

**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
33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the August 3, 2017 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, Andrew Jatiko, Patrick McFadden, Joseph Nevius, Dennis White (entered during Item 3a), Lawrence Wilson (entered during Item 3b)

Staff Present: Nickol R. Hackett, Executive Director & CIO; Gary LeDonne, Senior Policy Advisor; Margaret Fahrenbach, Legal Advisor; Brent Lewandowski, Senior Benefits Manager; Michael Maratea, Director of Finance and Administration; Beverly Romanini, Office Manager

Others Present: Mary Pat Burns, Burke Burns & Pinelli; Angela Myers, Loop Capital; Rick Baert, Pensions and Investments; Mark Mesle, Cook County Clerk Employee; Cynthia Dillard, Retiree, Laura Sickel, Baumann Studios

Public Comment

Trustee Fitzgerald, President of the Board, opened the meeting for public comment and Mr. Mark Mesle asked to address the Board. Mr. Mesle identified himself as an employee in the County Clerk's office and wanted to inquire about how the Fund's investment managers addressed issues of climate change when considering various investments of the Fund's assets. He stated that other public pension funds have addressed this issue for purposes of their investments. President Fitzgerald suggested that Mr. Mesle might appear before a meeting of the Investment Committee to give further consideration to this topic.

1. Review and Consideration of:

- a. July 6, 2017 Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Nevius that the minutes of the July 6, 2017, Board meeting be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

It was moved by Trustee Goode and seconded by Trustee DeGraff 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, Goode, Fitzgerald, Jatiko, McFadden (except as noted below), Nevius

NAYS: McFadden (as to payment to Robert Half Legal)

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 McFadden 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, Goode, Fitzgerald, Jatiko, McFadden, Nevius,

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 McFadden 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, Goode, Fitzgerald, Jatico, McFadden, Nevius

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Review and Approval of 2017 Trustee Election Contracts and Letter of Agreement

Brent Lewandowski, Senior Benefits Manager, addressed the Board about the revised agreement with Timothy Walsh & Associates to serve as the Election Consultant for the trustee elections in 2017 and 2018. He stated that Fund staff and Fund counsel had negotiated a two year agreement to engage the Election Consultant and had revised the proposed agreement to include the retention of the Election Consultant by both the County and the Forest Fund in a single document. The Election Consultant also agreed to a flat fee structure. The trustees discussed that after the 2017 elections; the Fund will need to obtain further itemization of the services performed by the Election Consultant.

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board approve the retention of Timothy Walsh & Associates to provide Election Consulting Services as presented, for the election of a County employee trustee in 2017 in an amount not to exceed \$83,318; for the elections of a County employee trustee, County annuitant trustee and Forest Preserve employee trustee in 2018 in an amount not to exceed \$116,661 and it was further moved that Fund staff should take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreements that have been approved in form by Fund fiduciary counsel, on behalf of the Funds by the Executive Director.

Roll Call Vote:

AYES: DeGraff, Goode, Fitzgerald, Jatico, McFadden, Nevius, White

NAYS: None

Vote Result: MOTION ADOPTED

The Senior Benefits Manager then discussed the status of the retention of Simon & Griseta as an Independent Election Administrator (“IEA”). He stated that Fund counsel had reviewed the proposed retention letter submitted by Simon & Griseta, but needed more direction from the Board before the final terms could be presented for the Board’s approval. The trustees discussed how election disputes are resolved by other funds when the time constraints can be difficult to meet. The trustees also discussed that it may be in the Board’s best interest that interpretation of the Election Rules be delegated to the Executive Director or Fund fiduciary counsel. Mary Pat

Burns, Fund fiduciary counsel, agreed that she would be available to provide interpretation of the Election Rules if needed.

It was moved by Trustee McFadden and seconded by Trustee DeGraff that Simon & Griseta be retained to perform services as an Independent Election Administrator for the trustee elections to be conducted by the County Fund and the Forest Fund in 2017 and 2018 at a rate of \$205 per hour with such changes as necessary to the retention letter to confirm (i) that the Election Rules will be applied as written and approved by the Board and (ii) that the IEA shall receive Fund fiduciary counsel approval prior to any deviation from the Board approved Election Rules. 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 agreements that shall be approved as to form by Fund fiduciary counsel, on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: DeGraff, Goode, Fitzgerald, Jatico, McFadden, Nevius, White

NAYS: None

Vote Result: MOTION ADOPTED

b. DMS Update

Nickol R. Hackett, Executive Director & CIO, stated that the Fund had been reaching important milestones in its project to convert the Fund's records to an electronic format and that Beverly Romanini, Office Manager, had prepared a status report to the Board about the Fund's document management system ("DMS"). Ms. Romanini reported that that in April, 2013, the Board approved the request to begin the conversion of all members' paper files into an electronic format. She stated that the Fund had identified Laserfiche as a system for this conversion because of its capability to convert paper records into an electronic format for storage, management and processing purposes. She reported that as of July 24, 2017, more than 197,000 member files had been scanned and uploaded to Laserfiche, which included a total page count of more than 6.2 million. The conversion project came in under the budgeted amounts. Ms. Romanini stated that the next steps for the DMS project will be to convert Board and departmental files that are required to be maintained under the Local Records Act. The trustees thanked Ms. Romanini for her successful guidance to the Fund on the conversion project.

4. Review and Consideration of July 27, 2017 Investment Committee Recommendations

The Board considered the recommendations made by the Investment Committee at their meeting on July 27, 2017, regarding Callan's review of domestic equity investments for the County Fund and the Forest Fund. The Board also discussed the Investment Committee's recommendations about the Transition Management Search, Callan's real estate rebalancing recommendations for both the County Fund and the Forest Fund, and the proposed approval

of a \$30M follow-on investment in Mesirow Financial Real Estate Value Fund III for the County Fund.

It was moved by Trustee Wilson and seconded by Trustee Goode that the Board adopt the recommendation made by the Investment Committee at their meeting on July 27, 2017, to approve Callan's domestic equity rebalancing for the County Fund and to reallocate assets once the transition manager pool is finalized.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Wilson and seconded by Trustee Goode that the Board adopt the recommendation made by the Investment Committee at their meeting on July 27, 2017, to approve Callan's domestic equity rebalancing for the Forest Preserve Fund and to reallocate assets once the transition manager pool is finalized.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Wilson and seconded by Trustee Goode that the Board adopt the recommendation made by the Investment Committee at their meeting on July 27, 2017, to approve BlackRock Institutional Trust Company, Citigroup Global Markets Holdings, Inc., Loop Capital Markets, Penserra Transition Management and Russell Investments Implementation Services, for the Funds' transition manager pool, subject to satisfactory completion of transition management guidelines and contract negotiations. It was further moved that the Fund staff is authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of any related written agreement by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Wilson and seconded by Trustee Good that the Board adopt the recommendation made by the Investment Committee at their meeting on July 27, 2017,

following a performance and pacing review of the real estate portfolios, to approve Callan's presented real estate rebalancing recommendations for both Funds.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Wilson and seconded by Trustee Goode that the Board adopt the recommendation made by the Investment Committee at their meeting on July 27, 2017, to approve a \$30M follow-on investment in Mesirow Financial Real Estate Value Fund III for the Cook County Fund, subject to satisfactory negotiations. It is further moved that the Fund staff is authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of any related written agreement by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

5. Legislative Matters

a. Approval for Actuarial Projection of Senate Bill 42

Gary LeDonne, Senior Policy Advisor, stated that Senate Bill 42, which had been passed into law on July 6, 2017, included an amendment to the Pension Code which would establish a Tier 3 Hybrid Defined Benefit (DBV)/Defined Contribution Plan (DC) if the County Board and the Forest Preserve Board enacted ordinances allowing for the Tier 3 plans. Mr. LeDonne proposed that the Fund's actuary, Conduent HR Consulting, be retained to perform analyses on how a Tier 3 benefit would impact the Fund.

It was moved by Trustee Goode and seconded by Trustee Nevius that the Board approve the retention of Conduent HR Consulting, the Fund's actuarial consultant, to provide actuarial analyses of the impact of Senate Bill 42 (P.A. 100-023) on the County Fund and the Forest Fund, as presented, at a cost not to exceed \$9,500 and it was further moved that Fund staff shall have authority to take all action reasonably necessary to effect the foregoing including the execution and delivery of related written agreements, subject to legal review, on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

6. Overview of New Office Space

Laura Sickel of Baumann & Associates made a presentation to the Board about the status of the buildout for the new office space at 70 W. Madison. Ms. Sickel stated that did preliminary space planning and prepared drawings according to the functional needs of the Fund and the consideration to enhance member services. She stated that the drawings for the reconfiguration were being finalized were to be issued for bidding on August 4, 2017 and provided the draft bid documents. She added that she anticipated that at least three general contractors will submit bids and that each of them are acceptable to Hearn, building management having previously performed work in the building. Ms. Sickel stated that Baumann has successfully worked with each of the three. The bids are to be submitted by August 18, 2017. Ms. Sickel stated that the permit application will also be filed on August 4, 2017, but that it is not certain when the permits will be issued.

Ms. Sickel provided a project schedule, estimated budget, a floor plan and a general contractor bid sample. The Board will need to approve the selection of the general contractor the week of August 21 and finalize contract documents shortly thereafter to remain on schedule, subject to permit approval. The Executive Director stated that a Special Meeting would likely be needed to convene that week to approve the general contractor.

7. Legal Matters

Margaret Fahrenbach, Legal Advisor, stated that she would make a presentation to the Board regarding matters in litigation and it was proposed that an Executive Session be convened. It was then moved by Trustee McFadden and seconded by Trustee Goode that the Board convene an Executive Session pursuant to Section 2(c)(11) of the Open Meetings Act to discuss matters in litigation.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee White and seconded by Trustee Wilson that the Board adjourn the Executive Session and return to open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

a. ARCP Collections – Status Report

It was moved by Trustee McFadden and seconded by Trustee White that the Board authorize Fund staff to enter payment plans with current County employees who are not able to retire their ARCP debt within five years, to enter a payment plan with a term of five years, including a final balloon payment that could be re-negotiated with Board approval.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee White that the Board authorize Fund staff, through Fund counsel, to file complaints in the Circuit Court of Cook County against current County employees who have not agreed to enter payment plans to retire their ARCP debts.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee White that Fund fiduciary counsel is authorized to respond to the settlement proposal made by the member identified by Office Number #174545 as discussed.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Overpayments/Section 1-135 Fraud Report to State’s Attorney

i. Office #126236

It was moved by Trustee McFadden and seconded by Trustee Wilson that the Board find that there is a reasonable suspicion of fraud related to the payment of

annuity benefits made on behalf of the member identified by Office Number 126236 and that Fund fiduciary counsel shall so notify the Cook County State's Attorney pursuant to Section 1-135 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Wilson that the Board authorize Fund staff, through Fund counsel, to file a complaint in the Circuit Court of Cook County to recover the overpayments made to the member identified by Office Number #126236.

Vote Result: MOTION ADOPTED BY VOICE VOTE

ii. Office #83375

It was moved by Trustee McFadden and seconded by Trustee Wilson that that Board find that there is a reasonable suspicion of fraud related to the payment of annuity benefits made on behalf of the member identified by Office Number 83375 and the Fund fiduciary counsel shall so notify the Cook County State's Attorney pursuant to Section 1-135 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED BY VOICE VOTE

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 White 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 September 7, 2017 at 9:30 am.