



**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 December 6, 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 Public Comment), Patrick McFadden, Joseph Nevius, Kevin Ochalla, Dennis White (entered during Public Comment); Lawrence Wilson

Staff Present: Regina Tuczak, Executive Director, Brent Lewandowski, Director, Member Services; Margaret Fahrenbach, Legal Advisor; Gary LeDonne, Director, Benefits Administration; Michael Maratea, Director of Finance and Administration; Beverly Romanini, Director, Administrative Services; Jane Hawes, Director, Health Benefits; Saron Tegegne, Comptroller

Others Present: Sarah Boeckman, Burke Burns & Pinelli; Marcos Feldman, Unite Here, William Rodriques, Unite Here, Martha Samayoa, Unite Here, Laurel Fish, Unite Here

Public Comment

Trustee Wilson, President of the Board, opened the meeting for public comment. Mr. Marcos Feldman, Mr. William Rodriques and Ms. Martha Samayoa addressed the Board regarding their concerns of labor and sexual harassment issues at properties located in California. The properties discussed are owned by the CBRE Global Investors U.S. Strategic Partners Fund VII, in which the County Fund is an investor, and are managed by another entity. The trustees inquired as to whether the labor disputes impacted the investment. Mr. Feldman confirmed that there are charges for unfair labor practices pending against the firm managing the properties in California.

1. Review and Consideration of:

a. November 1, 2018 Board Meeting Minutes

Trustee Fitzgerald stated his opinion that the presented minutes be amended to reflect that the Board approved the retention of John McCabe & Associates for a two year period upon the same terms as the expiring contract.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the presented minutes of the Board meeting on November 1, 2018, be amended as proposed and adopted.

Vote Result: **MOTION ADOPTED BY VOICE VOTE, with Trustee Ochalla having voted 'present'.**

2. Review and Consideration of:

a. Bills, Payroll Records

It was moved by Trustee McFadden and seconded by Trustee Nevius that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records, the Board having received confirmation from Fund staff that such payments were consistent with the approved administrative budget, be ratified.

Roll Call Vote:

AYES: DeGraff, Fitzgerald, Goode, Kouruklis, 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 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 Goode and seconded by Trustee DeGraff 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 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, Fitzgerald, Goode, Kourkulis, McFadden, Nevius, Ochalla,
White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Matters

a. Approval of 33 North Dearborn 2017 True-Ups

Michael Maratea, Director of Finance and Administration stated that the Fund had received an invoice for payment of the 2017 operational expenses and tax reconciliation due under the lease for the Fund's former administrative offices at 33 N. Dearborn. The trustees requested confirmation from the Landlord that the invoice presented the final amounts to be paid under the lease before the payment was remitted.

It was moved by Trustee Ochalla and seconded by Trustee Goode that the presented invoice for the Fund's share of the 2017 Operating Expenses and 2017 Real Estate Tax Reconciliation ("True-Up") in the amount of \$12,916.46 and due pursuant to the lease of its administrative offices at 33 N. Dearborn be approved, but not remitted until a release letter is received from the Landlord confirming that this is the final payment due.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Executive Director Report

Regina Tuczak, Executive Director, stated that her report would be given later in the meeting.

4. Legislative Matters

a. Ratification of 2019 Intergovernmental Agreement

The Executive Director stated that the Fund had received a draft of the proposed Intergovernmental Agreement with Cook County (“IGA”) which provided for additional employer contributions in 2019. She added that the IGA had been reviewed and edited by Burke Burns & Pinelli, Ltd. Ms. Sarah Boeckman of Burke Burns & Pinelli, Ltd. stated that the presented draft had a few minor edits, but after correction of such edits, was acceptable and could be approved as to form by the firm.

It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that the Board approve the presented Intergovernmental Agreement (“IGA”) with Cook County, subject to the proposed edits, to provide additional employer contributions to the County Fund. It is further moved that Fund counsel and Fund staff shall take all action reasonable necessary to effectuate the foregoing, including the execution of the IGA on behalf of the Fund by the President of the Board and delivery to the County.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

5. Health Benefits Matters

a. EGWP Renewal Negotiations

Jane Hawes, Director of Health Benefits, stated that at the meeting on November 14, 2018, the Health Benefits Committee had reviewed the status of the agreements for pharmacy benefits management (PBM) services with CVS/Caremark for the Commercial and Employer Group Waiver (EGWP) plans. She stated that the Fund had gained access to favorable terms and pricing with CVS because of its participation in the Coalition for Municipal Agencies Request for Proposal (RFP) for PBM services. Ms. Hawes stated that she was working with Segal to negotiate new terms and fees with CVS before extending the EGWP contract. If those negotiations are not successful, the HBC recommended that Segal be retained to prepare a RFP for an EGWP provider. Ms. Hawes stated that the estimate for such RFP preparation and related vetting of vendors by Segal is estimated at approximately \$60,000. Such estimate which would be presented at the Board’s meeting in January, 2019.

It was moved by Trustee McFadden and seconded by Trustee Nevius that the Board adopt the recommendation made by the Health Benefits Committee at their meeting on November 14, 2018, to engage Segal to prepare a formal proposal to market the EGWP renewal, at a cost not to exceed \$60,000 which would be presented to the Board at their meeting in January, 2019.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

6. Election Report

Brent Lewandowski, Director of Member Services, reported that Ms. Diahann Goode had been elected the County Fund Member Trustee in the election held October 31, 2018. Mr. Lewandowski presented the report of the Independent Election Administrator which summarized the election process and results. He also presented the Proclamation of Election and Declaration of the Winner of the Cook County Fund Employee Election Held on October 31, 2018, for the trustees to sign.

a. Report of Independent Election Administrator

It was moved by Trustee Ochalla and seconded by Trustee DeGraff that the Report of the Independent Election Administrator of the Election for the Cook County Fund Employee Member Trustee Position dated November 9, 2018, be accepted as a true and accurate report and that consistent therewith, that Ms. Diahann A. Goode was elected as the Cook County Fund Employee Member Trustee.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Proclamation of Election and Declaration of the Winner of the Cook County Fund Employee Member Trustee Election Held on October 31, 2018

It was moved by Trustee Ochalla and seconded by Trustee DeGraff that the Proclamation of Election and Declaration of the Winner of the Cook County Fund Employee Member Trustee Election held on October 31, 2018, be accepted and, consistent therewith, that Ms. Diahann A. Goode be declared the winner of that election and the she may be administered and execute the Oath of Office. It was further moved that the Fund staff take all action necessary to file a copy of the 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

7. Legal Matters

a. Hearing Officer Recommendation – Office #131530

Margaret M. Fahrenbach, Legal Advisor, reported that the Fund had received an Amended Recommended Opinion from Hearing Officer Patrick Driscoll regarding the request for an administrative hearing received from the member identified by Office Number 131530. The issue in dispute was the date on which the member was first eligible to receive an automatic increase in her annuity benefits. The Hearing Officer recommended that the age of the member at the time the annuity benefits became effective determined when the automatic increase in the annuity benefits would first apply.

It was moved by Trustee Fitzgerald and seconded by Trustee DeGraff that the Board adopt the Amended Recommended Opinion presented by the Hearing Officer in the administrative hearing requested by the member identified by Office 131530 and that the Board's action be a final administrative decision pursuant to Section 9-237 of the Illinois Pension Code.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

b. Proposed ARCP Settlement Offer – Office #180231

Ms. Fahrenbach stated that the Fund had received a settlement proposal from the member identified by Office #180231 who had been sued to recover the amount he received as an the Alternative Retirement Cancellation Payment (“ARCP”) pursuant to Section 9-134.5 of the Illinois Pension Code. The Fund obtained a judgment against the member in the amount of \$2,191.84 and the defendant has offered to settle by making a lump-sum payment of \$900 to be paid by December 20, 2018. Burke Burns & Pinelli, Ltd. stated that the defendant is not likely able to pay the full judgment amount. The Fund would incur further litigation expenses if it pursues post-judgment collection proceedings.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the Board accept the settlement offer proposed regarding the ARCP Litigation pending against the member identified by Office #180231 and that Fund counsel be authorized to take all action reasonably necessary to effect the Board's discussion of the same, including the execution and delivery of related written agreements, if any, on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

c. Update on Pending Legal Matters

Ms. Boeckman reported that the Illinois Workers' Compensation Claim brought by former employee Ms. Jennifer Morales was ongoing. She also stated that the discovery period for the litigation matters with Mr. Scott Budlove and Mr. Charles Salerno was to close soon. Ms. Boeckman reported that they had reached-out to the attorney who had represented Mr. Gene Michno in litigation with the employer because the settlement terms might impact pending disability claims with the Fund. She also stated that the Fund had received the disclosures required by the Pension Code from investment managers that had been considered at the Board's meeting in November, 2018.

8. 2019 Finance Report

a. 2019 Budget Update

The Executive Director stated that since she had recently assumed her position on December 3, 2018, that she would like to defer the Board's consideration of the 2019 Administrative Budget until she could meet with Fund staff to discuss the budget in more detail. She requested that until the 2019 Administrative Budget is approved, the 2018 Administrative Budget be continued for the amounts approved by the Board and that the Fund would seek Board approval for expenditures that would exceed the 2018 Administrative Budget by an annual amount of \$1,000 or for any new vendor. The Executive Director stated that a Preliminary Proposed Administration Budget for 2019 had been provided to the Board for their review and comment. Trustee Wilson noted that he had received information from the Fund staff about the organization and function of their respective departments that would be shared with the trustees.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the 2018 Administrative Budget be continued in and for the amounts approved by the Board until such time as an Administrative Budget is adopted for fiscal year 2019. It was further moved that the Fund obtain prior approval from the Board for any expenditure that would exceed the 2018 Administrative Budget by an annual amount of \$1,000 or for any new vendor.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. 2019 Education and Travel Pre-Approval

The Executive Director stated that the Fund had identified various conferences that trustees could attend in 2019 that could be used to satisfy the requirements for training under the Illinois Pension Code.

It was moved by Trustee Goode and seconded by Trustee DeGraff, consistent with the recommendations of the Fund staff and Fund counsel, that the expenses, including and associated travel expenses, incurred by any Trustee or Fund staff in attending any of the indicated educational conferences be approved provided that reimbursement shall be in and for amounts that are consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

9. Trustee Matters

a. 2019 Proposed Election of Officers and Committee Assignments

It was moved by Trustee Goode and seconded by Trustee Nevius that the following members of the Retirement Board shall serve, respectively, as Officers, until a successor is elected: Trustee Wilson, President; Trustee White, Vice-President; and Trustee Goode, Secretary.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Goode that all the members of the Retirement Board shall serve on the Investment Committee and that Trustee DeGraff shall serve as Chairman. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Goode that the following members of the Retirement Board shall serve on the Emerging/Minority Investment Sub-Committee: Trustee White, Chairman; Trustee Kouruklis, Trustee Nevius, Trustee Ochalla and Trustee Wilson. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Goode that the following members of the Retirement Board shall serve on the Health Benefits Committee: Trustee Fitzgerald, Chairman; Trustee DeGraff, Trustee Goode, Trustee Kouruklis, Trustee McFadden, Trustee Ochalla, and Trustee White. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Goode that the following members of the Retirement Board shall serve on the Legislative Committee: Trustee Goode Chairman; Trustee DeGraff, Trustee Fitzgerald, Trustee Kouruklis, and Trustee White. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. 2019 Proposed Board Meeting Schedule

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden, consistent with the recommendation of the Fund's professional staff and the Fund's counsel, that the proposed 2019 Meeting Schedule be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

10. Old Business/New Business

Trustee Nevius stated that the Board should recognize the outstanding leadership shown by Dennis White and Brent Lewandowski in assuming various responsibilities as Interim Executive Directors during the recent transition period and requested that the Board adopt resolutions recommending their service. Fund staff will have such resolutions prepared for the next Board meeting.

It was moved by Trustee McFadden and seconded by Trustee White that the Board adopt a resolution expressing its highest commendations to Mr. Dennis White and Mr. Brent Lewandowski for their respective service as Interim Executive Directors for 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.

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

The Executive Director then reported on the status of the engagement with Novitas Business & Technology (Novitas) who provides coding development and maintenance services for the Fund's pension administration system. She stated that the Fund was recently notified of personnel changes at Novitas that will sharply impact its ability to provide coding development services to the Fund. Other services provided have also been impacted with the personnel change. Because of these developments, Novitas has entered into a teaming agreement with another provider, Bradley Consulting, who can assist in providing such services. The Fund's contract does not provide for such arrangement. In addition, the current contract expires on December 31, 2018. Given the issues discussed, the Executive Director proposed that the Fund engage external counsel to negotiate a renewal of the agreement with Novitas, incorporating the new teaming agreement, and the most favorable termination clause possible, but to request that their fees be reduced by \$10,000 annually due to the disruption to the Fund with the personnel changes and involvement of external counsel for contract review. Based upon discussions with Mr. Chang, President of Novitas, Ms. Tuczak stated that the Fund's programming code is stored in a cloud environment which the Fund can access through an escrow account. In addition, the former Novitas employee no longer has access to the Fund's data or code.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the Fund engage Burke Burns & Pinelli, Ltd. to negotiate on the Fund's behalf a renewal of the contract with Novitas for a period not to exceed one-year, with the most favorable terms and termination clause, including, but not limited to, a reduction of \$10,000 in the annual fee. It was further moved that Fund counsel and Fund staff take all action reasonable 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, Fitzgerald, Goode, Kourkulis, McFadden, Nevius, Ochalla,
 White, Wilson

NAYS: None

Vote Result: **MOTION ADOPTED**

The Executive Director reported that the Agreement for Actuarial Services with Cavanaugh Macdonald was under review. It was expected that the Agreement would be completed shortly so that the Fund's data could be transferred in a timely manner to the new actuary.

The Executive Director proposed that the Fund advise its vendors, with some exceptions, that invoices commencing in January, 2019, will only be paid after Board approval following each monthly meeting. She stated that some vendors, specifically utility companies and payments due for health benefits, would not be subject to this change.

The Executive Director reported that she would be available to meet with each of the trustees individually to discuss significant budget items, once the budget preparation is complete.

The trustees inquired if new emails had been assigned to them specific to the Fund domain. Ms. Romanini reported that addresses for all trustees had been created and were under review by external counsel.

11. Adjournment

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

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

The next Board meeting is scheduled for January 10, 2019, at 9:30 a.m.