity was to be approved by the Board at the next meeting because the benefit could be increased at a later time. Fund staff was also asked to identify such members separately on the schedules presented for the approval of annuity benefits.

5. Approval of Recommendation of Investment Committee – Investment Manager Fees

The Executive Director stated that the Investment Committee had directed Fund staff and Callan Associates to contact identified investment managers for the purpose of renegotiating their fees, based upon data supplied and various comparisons. She reported that these efforts were successful and that MacKay Shields, Wells Fargo and Frontier Capital Mack agreed to reduce their annual fees as presented to the Investment Committee at their meeting on July 22, 2019.

It was moved by Trustee Goode and seconded by Trustee Fitzgerald that the Board adopt the recommendation made by the Investment Committee at their meeting on July 22, 2019, that the proposal to reduce the investment manager fees due to MacKay Shields be accepted as presented, and 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 County Fund by the Executive Director.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee Fitzgerald that the Board adopt the recommendation made by the Investment Committee at their meeting on July 22, 2019, that the proposal to reduce the investment manager fees due to Wells Capital be accepted as presented, and 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 County Fund by the Executive Director.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee Fitzgerald that the Board adopt the recommendation made by the Investment Committee at their meeting on July 22, 2019, that the proposal to reduce the investment manager fees due to Frontier Capital be accepted as presented, and 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 County Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result:

MOTION ADOPTED

6. Finance Matters

- a. Presentation of GASB Reporting for Pension Amounts and Postemployment Healthcare Amounts

The Executive Director stated that the Fund’s auditor, Legacy Professionals, LLP, had prepared the 2018 Schedule of Postemployment Healthcare Amounts and 2018 Schedule of Pension Amounts for both the County Fund and the Forest Preserve District Fund. The employer has typically requested these reports for their financial statements in order to comply with various GASB requirements. It was noted that since the implementation of GASBs 68 and 75, the parties agreed that the employer could rely upon the Fund’s auditor’s reports for purposes of compliance with the new rule. President Wilson noted that Legacy’s procedures are part of a reciprocal arrangement with the County’s auditor RSM. Under the agreement, the Pension Fund’s auditor, Legacy, relies upon certain RSM’s County payroll audit procedures.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the 2018 Schedule of Postemployment Healthcare Amounts and the 2018 Schedule of Pension Amounts for the County Fund as audited by Legacy Professionals, LLP, be received and filed.

Vote Result:

MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the 2018 Schedule of Postemployment Healthcare Amounts and the 2018 Schedule of Pension Amounts for the Forest Preserve District Fund as audited by Legacy Professionals, LLP, be received and filed.

Vote Result:

MOTION ADOPTED BY VOICE VOTE

- b. CAFR Distribution

It was reported by the Executive Director that the Comprehensive Annual Financial Reports (“CAFR”) were nearly completed and that they would be made available to any trustee upon request.

7. Health Matters – Policy Implementation Request

The Executive Director reported that the Board required all disabled members under the age of 65 to enroll in Medicare Parts A and B as of June 6, 2019. She stated that due to Medicare’s enrollment requirements, many disabled members with only Part A coverage cannot obtain Part B coverage until July 1, 2020. The Board considered allowing such members to continue coverage in the CCPF Health Plan to July 1, 2020; such members would be charged the non-Medicare premium rate, until they would be able to begin coverage under Medicare Part B.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the Board allow disabled members who participate in the CCPF Health Plan, and who are currently enrolled in Medicare Part A, but not eligible for coverage under Medicare Part B until July 1, 2020, to continue CCPF Health Plan coverage to July 1, 2020, and that any claims submitted by such members be paid on an exception basis.

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

8. Administrative Matters - Executive Director Report

It was reported by the Executive Director that she had confirmed with Segal Consultants and the Fund's fiduciary counsel that the Fund was required to pay the Patient Centered Outcomes Research Initiative ("PCORI") fee for the current year. Fund staff noted that under the current status of the Affordable Care Act, this was the last year that the PCORI fee would be due.

She also reported that the Fund's presentation before the County Board's Pension Committee on July 18, 2019, at the request of Commissioner Bridget Gainer, was well received. One Commissioner inquired about whether the Board would consider a life insurance option within the health benefits plan. The trustees discussed that it did not have authority under the Illinois Pension Code to provide a life insurance option and that it might be more advantageous for retirees to convert the insurance provided to employees to a personal policy upon retirement.

The Executive Director stated that the Fund's verification of 'out-of-state' annuitants continued, but that it would extend the time for such annuitants to respond to September 15, 2019. She also reported that it is the time of year in which various client requirement documents ("CRD") must be completed. These documents include plan specifications used by United Healthcare to ensure that the appropriate coding of the benefits is in place for the subsequent year. As has been the Fund's practice, these documents will be signed directly by staff, as they are considered administrative plan operations that do not require Board or Health Benefits Committee action. The CRD would be reviewed by Segal Consultants before they would be signed on behalf of the Fund.

It was reported that the implementation of a casual business attire dress code for the summer was appreciated by Fund staff and enabled them to continue to perform outstanding member service with professionalism. The Executive Director stated that casual business attire has been allowed for the staffs at other local public pension funds. The Fund would continue this practice on a permanent basis after Labor Day, with the exception that more formal business dress would be required for staff attending Board and Committee meetings and on such days as might be designated by the Executive Director.

The trustees were advised that effective August 1, 2019, all email communications to the trustees would only be sent to the email addresses assigned to them by the Fund. Some trustees have confirmed that they have been able to use the Fund email, but others have not. The practice of sending email communications to both the trustees' personal email and Fund email addresses would be discontinued. Instead, those trustees who still receive emails from the Fund directed to their personal email addresses will be advised that they need to check their Fund trustee mail to read the substantive communication most recently directed to them.

The Executive Director advised the Board that the Health Benefits Committee would meet on August 6, 2019 at 9:30 am. The Legislative Committee would meet on August 21, 2019 at 8:30 am and would be followed by a Health Benefits Committee meeting at 9:30 am.

The Executive Director reported that she had received more detailed information about the invoice received from Buck Consultants for services related to the transition to the new actuary in the amount of \$8,900 that had been presented to the Board at their meeting on July 11, 2019. The trustees noted that Buck had performed the services requested by Fund staff in a three-page memo for purposes of the transition.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the invoice from Buck Consultants, LLC for \$8,900 be paid by the Fund.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

It was duly moved and seconded that the Board convene an Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act, 5 ILCS 120/2(c)(1) to discuss personnel matters.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board adjourn the Executive Session called pursuant to Section 2(c)(1) of the Open Meetings Act and return to open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

9. Old Business/New Business

There was no old business or new business discussed.

10. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting is scheduled for September 5, 2019, at 9:30 a.m.