

**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 October 5, 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, Bill Kouruklis (entered after Item 8a), Patrick McFadden, Joseph Nevius, Lawrence Wilson (left after Item 8a)

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

Others Present: Mary Pat Burns, Burke Burns & Pinelli; Cynthia Dillard, Retiree, Jorge Ochoa, Law Firm of Jorge Ochoa

Public Comment

Trustee Fitzgerald, President of the Board, opened the meeting for public comment and Mr. Jorge Ochoa, an attorney representing Ms. Maria Gonzalez, addressed the Board. Mr. Ochoa stated that Ms. Gonzalez had submitted an affidavit regarding the facts underlying her felony conviction for the Board to consider in determining whether she would no longer be eligible for annuity benefits from the Fund. He stated that Ms. Gonzalez had also submitted an application for a refund of contributions and asked that the Board approve her request.

1. Review and Consideration of:

- a. September 7, 2017 Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Nevius that the minutes of the September 7, 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 McFadden and seconded by Trustee Nevius 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, Kouruklis, McFadden (except as noted below), Nevius, Wilson

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 Nevius, 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, Kouruklis, McFadden, Nevius, 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 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, Kouruklis, McFadden, Nevius,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

Note: Trustee McFadden proposed that the Board consider Item 5, the Review and Consideration of September 28, 2017 Investment Committee recommendations before proceeding with the remaining items on the agenda to allow Trustee Wilson, Chairman of the Investment Committee, to attend the Cook County Board of Commissioner's meeting and the President stated that the Item 5 would be taken out of the presented order. The Board did not resume consideration of the remaining items in the sequence presented on the agenda, but considered them in the following order: Item 4 (70 W. Madison Vendors); Item 6 (Health Benefit Matters); Item 8 Legal (Felony Conviction); Item 3 (Administrative Report); Item 9 (Old Business/New Business) and Adjournment. These minutes have been prepared in the sequential order provided on the Agenda.

3. Administrative Report

The Executive Director reported that the Fund's assets had topped the \$10B for the first time last week, an increase from \$6B in assets in 2008.

a. Status Report from Independent Election Administrator

Brent Lewandowski, Senior Benefits Manager, presented the report of the Independent Election Administrator ("IEA") stating that four persons filed nominating petitions to fill the position of a Cook County Employee Member of the Board and that no challenges to the petitions were filed. He stated that the candidates' relative positions on the ballot were determined by the Fund's Election Rules and that a copy of the ballot was provided with the IEA's report.

b. 2018 Contract Renewals

The Executive Director presented a preliminary report showing the renewal status of professional service contracts in 2018. The trustees discussed that it might be in the Fund's interest to consider the preparation of Requests for Proposals ("RFPs") for these services in 2018.

c. Robert Half Legal

The Board discussed the report of the services provided by the legal intern retained through Robert Half. It was presented that the legal intern supported the Fund's efforts to recover unpaid Alternative Cancellation Payments, the preparations of

Findings of Fact in lieu of evidentiary administrative hearings and other matters. The legal intern keeps record of time spent on various tasks.

4. Update and Approval of 70 West Madison Relocation Vendors

The Executive Director reported that the construction continues to remain on schedule and will be ready for occupancy as planned. She also stated that the Board would be asked to approve the retention of vendors for furniture purchase and installation, moving services and additional liability insurance.

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve the retention of Henricksen to implement a furnishings layout which will include current furniture and work stations and the purchase of 15 additional work stations and such services shall include the dismantling, moving and installation of current furniture and work station and the installation of the new work stations at 70 W. Madison, at a cost not to exceed \$135,000. It was further moved that Fund staff is authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, 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, Fitzgerald, Nevius, Wilson

NAYS: None

PRESENT: McFadden, Kouruklis

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve the retention of 3MD Relocation Services to move work items, task chairs, filing cabinets, and support area materials from the Fund's current administrative offices to the location at 70 W. Madison at a cost not to exceed \$15,000. It was further moved that Fund staff be authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, 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, Fitzgerald, Nevius, Wilson

NAYS: None

PRESENT: McFadden, Kouruklis

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve the retention of Technical Source to move sensitive technology items, including their dismantling and set-up, from the Fund's current administrative offices to the location at 70 W. Madison at a cost not to exceed \$5,000. It was further moved that Fund staff be

authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, 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, Fitzgerald, Nevius, Wilson
NAYS: None
PRESENT: McFadden, Kouruklis

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve an extension of the Fund's current general liability policy issued by Hartford to include the premises at 70 W. Madison, Suite 1925 during the construction process at a cost not to exceed \$2,000. It was further moved that the Fund staff be authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, 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, Fitzgerald, Nevius, Wilson
NAYS: None
PRESENT: McFadden, Kouruklis

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee DeGraff that the Board approve a construction adjustment to accommodate a structural floor regrade by DSI at a cost not to exceed \$5,500. 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, 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, Fitzgerald, Nevius, Wilson
NAYS: None
PRESENT: McFadden, Kouruklis

Vote Result: MOTION ADOPTED

5. Review and Consideration of September 28, 2017 Investment Committee Recommendations

Nickol R. Hackett presented the recommendations made by the Investment Committee at their meeting on September 28, 2017. She stated that after the asset liability study that was performed in 2016, which resulted in target allocations changes, that Callan had reviewed individual asset class structures. The Investment Committee had reviewed the rebalancing

proposed for international equities and other recommendations at the meeting on September 28, 2017. Trustee Wilson, the chair of the Investment Committee, proposed that all of the recommendations made by the Investment Committee be adopted.

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

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Wilson and seconded by Trustee DeGraff that the Board adopt the recommendation made by the Investment Committee at their meeting on September 27, 2017, to approve Callan's proposal for the graduation of Strategic Global Advisors from the Progress Rising Opportunities Portfolio with an initial mandate of \$100 million, subject to satisfactory contract negotiations. It was further moved that Fund staff be 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 on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

2017, to approve a \$30M follow-on investment in CBRE Strategic Partners U.S. Value 8 for the Cook County Fund, subject to satisfactory contract negotiations and any other outstanding matters. It was further moved that the Fund staff be 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 on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

6. Health Benefit Matters

a. Open Enrollment Update

Jane Hawes, Senior Manager of Health Benefits, reported that the Fund would hold open enrollment meetings this year at three locations in Cook County on different dates in November in order to accommodate the Fund's annuitants, in a cost effective manner. She added that the Open Enrollment materials had been prepared and would be mailed in mid-October.

b. Review and Consideration of September 21, 2017 Health Benefits Committee Recommendations

Ms. Hawes presented the recommendations made by the Health Benefits Committee at their meeting on September 21, 2017. She stated that United Healthcare had revised their proposal for administrative service fees which lowered the Fund's cost per annuitant. Ms. Hawes added that the benefit change regarding the Urgent Care co-pay would not impact the rates for 2018, and that the Board would be asked to approve those rates as presented. She reported that Segal has advised that the co-pay logic currently used for the EGWP program could be modified to provide better economic efficiencies for the Fund. She then requested that the Fund be allowed to retain a vendor, Innovative Care Management, to provide assistance to the Fund on a case by case basis for second level appeals requiring medical expertise. The committee had also considered several options for structuring a renewal of Segal's agreement as a health benefits consultant, which included bundling basis services with special projects that do not occur annually, and asked for clarification from Segal about the impact on fees. Segal had submitted a formal proposal responsive to the committee's request which would need further review.

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on September 21, 2017, to accept United Healthcare's fee proposal for administrative

services at the rates, per annuitant, of \$31.02 in 2018, \$31.33 in 2019 and \$31.64 in 2020, and to approve an extension of the UHC Administrative Services Agreement from January 1, 2018 through December 31, 2020, upon the current terms. It was further moved that Fund staff be 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 on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: DeGraff, Goode, Fitzgerald, Kouruklis, McFadden, Nevius
NAYS: None
PRESENT: Wilson

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on September 21, 2017, to approve the final annuitant and survivor rates for 2018, as presented.

Roll Call Vote:

AYES: DeGraff, Goode, Fitzgerald, Kouruklis, McFadden, Nevius
NAYS: None
PRESENT: Wilson

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on September 21, 2017, to eliminate the current EGWP lesser of the drug discount or copay logic and to approve a return to the more typical lesser of the drug cost or copay logic.

Roll Call Vote:

AYES: DeGraff, Goode, Fitzgerald, Kouruklis, McFadden, Nevius
NAYS: None
PRESENT: Wilson

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on September 21, 2017, that the Fund retain Innovative Care Management for the processing of second level appeals at an annual cost not to exceed \$10,000 and it is further moved that Fund staff be authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review by Fund counsel, the execution and delivery of any related written agreement on behalf of the Fund by the

Executive Director.

Roll Call Vote:

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

NAYS: None

PRESENT: Wilson

Vote Result: MOTION ADOPTED

7. Legislative Matters

a. Actuarial Analysis of SB42

Gary LeDonne, Senior Policy Advisor, presented the analysis performed by Conduent, the Fund's actuary, of the impact of Senate Bill 42 on the current and project valuations of both the County Fund and the Forest Fund. Senate Bill 42 would permit the Cook County Board of Commissioners to adopt an ordinance which would give employees hired after January 1, 2019, the option of participating in a hybrid defined contribution/defined benefit plan. The analysis showed that if such an ordinance were enacted, fewer persons would participate in the current defined benefit plan resulting in fewer contributions paid to the Fund. The actuary's analysis showed that the Fund would be insolvent before any savings would be achieved by adopting the hybrid defined benefit/defined contribution plan permitted by Senate Bill 42.

Mary Pat Burns, Fund Counsel, reported that State pension funds found that IRS approval of a defined contribution/defined benefit plan as provided by SB 42 would be problematic because the bill allowed for variable contributions. She thought that the State funds would introduce legislation in an attempt to address such problems. The trustees discussed sharing the actuary's report with the Board of Commissioners and preparing a cover letter stating that the adoption of such an ordinance would not improve the Fund's valuation status. It was decided that Fund staff should send the report to the County's Chief Financial Officer and that a letter to the Board of Commissioners, including the actuary's report, would be considered at a later time.

8. Legal Matters

a. Felony Conviction Member #172971

Margaret M. Fahrenbach, Legal Advisor, presented the Affidavit submitted by Ms. Maria Gonzalez which stated the facts that gave rise to her felony conviction in *People v. Gonzalez*, 2013 CR 0780201. She added that Ms. Gonzalez, through her attorney, had advised the Fund that she submitted the Affidavit, rather than pursue an evidentiary administrative hearing. Ms. Fahrenbach stated that the Fund had received Ms. Gonzalez' application for a refund of contributions from her attorney, Mr. Jorge Ochoa, that morning. The Board discussed the facts presented in the Affidavit and

considered whether they related to the member's service as a County employee and whether she had forfeited her right to receive benefits from the Fund pursuant to Section 9-235 of the Illinois Pension Code.

It was moved by Trustee DeGraff and seconded by Trustee Goode, that the Board find based upon the record presented, that Maria Gonzalez was convicted of a felony that was related to her service as a County employee.

Roll Call Vote:

AYES: DeGraff, Goode, Fitzgerald, Kouruklis, Nevius, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee DeGraff and seconded by Trustee Goode that Maria Gonzalez is not eligible for annuity benefits pursuant to Section 9-235 of the Illinois Pension Code because she was convicted of a felony that was related to her service as a County employee and that the Board's determination was a final administrative decision. It was further moved that Ms. Gonzalez may receive a refund of contributions as permitted by the Illinois Pension Code, upon the submission of an application, the required supporting documents and approval by Fund counsel.

Roll Call Vote:

AYES: DeGraff, Goode, Fitzgerald, Kouruklis, Nevius, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

9. Old Business/ New Business

The Board was presented with a Draft Policy Manual of the Board of Trustees that had been prepared. Fund counsel and Fund staff were asked to review the draft and to propose revisions to the Board.

The Board also asked about the status of the litigation brought by Lori Levin regarding her request to participate in the Fund's retiree health care plan. Fund counsel and Fund staff reported that the matter had recently been heard by the Circuit Court and that the parties were requested to provide supplemental briefing on the Board's rule-making authority.

10. Adjournment

Because Trustees Nevius and Wilson had left the meeting, the proceedings were then adjourned because a quorum of trustees was no longer present.

The next Board meeting is scheduled for November 2, 2017 at 9:30 am.