



**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 2, 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 (entered during Item 2b), Patrick McFadden, Joseph Nevius, Kevin Ochalla, Dennis White (entered during Item 2a), Lawrence Wilson

**Staff Present:** Nickol R. Hackett, Executive Director & CIO; Margaret Fahrenbach, Legal Advisor, Brent Lewandowski, Director, Member Services; Michael Maratea, Director of Finance and Administration; Beverly Romanini, Director, Administrative Services; Jane Hawes, Director, Health Benefits; Saron Tegegne, Comptroller

**Others Present:** Mary Pat Burns, Burke Burns & Pinelli; Michael Morice, Cook County Treasurer's Office, Carla Greaves, Adult Probation

**Public Comment**

[Note: The Board opened the meeting for public comment after Item 2a on the Agenda.]

**Review and Consideration of:**

- a. July 12, 2018 Board Meeting Minutes

It was moved by Trustee Goode and seconded by Trustee Nevius that the minutes of the July 12, 2018, Board meeting be adopted.

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

## 2. Review and Consideration of:

### a. Bills, Payroll Records

The trustees raised some questions to Fund staff about payments made to the Department of Insurance and to certain investment managers. It was moved by Trustee Goode and seconded by Trustee McFadden 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, Goode, McFadden, Nevius, Ochalla, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

Ms. Carla Greaves, who is an active member, entered the room and Trustee Wilson, President of the Board, opened the meeting for public comment. Ms. Greaves stated that she has applied for disability benefits, but her application was not being presented to the Board at this meeting because of her failure to provide certain identifying documents. She has now provided the missing documentation. Because she is not receiving either a salary or disability benefits, she asked if the Board would consider her application today, rather than wait for the September meeting. The trustees stated that they understood the urgency of the matter and would consider her request later in the meeting.

### 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 DeGraff and seconded by Trustee Goode 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 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, Goode, Kouruklis, McFadden, Nevius, Ochalla,  
White, Wilson  
NAYS: None

Vote Result: MOTION ADOPTED

3. Review and Consideration of Deferred Investment Committee Actions

Nickol Hackett, Executive Director & CIO, stated that the Investment Committee's meeting scheduled for July 26, 2018, did not officially convene due to a lack of a quorum. The matters that were to have been considered by the Investment Committee were deferred to the Board. Ms. Hackett stated that the Investment Committee was to have considered goals for the Fund's Emerging Investment Manager Policy and that it was recommended that the goals for fixed income and alternative investments be revised upwards. She also stated that the management team for The Rock Creek Group, L.P. had entered an agreement to buy the 65% equity position currently owned by Wells Fargo Asset Management and were requesting the Fund's consent to an assignment of the Investment Manager Agreement. It was noted that when the transaction closed, the percentage of Fund assets under management by a MWBE would increase. Ms. Hackett also stated that Callan Associates was recommending that the Fund conduct an RFP for investment in a commingled real estate fund.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius to defer the Investment Committee Item 3a to later in the meeting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

[NOTE: The motions on Item 3a were made at the conclusion of Item 4c, but are provided below.]

a. Investment Policy Statement

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board adopt the proposed changes to the Investment Policy Statement regarding the minimum annual goals for each investment class, as presented and recommended by the Fund's Investment Consultant.

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

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board adopt the proposed changes to the Investment Policy Statements for the County Fund and the Forest Preserve Funds providing the Board's utilization goals, policies and procedures with regard to the Emerging Investment Manager Program as presented and recommended by the Fund's Investment Consultant.

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

b. Manager Update

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board authorize the Fund, subject to approval by Fund counsel, to consent to the assignment of the Investment Management Agreement to The Rock Creek Group, L.P., and that such assignment would only be effective upon the closing of the Transaction described in Rock Creek's letter dated July 6, 2018.

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

c. Consideration and Approval of Issuance of RFP for Real Assets

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board approve the release of a Request for Proposal for investment in an open end or closed end Core/Core Plus commingled real estate fund as presented and recommended by the Fund's Investment Consultant.

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

Following the approval of the RFP for investment in a commingled real estate fund, the trustees asked Fund staff to send them information to remind them of the conduct required during the "Quiet Periods" for the RFPs pending at the Fund.

4. Health Benefits Committee Updates

a. Review and Consideration of July 12, 2018 Health Benefits Committee Recommendations – Cancer Support Program

Jane Hawes, Director of Health Benefits, reported that the Health Benefits Committee had recommended offering the UnitedHealthcare (“UHC”) Cancer Support Program to Choice and Choice Plus members effective January 1, 2019. The program would assist members in making decisions regarding treatment for cancer and would provide cost savings by advising members of network providers and specialists. Segal had projected that the Fund would achieve savings of about \$250,000 in the first year.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the Board approve the recommendation by the Health Benefits Committee to utilize the UHC Cancer Support Program effective January 1, 2019 at an annual cost not to exceed \$42,000, and that a savings analysis be performed on the first year’s claims experience. It was further moved that Fund staff be authorized to take all reasonable action necessary to effect the foregoing including the execution and delivery of any related written documents on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Medicare Happy Birthday Event Update

Ms. Hawes reported that the Fund held an information Medicare event on July 24, 2018, which was very well attended. Representatives from the Social Security Administration, UHC and SilverScripts made presentations. She anticipated that the next Medicare presentation would be held in February, 2019, and that a Medicare station might be considered for the Open Enrollment meetings in November.

c. Pharmacy Class Action Claim

Ms. Hawes also reported that the Fund had received notice of a class action settlement for providers who had paid for the prescription drug “Solodyn” for its members. Based upon data from CVS, the Fund paid about \$113,000 for Solodyn from 2009-2018 and was able to file a claim in the class action. It has been reported that the settlement fund totals about \$23M and after attorneys’ fees and other expenses have been paid; pro rata distributions will be made to the class members.

The trustees thanked Ms. Hawes for her periodic updates about the status of the health benefits provided to the annuitants.

[Note: At this point in the meeting, the Board resumed consideration of Item 3a as stated above.]

#### 5. PAS RFP Status and Travel Approval

The Executive Director then stated that the Fund's PAS consultant and Fund staff had conducted Commercially Confidential Meetings ("CCM") with the two finalists for the PAS RFP, which gave the parties the opportunity to provide clarification about the proposals. Each of the finalists were scheduled to appear at the Fund the week of August 20, to give oral presentations and to provide live demonstrations of their systems. It was planned that Fund staff would schedule 'on-site' reviews at the pension plans where the finalists had recently implemented their respective pension administration systems.

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the Board approve the travel expenses incurred by Fund staff in conducting site visits at the client locations where the PAS RFP finalists have implemented pension administration systems at a cost not to exceed \$2,800 per person, so long as the requests for reimbursement of such travel expenses are consistent with the Fund's Travel Reimbursement Policy.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

#### 6. Consideration and Possible Action Regarding SingleHop/INAP Resolution

The Executive Director stated that the Fund had retained SingleHop to provide backup services for the Fund's data as executed in 2016. The solution was never properly implemented and did not provide full disaster recovery and restoration of the systems. The Fund retained another vendor for these services and terminated the engagement with SingleHop. Negotiations between the Fund and SingleHop to resolve the issues in dispute resulted in a proposed settlement of payment of pending invoices and a portion of the residual value.

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve the settlement proposal made by SingleHop, as presented, regarding the dispute related to the pending contract for disaster recovery and other services and that Fund counsel be authorized to take all reasonable action 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, Goode, Kouruklis, McFadden, Nevius, Ochalla, White, Wilson

PRESENT: Fitzgerald  
NAYS: None

Vote Result: MOTION ADOPTED

#### 7. Appointment of Board Appointed Physician

Brent Lewandowski, Director of Member Services, reported that the County physician informed the Fund in an email that as of August 4, 2018, it would no longer furnish proof of disability to the Board regarding members' applications for disability benefits. Mr. Lewandowski stated that the short notice left the Fund without medical review of disability applications because the contract with another vendor to provide such services had not yet been finalized. He stated that the Fund had reached out to two physicians who provided such services to other local pension funds and requested authority to engage a physician to provide these services on an interim basis. The trustees discussed the need to obtain physicians' services to review disability applications on an interim basis and to continue with efforts to find a long term solution. The trustees also discussed that the County's decision to make this change on short notice was disruptive and that the Board should contact the County regarding a limited continuation of the services.

It was moved by Trustee White and seconded by Trustee Ochalla that the Board authorize Fund staff and Fund counsel to exercise due diligence in the engagement of a physician to review applications for disability benefits and that the Fund be authorized to enter an engagement with such a physician on a month-to-month basis at a cost not to exceed \$25,000 for services rendered in August, 2018. It was further moved that the Executive Director be authorized on behalf of the Fund to execute and deliver any related written agreements subject to approval by Fund counsel.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

#### 8. Review and Consideration of Election Rule Changes

The Director of Member Services presented proposed amendments to the Election Rules for both the Employee and Annuitant Members of the Board regarding the treatment of spoiled ballots. He explained that some ballots are rejected by the electronic reader used to count submitted ballots due to damage to the physical ballot or because of multiple markings on the ballot. These rejected ballots are considered "spoiled ballots." The changes to the rules provided that all spoiled ballots would be segregated and deposited in a sealed envelope. If the election required that the spoiled

ballots be reviewed and possibly included with the election results, the Board would review the spoiled ballots and make the determination whether the ballot could be counted.

It was moved by Trustee Fitzgerald and seconded by Trustee White that the Board approve an amendment to Section 2.9 of the Cook County Annuitant Member Trustee and Forest Preserve District Annuitant Member Trustee Election Rules regarding the treatment of spoiled ballots, as presented.

Vote Result:        MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Fitzgerald and seconded by Trustee White that the Board approve an amendment to Section 2.9 of the Cook County Employee Member Trustee and Forest Preserve District Employee Member Trustee Election Rules regarding the treatment of spoiled ballots as presented.

Vote Result:        MOTION ADOPTED BY VOICE VOTE

The Board then considered the request made by Ms. Carla Greaves that the Board approve her application for disability benefits because she had provided the information needed to process the application and needed the benefits to be paid.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden and due to the emergency circumstances of this member, that Ms. Carla Greaves' disability application be approved, so long as the usual processes for consideration of disability applications had been satisfied.

Roll Call Vote:

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

NAYS:                None

Vote Result:        MOTION ADOPTED

It was moved by Trustee Ochalla and seconded by Trustee Fitzgerald pursuant to Section 2(c)(1) and 2(c)(11) of the Open Meetings Act that the Board convene an Executive Session to discuss personnel and litigation matters.

Roll Call Vote:

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

NAYS:                None

Vote Result:        MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that the Board adjourn the Executive Session convened pursuant to Sections 2(c)(1) and 2(c)(11) of the Open Meetings Act and return to open session.

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

9. Discussion and Possible Action Regarding Personnel Matters

a. Approval of Interim Executive Director and Related Matters

Due to the announcement by the current Executive Director of her intent to vacate her position at the end of her contract term and forego renewal, it was moved by Trustee Goode and seconded by Trustee DeGraff that Trustee Dennis White be appointed to serve as the Interim Executive Director of the Fund consistent with the terms of the consulting agreement as presented to the Board.

Roll Call Vote:

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

Vote Result:        **MOTION ADOPTED**

b. Approval of Search for Executive Director

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the Board conduct a search for an Executive Director for the Fund and that fiduciary counsel be authorized to take all steps necessary to effectuate the same consistent with the Board's directions.

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

It was moved by Trustee Goode and seconded by Trustee Fitzgerald that the Board approve the job description for the position of Executive Director, as presented.

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

It was moved by Trustee Goode and seconded by Trustee Nevius that the Board approve the form of the press release relating to notice of the Executive Director's departure as presented.

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

#### 10. Old Business/New Business

Trustee Wilson had noted that there were some issues raised about the County's payroll system and its effect on the Fund. It was moved by Trustee DeGraff and seconded by Trustee Ochalla that the Board direct the Fund's fiduciary counsel to work with Fund attorney and staff to prepare a letter notifying the County of the Pension Fund's concerns as to the difficulties being encountered in connection with the County's new payroll system.

Trustee Wilson and Trustee Kouruklis having abstained from voting and all other trustees present having voted 'Aye',

Vote Result:       MOTION ADOPTED BY VOICE VOTE

#### 11. Adjournment

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

Vote Result:       MOTION ADOPTED BY VOICE VOTE

The next Board meeting is scheduled for September 6, 2018, at 9:30 a.m.