

**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 November 2, 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, Diahann Goode, Patrick McFadden, Joseph Nevius, Dennis White (left during Item 5b); Lawrence Wilson

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; Elliott Mallen, Unite Here

Public Comment

Trustee McFadden, Vice President of the Board, opened the meeting for public comment and Mr. Elliott Mallen, Research Coordinator from Unite Here addressed the Board. He stated that there were concerns about whether staff reductions at CBRE Global Investors would impact the management of real estate investment assets in a changing environment. Mr. Mallen also noted that there were pending labor issues at a CBRE investment property in San Francisco. Trustee McFadden suggested that the Investment Committee review the matter.

Review and Consideration of:

- a. October 5, 2017 Board Meeting Minutes

It was moved by Trustee Goode and seconded by Trustee Nevius that the minutes of the October 5, 2017, Board meeting be adopted.

PRESENT: Wilson

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, McFadden, Nevius, White, Wilson
NAYS: McFadden (as to payment to Robert Half Legal)
PRESENT: White (as to payment for expense reimbursement)

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 DeGraff 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, McFadden, Nevius, 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 Wilson 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, Goode, McFadden, Nevius, White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Open Enrollment Update

Jane Hawes, Senior Manager of Health Benefits, stated that the Fund held two of three Open Enrollment meetings, one at the Cook County Administration Building in Chicago and another in Lincolnwood. A third meeting was scheduled for November 3, 2017, at the Koch Center in Chicago. The meetings were reasonably well attended and the Fund received positive feedback from the members and the vendors.

b. 70 West Madison Update

Nickol R. Hackett, Executive Director & CIO, reported that the renovation at the new location was proceeding on schedule. She stated that the electrical work was completed and had passed inspection, that most of the mechanical equipment was in place and that the flooring would be installed the following week. She added that the IT room was operational and that equipment was being situated. Ms. Hackett stated that the Fund's current firewall had reached the end of its life cycle and was not capable of protecting the Fund's data from malicious or harmful interference. The Board would be asked to approve expenses for a new firewall and other items as presented.

It was moved by Trustee Nevius and seconded by Trustee DeGraff that the Board approve the purchase of systems for the installation and maintenance of a Firewall, wireless solutions, security and ID cards, audiovisual equipment, signage, door lites, and router from vendors and at costs not to exceed the amounts as presented. It is 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 related written agreements by the Executive Director on behalf of the Fund.

Roll Call Vote:

AYES: DeGraff, Goode, Nevius, White
NAYS: McFadden
PRESENT: Wilson

Vote Result: MOTION ADOPTED

4. Election Report

a. Report of Independent Election Administrator

Brent Lewandowski, Senior Benefits Manager, presented the Final Report of the Independent Election Administrator for the trustee election held on October 25, 2017, to fill the Cook County Employee Member position. Four persons filed nominating petitions and no challenges were made to any of the petitions. The turnout was slightly lower than in previous elections. The IEA reported that Mr. Kevin Ochalla received the most votes in the election. No one contested the results of the election and the time to do so had expired.

It was moved by Trustee White and seconded by Trustee DeGraff that the Final Report of the Independent Election Administrator dated November 2, 2017, be accepted as a true and accurate report of the results of the election held on October 26, 2017, and consistent therewith, that Mr. Kevin Ochalla was elected as the Cook County Employee Member Trustee.

Vote Result: MOTION ADOPTED BY VOICE VOTE

- b. Proclamation of Election and Declaration of the Winner of the Cook County Employee Election Held on October 25, 2017

It was moved by Trustee DeGraff and seconded by Trustee White that the Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election held on October 25, 2017, be accepted and, consistent therewith, that Mr. Kevin Ochalla be declared the winner of that election and that he be administered and execute the Oath of Office. It is further moved that the Fund's staff take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 9-186 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED BY VOICE VOTE

5. Benefit Matters

- a. IDPH Update Report

The Senior Benefits Manager reported on the information the Fund received pursuant to the newly implemented data exchange agreement with the Illinois Department of Public Health ("IDPH"). He said that an amendment to the Illinois Pension Code allowed IDPH to share information about deaths reported in Illinois with local pension funds. About 86% of the Fund's annuitants reside in Illinois and the weekly reports received from the IDPH since July 13, 2017, have been the fastest and most accurate tool used by the Fund in identifying annuitants who have died in the state. The trustees discussed the IDPH process in matching the agency's information with the annuitant data provided by the Fund. It was also discussed how the Fund could improve collection of data about annuitants' deaths occurring outside of Illinois.

- b. Overpayments – Status Report

It was moved by Trustee Nevius and seconded by Trustee DeGraff pursuant to Sections 2(c)(11)

of the Open Meetings Act that the Board convene an Executive Session to discuss matters in litigation.

Roll Call Vote:

AYES: DeGraff, Goode, McFadden, Nevius, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee DeGraff and seconded by Trustee Nevius that the Executive Session be adjourned and that the Board return to open session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee Wilson that the Board amend the offer made by Kimberly Brogan to pay the Fund the overpayments made after the death of the member identified by Office #125236, by making eleven monthly payments of \$500 and a twelfth payment of \$16,085.15 and it is further moved that Fund counsel is authorized to effectuate the foregoing including the execution and delivery of related written agreements by the Executive Director on behalf of the Fund.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee Wilson that the Board finds a reasonable suspicion of fraud related to the payment of annuity benefits made on behalf of the members identified by Office Numbers 129904, 151170 and 66317 and that Fund counsel shall so notify the Cook County State's Attorney pursuant to Section 1-135 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee Wilson that the Board authorize Fund staff, through Fund counsel, to determine those persons who had access to the accounts where the overpayments were made to members identified by Office Numbers 120904, 151170 and 66317 and to file complaints against such persons in the Circuit Court of Cook County to recover the overpayments.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

6. Review and Consideration of October 26, 2017 Investment Committee Recommendations

Trustee Wilson presented the recommendations made by the Investment Committee, a committee that he chairs, following the search for a Short Term Duration Fixed Income Emerging Manager for both the County and the Forest Funds. He stated that the Investment Committee recommended that Garcia Hamilton Associates be selected for a mandate of \$230M for the County Fund and \$15M for the Forest Fund. Trustee Wilson also presented

the results of a search for a Core Plus Fixed Income manager for the County Fund. He stated that the Investment Committee recommended that Prudential Investment Management Inc. be selected for a \$345M mandate.

It was moved by Trustee Wilson and seconded by Trustee Goode that the Board approve the recommendation made by the Investment Committee at their meeting on October 26, 2017, following an RFP to identify an emerging manager for short duration fixed income mandate, that the County Fund retain Garcia Hamilton Associates for such mandate in the amount of \$230M, subject to satisfactory completion of contract negotiations. It is further moved that Fund Investment Staff and the Executive Director be authorized to take all action reasonable necessary to effectuate the foregoing, including the execution and delivery of related written agreements by the Executive Director on behalf of the County Fund.

Roll Call Vote:

AYES: DeGraff, Goode, McFadden, Nevius, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Wilson and seconded by Trustee Goode that the Board approve the recommendation made by the Investment Committee at their meeting on October 26, 2017, following an RFP to identify an emerging manager for short duration fixed income mandate, that the Forest Preserve Fund retain Garcia Hamilton Associates for such mandate in the amount up to \$15M subject to satisfactory completion of contract negotiations. It is further moved that Fund Investment Staff and the Executive Director be authorized to take all action reasonable necessary to effectuate the foregoing, including the execution and delivery of related written agreements by the Executive Director on behalf of the Forest Preserve Fund.

Roll Call Vote:

AYES: DeGraff, Goode, McFadden, Nevius, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Wilson and seconded by Trustee Nevius that the preceding motion be amended to allow Fund Investment staff discretion to approve allocations up to \$15,000,000 for purposes of the mandate approved for Garcia Hamilton Associates for the Forest Preserve Fund.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Wilson and seconded by Trustee Goode that the Board approve the recommendation made by the Investment Committee at their meeting on October 26, 2017, following an RFP to identify an investment manager for fixed income, that County Fund retain Prudential Investment Management, Inc. for such mandate in the amount of \$345M, subject to satisfactory completion of contract negotiations. It is further moved that Fund Investment Staff and the Executive Director be authorized to take all action reasonable

necessary to effectuate the foregoing, including the execution and delivery of related written agreements by the Executive Director on behalf of the County Fund.

Roll Call Vote:

AYES: DeGraff, Goode, McFadden, Nevius, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

The Executive Director & CIO presented the recommendation of the Investment Committee, as proposed by Callan Associates, that the Fund rebalance its mandates for domestic equities to address disparate exposures among small-cap, mid-cap and large-cap stocks. It was recommended that the County Fund retain both Mesirow and Channing for small cap domestic equity mandates with equal allocations of approximately \$50M. In addition, the Board was asked to submit any requests for attendance at conferences in 2018 so that expenses for such conferences could be included with the proposed budget.

It was moved by Trustee Wilson and seconded by Trustee DeGraff that the Board approve the recommendation made at the Investment Committee meeting on October 26, 2017, for a modified domestic equity rebalancing for the County Fund by retaining both Mesirow and Channing for small cap domestic equity mandates with equal allocations of not more than \$50M each. It is further moved that Fund Investment Staff and the Executive Director be authorized to take all action reasonable necessary to effectuate the foregoing, including the execution and delivery of related written agreements by the Executive Director on behalf of the County Fund.

Roll Call Vote:

AYES: DeGraff, Goode, McFadden, Nevius, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

7. Discussion and Possible Action Relating to the Board Policy Manual

Trustee McFadden asked that the trustees review the proposed Policy Manual that had been posted to BoardEffect. He stated that the President of the Board wanted to convene a meeting in mid-November that would be dedicated to the Policy Manual. The trustees discussed how it would be best to proceed with adopting a policy manual. There was discussion that the matter had been previously referred to the Legislative Committee and, if so, whether that was an appropriate referral. The trustees discussed that the adoption of a Policy Manual should be given careful consideration over a reasonable period of time.

It was moved by Trustee Goode and seconded by Trustee DeGraff to refer the Policy Manual reviewed by the Legislative Committee.

Roll Call Vote:

AYES: DeGraff, Goode, Nevius, Wilson
NAYS: McFadden

Vote Result: MOTION ADOPTED

8. Old Business/ New Business

It was moved by Trustee Wilson and seconded by Trustee DeGraff that the matter raised by Mr. Mallen in his Public Comment to the Board be referred to the Investment Committee.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

Trustee Wilson also stated that he had concerns about the presentation of the Minutes for the meeting held on October 5, 2017, because the agenda items were not considered sequentially and the trustees' presence for different items did not appear to be correctly presented.

9. Adjournment

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

The next Board meeting is scheduled for December 7, 2017 at 9:30 am.