

**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 7, 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 (departed during Item 8b), Jack Fitzgerald, Diahann Goode, Bill Kouruklis (departed after Item 7a), Patrick McFadden, Joseph Nevius, Kevin Ochalla (entered during Item 1a), Dennis White (entered during Item 1b); Lawrence Wilson (entered during Item 1a)

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: Sarah Boeckman, Burke Burns & Pinelli; Quentin Pitluk, Public Defender

Public Comment

Trustee Fitzgerald, President of the Board, opened the meeting for public comment and no one having requested to address the Board, the next item of business on the Agenda was considered.

1. Review and Consideration of:

- a. October 5, 2017 Board Meeting Minutes, as Amended

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the minutes of the October 5, 2017, Board meeting be amended to show that Trustee McFadden voted "Nay" to the payment made to Robert Half Legal.

Vote Result: Trustee Ochalla voting "Present" and the other trustees voting "Aye"; MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the minutes of the October 5, 2017, Board meeting be amended as presented.

Vote Result: Trustee Ochalla voting “Present” and the other trustees voting “Aye”; MOTION ADOPTED BY VOICE VOTE

b. November 2, 2017 Board Meeting Minutes

Trustee McFadden asked how the matter of administrative rules had been referred to the Legislative Committee. It was noted that the agenda for the January 1, 2016, Legislative Committee Meeting included an item for the discussion of administrative rules, but that the meeting did not convene due to a lack of a quorum. The trustees discussed that the minutes be reviewed to verify how the referral was made to the Legislative Committee. Trustee Goode clarified that the review of the administrative rules had been referred to the Legislative Committee and stated that she will provide the referral of the administrative rules matter from the Board to the Legislative Committee. She also stated that she would recommend that minutes that have been approved by the Board not be subject to further amendments at later meetings. Trustee McFadden noted that the Fund’s current administrative rules had not been posted to BoardEffect as had been requested. President Fitzgerald suggested that the incoming Board president might consider recording the Board meetings to assure that any requests by the Board be of record.

It was moved by Trustee Goode and seconded by Trustee DeGraff that the minutes of the November 2, 2017, Board meeting be adopted

Vote Result: Trustee Ochalla voting “Present” and the other trustees voting “Aye”, MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

The trustees asked that additional information regarding reimbursements for attendance at conferences and further detail about payroll records be made available to the Board. It was moved by Trustee McFadden and seconded by Trustee DeGraff that an email be sent to the trustees with the link to the payroll summaries in BoardEffect for both current and future payrolls and that beginning in January, 2018, reimbursed travel expenses include location and dates of the conferences attended.

Roll Call Vote:

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

NAYS: None

PRESENT: Goode

Vote Result: MOTION ADOPTED

It was moved by Trustee DeGraff and seconded by Trustee McFadden that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records and having received confirmation from Fund staff that such payments were consistent with the approved administrative budget, that the payments 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 McFadden 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 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, Fitzgerald, Goode, Kouruklis, McFadden, Nevius,
Ochalla, 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 three Open Enrollment meetings in 2017. Overall, the attendance at the meetings was about 10% less than in the previous year, but not unexpected due to few venues and no plan changes. Ms. Hawes stated that annuitants who attended the Open Enrollment events were seeking basic information about how the health plan works, which indicated a need for more health benefits education for current and new retirees. She noted a significant number of members (96) switched from the more expensive Choice Plus plan and that 47 members elected to stop coverage effective January 1, 2018. It was discussed whether the Fund had information about the reasons for members dropping coverage and that it might be useful to survey members as to their reasons for doing so.

b. Relocation Update and Consideration of Disposal Plan

Nickol R. Hackett, Executive Director & CIO, presented the budget for the relocation of the Fund's administrative office to 70 W. Madison which showed the Budgeted and Projected Buildout Expenses for costs incurred for both the renovation and the move. It was noted that the rent abatement for the new location was more favorable than anticipated and that the Fund's out-of-pocket costs were about \$60,000 and below budget. The trustees discussed that the budget be presented at the next meeting.

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the presented relocation budget be reworked as the trustees discussed and be presented again at the January, 2018 Board meeting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The Executive Director stated that the Fund had received notice on November 16, 2017, from the Landlord at 33 N. Dearborn stating that the Fund was required to remove certain HVAC and other equipment from the premises pursuant to the Lease. The Landlord had offered to engage vendors on behalf of the Fund to remove the identified items. The Landlord would charge the Fund a 10% administrative fee and presented the proposals from the vendors that it received. The Fund attempted to identify other vendors for the removals, but was not able to provide more competitive pricing. The trustees discussed that outside legal counsel should review the Lease to determine if the Fund was obligated to remove the items identified by the Landlord.

It was moved by Trustee DeGraff and seconded by Trustee Nevius that the Board authorize the retention of North Dearborn Building Company, LP to contract with, on the Fund's behalf, the identified vendors to remove and dispose of certain items pursuant to the Lease at 33 N. Dearborn, as presented, at a total cost not to exceed \$16,000, such authorization being contingent upon confirmation from Burke Burns & Pinelli that the Fund was obligated under the Lease to make such removals and determine correct action as to the disposal issues. It was further moved that Fund staff was authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of related written by the Executive Director on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

PRESENT: Kouruklis

Vote Result: MOTION ADOPTED

4. Legislative Matters

a. Ratification of 2018 Intergovernmental Agreement

The Executive Director & CIO stated that the Cook County Board of Commissioners had approved an Intergovernmental Agreement ("IGA") with the Fund that provided for additional distributions in the total amount of \$353,436,000 to be paid by Cook County to the County Fund in monthly installments beginning on December 31, 2017 and concluding on or before November 30, 2017. The Executive Director stated that she highlighted to the Board of Commissioners, the number of annuitants were projected to exceed the number of active employees by 2019 and that the Board of Commissioners supported the IGA to sustain the County's Fund viability. The trustees had earlier indicated that they would approve the IGA should it be adopted by the County Board.

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the Board ratify the action taken to approve the 2018 Intergovernmental Agreement with Cook County to provide additional distributions to the Fund, as presented.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Authorization of 2018 Actuarial Experience Study

Gary LeDonne, Senior Policy Advisor, stated that actuarial best practices recommend that large public pension funds conduct an actuarial experience study every three to five years. The Fund's actuary conducted actuarial experience studies in advance of the 2009 and 2013 actuarial valuations. Mr. LeDonne asked that the Board consider retaining Conduent HR Consulting to perform an actuarial experience study in advance of the 2017 actuarial valuations. The trustees discussed whether the actuarial experience study should be delayed for an additional year in the event that a new actuarial consultant was retained but noted that the core team at the current actuary was familiar with the Fund's data.

It was moved by Trustee McFadden and seconded by Trustee Wilson that the Board approve the retention of the Fund's current actuarial consultant, Conduent HR Consulting to perform an Actuarial Experience Study, as presented, at a cost not to exceed \$42,000. It was further moved that Fund staff was authorized to take any reasonable action necessary to effectuate the foregoing including, subject to legal review, the execution and delivery of related written agreements by the Executive Director on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

5. Benefit Matters

a. Disabled Dependent Health Benefits Coverage

The Senior Manager of Health Benefits stated that the Fund had received an application for health benefits for an annuitant's disabled dependent child who attained the age of 26. She stated that UnitedHealth Care had confirmed that the adult disabled dependent had met the criteria for coverage. It was discussed that there has been a practice to cover an annuitant's adult disabled dependent, but that the Fund did not have specific guidelines on this matter. It was also discussed that staff should develop procedures for this coverage.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board approve coverage under the Health Plan, subject to the Fund's processing procedures, for an annuitant's disabled adult dependent, as presented.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

6. Legal Matters

a. In the Matter of Michno – Hearing Officer Recommendations

Margaret M. Fahrenbach, Legal Advisor, stated that the Fund had received a “Report of Hearing Officer” that had been prepared by Retired Judge Michael C. Close in regard to the administrative hearing and Independent Medical Evaluation (“IME”) for Mr. Gene Michno who had applied for duty disability benefits. His attorney, Ms. Dana Kurtz, had filed a “Motion for Leave to File a Memorandum of Exceptions to Hearing Officer Close’s Recommended Opinion” on the morning of December 7, 2017.

It was moved by Trustee Goode and seconded by Trustee Ochalla that the secured material regarding Mr. Michno be posted in the Resource Library of BoardEffect. It was further moved that Mr. Michno, through his attorney Ms. Dana Kurtz, would be allowed 60 days to prepare a memorandum of exceptions and that the Fund would have 30 days to respond.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. In the Matter of Budlove/Salerno

The Legal Advisor stated that Mr. Charles Salerno and Mr. Scott Budlove have administrative hearings pending regarding their eligibility for duty disability benefits. The members have filed a complaint in the Northern District of Illinois claiming that they were denied certain rights in regard to the benefits they allege they are entitled to receive and named all current trustees, certain former trustees and Fund staff as defendants. The Cook County State’s Attorney is representing the Fund and has asked if the Fund may accept service on behalf of the named defendants and allow the State’s Attorney’s Office to represent them in the pending proceeding. Because all the trustees have entered Indemnity Agreements with the Fund, and there are common issues related to all, it would be prudent to have common representation. It was also discussed that Burke Burns & Pinelli be retained as additional counsel in this matter.

It was moved by Trustee McFadden and seconded by Trustee DeGraff that the Board authorize the Fund to accept service on behalf of the named defendants, that the Cook County State’s Attorney be authorized to enter appearances of their behalf and that Burke Burns & Pinelli be retained as additional counsel.

Vote Result: MOTION ADOPTED BY VOICE VOTE

Sarah Boeckman of Burke Burns & Pinelli stated that there were two recently enacted legislative matters to bring to the Board’s attention. She stated that PA 100-0542 required the Fund to obtain disclosures from its investment consultant regarding

searches for investment services from entities owned by minorities and females and required additional disclosures which were to be made by January 1, 2018, and in subsequent years. Ms. Boeckman also stated that PA 100-0554 would require the Board to adopt a policy about sexual harassment and that the members would need to receive annual training on sexual harassment beginning in 2018. The trustees asked that the legislation be posted on BoardEffect.

7. 2018 Finance Report

a. 2018 Budget Presentation

The Executive Director presented an overview of the 2018 administrative budget for the Fund. She stated that there had been changes in staffing responsibilities and that the Fund continued to provide services to a growing member base with fewer staff members and with lower administrative costs than similarly situated local funds. The Fund has continued to identify efficiencies in serving members, which include the newly implemented procedures for scheduled appointments. While seven new employees were added, the total staffing remained flat because the new hires were due to staff attrition. Overall, and of particular concern and impact, is the anticipation that in two years the annuitant population will exceed the number of active employees. The Fund will need to efficiently utilize its resources to manage the payment of benefits given demographic change.

Ms. Hackett noted several of the Fund's accomplishments in 2017 including, but not limited to, the completion of a multi-year digitization of member records, the retention of a consultant to prepare a RFP for a new pension administration system and the implementation of the EGWP program which reduced expenses for prescription medications. The trustees discussed the claim that BlueCross Blue Shield had made regarding the Fund's obligation to pay vendor fees and other items after its engagement as the third party administrator of the health benefits plan had ended. The trustees asked that the budget be presented to show the budgeted amount, the actual spend and the variance.

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the Fiscal Year 2018 Administrative Budget be deferred to the January 2018 board meeting. It was further moved that the BlueCross BlueShield demand for payment be reviewed by outside legal counsel at a cost not exceed \$5,000, without further Board approval.

NAY: Goode

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. 2018 Education and Travel Pre-Approval

The Executive Director presented the opportunities in 2018 for seminars that the trustees could attend to satisfy their requirements for trustee education.

It was moved by Trustee McFadden and seconded by Trustee DeGraff, consistent with the recommendations of the Fund staff and Fund counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Fund staff in attending any of the indicated educational conferences be approved provided that the 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, McFadden, Nevius, Ochalla, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

8. Trustee Matters

a. Trustee Education

The Executive Director stated that the trustees were generally in compliance with their annual training for 2017, but if needed, additional conferences in 2017 could be attended.

b. 2018 Proposed Election of Officers and Committee Assignments

It was moved by Trustee Fitzgerald that the Emerging Managers Sub-Committee be merged into the Investment Committee. After discussion among the trustees, it did not appear to be in the Fund's interest to do so, and the motion was withdrawn.

The Board considered the election of officers pursuant to Section 9-188 of the Illinois Pension Code and the following motions were made.

It was moved by Trustee DeGraff and seconded by Trustee White that Trustee Goode should serve as President of the Retirement Board until a successor is elected.

Roll Call Vote:

AYES: DeGraff, Goode, White, Wilson

NAYS: McFadden, Nevius, Ochalla, Fitzgerald

Vote Result: MOTION NOT ADOPTED

Trustee DeGraff stated that he needed to leave the meeting, but would be willing to serve as an officer, committee chairman or participate on a committee at the discretion of the other trustees.

It was moved by Trustee Nevius and seconded by Trustee McFadden that Trustee Fitzgerald should serve as President of the Retirement Board until a successor is elected. The trustees discussed the nomination and Trustee Fitzgerald stated that he

was not willing to serve in that capacity for an additional term. The motion was withdrawn.

It was moved by Trustee McFadden and seconded by Trustee Ochalla that Trustee Wilson should serve as President of the Retirement Board until a successor is elected

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Ochalla and seconded by Trustee Goode that Trustee White should serve as Vice President of the Retirement Board until a successor is elected.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee White and seconded by Trustee Wilson that Trustee Goode should serve as Secretary of the Retirement Board until a successor is elected.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

The Board then considered which trustees would chair and be assigned to the Investment Committee, Emerging Manager Investment Sub-Committee, Health Benefits Committee and Legislative Committee.

It was moved by Trustee White 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.

Roll Call Vote:

AYES: Goode, Nevius, Ochalla, White, Wilson

NAYS: None

PRESENT: McFadden (because DeGraff was not present), Fitzgerald

Vote Result: MOTION ADOPTED

The Board then considered who would chair and be assigned to the Emerging Manager Investment Sub-Committee. It was moved by Trustee Fitzgerald and

seconded by Trustee Nevius that the following members of the Retirement Board shall serve on the Emerging Manager 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.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

The Board then discussed who would chair and be assigned to the Health Benefits Committee. It was moved by Trustee Goode and seconded by Trustee White 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.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

The Board next considered which trustees would chair and be assigned to the Legislative Committee. It was moved by White and seconded by Trustee Ochalla 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.

Roll Call Vote:

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

NAYS: None

c. 2018 Proposed Board Meeting Schedule

A proposed schedule for regular Board meeting dates in 2018 was considered by the trustees.

It was moved by Trustee McFadden and seconded by Trustee Ochalla, that the schedule be amended to provide that the March Board meeting be convened on March 8, 2018, and it was further moved, consistent with the recommendation of the Fund's professional staff and the Fund's counsel, that the amended 2018 Meeting Schedule be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

9. Old Business/ New Business

There were no old business or new business matters discussed.

10. Adjournment

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

The next Board meeting is scheduled for January 4, 2018, at 9:30 am.