

**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 West Madison, Suite 1925
Chicago, IL 60602**

October 7, 2021 - 9:30 A.M.

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: Lawrence Wilson, President; John Blair, Diahann Goode, Stephen Hughes, Bill Kouruklis, Patrick McFadden, Joseph Nevius, Kevin Ochalla, John O'Rourke

Staff Present: Regina Tuczak, Executive Director; Margaret Fahrenbach, Legal Advisor; Fernando Vinzons, Director, Investments; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Brent Lewandowski, Director, Member Services

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Derek Blaida, Legislative Representative; Chante Hall, Cook County, Department of Corrections; Angela Myers, Loop Capital

There was no member of the public present who asked to address the Board.

1. Review and Consideration of September 2, Board Meeting Minutes

It was moved by Trustee Goode and seconded by Trustee Nevius that the Board approve the minutes from the Board meeting on September 2, 2021.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:
 - a. Bills, Payroll Records

After receiving confirmation from Fund staff that the presented payments were consistent with the administrative budget approved for 2021, it was moved by Trustee O'Rourke and seconded by Trustee Hughes that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in September, 2021, be ratified and that the Board approve the

recommendations from Fund staff to remit payments for expenses incurred in September, 2021.

Roll Call Vote:

AYES: Goode, Hughes, McFadden, Nevius, Ochalla, O'Rourke, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities, and Refunds

The Fund staff presented their recommendations to the Board regarding the applications for employee 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 moved by Trustee McFadden and seconded by Trustee Goode after due consideration of the applications presented to the Board and having received confirmation from Fund 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: Goode, Hughes, McFadden, Nevius, Ochalla, O'Rourke
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund 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 McFadden, after due consideration of the disability applications presented to the Board and having received confirmation from Fund 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: Goode, Hughes, McFadden, Nevius, Ochalla, O'Rourke, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

3. Election Matters – Update Report on October 27, 2021, Trustee Election

The Executive Director reported that Mary Pat Burns, of Burke Burns & Pinelli, Ltd., fiduciary counsel, had prepared a letter which was included with the Board's materials regarding the status of the election process. She also stated that the ballots were prepared in accordance with the Election Rules and that a sample form of the ballot was provided for the trustees.

When the address list for the mailing of ballots was being prepared, an issue arose regarding whether child annuitants were entitled to vote in the election and should receive ballots. Based upon the review of the Election Rules by fiduciary counsel and the Retained Attorney, ballots were sent to child annuitants. The trustees stated that the Election Committee had not been notified of this issue. They discussed whether it was appropriate to refer the question to the Retained Attorney without first notifying the Election Committee and receiving authorization from them for the referral. The trustees noted that the Election Committee was created to keep the Fund staff removed from any controversies that might arise. The Election Committee had the authority to interpret the Election Rules and they could then request guidance from the Retained Attorney if necessary. The trustees directed that the Election Committee should be the first notified of any further election issues and they would then decide whether to refer the matter to legal counsel.

4. Benefit Matters

a. Approval of Referral of Matters Pursuant to 40 ILCS 5/1-135

The Executive Director stated that the Fund had received fraudulent requests for changes to the instructions for the direct deposit of annuity benefits and fraudulent requests for changes to addresses that affected three members. She stated that in two instances, the Fund was able to confirm from the affected members that the directions were fraudulently presented and that they did not request the changes. In the other case, the Fund had made the changes in the direct deposit instructions based upon the fraudulent request for the August annuity payment, but was able to recover the payment that had been made for September. The Executive Director stated that these records appeared to be false statements within the meaning of Section 1-135 of the Pension Code and, with the Board's approval, should be referred to the Cook County State's attorney for investigation.

The Executive Director added that the Fund was working with BNY/Mellon and the member to recover the misdirected payment that had been made for the August annuity. The Fund requested that the member provide an affidavit stating that he did not participate in and was not aware of the false instructions to change his direct deposit information and to change his address. Should the member return the affidavit and with the Board's approval, the Fund would remit the August annuity payment to

the member.

It was moved by Trustee Hughes and seconded by Trustee O'Rourke that the Board find that there were reasonable suspicions that the identified direct deposit authorizations and address change requests were fraudulently prepared and submitted to the Fund and constituted false statements or falsified records within the meaning of Section 1-135 of the Illinois Pension Code, 40 ILCS 5/1-135. In accordance with 40 ILCS 5/1-135, the Fund was authorized to report the incidents on behalf of the Board to the Cook County State's Attorney.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Approval of Reimbursement to Member #123784

It was moved by Trustee Hughes and seconded by Trustee Goode that the Board authorize the Fund to remit to the member identified by Office Number 123784, the monthly annuity due on August 1, 2021, in the amount of \$14,717.12, that was deposited into an incorrect account, so long as the member provides the documentation requested by the Fund that he had no knowledge of and did not benefit from the misdirected payment.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

5. Legislative Matters

The trustees noted that the legislation proposed by the County had been reviewed by the Fund so that it would be prepared to discuss the County's proposal with members from the General Assembly. The County's proposal addressed actuarial based contributions and other significant legislative changes affecting the Fund. Labor representatives had inquired if the Fund would be open to discussing the status of the review with them. The trustees also considered how it should proceed with the legislation introduced by the Fund that provided for actuarial based contributions for the County Fund and the Forest Preserve District Fund. Derek Blaida, the Fund's legislative representative, stated that the Funds' bills were not likely to be considered in the General Assembly's fall veto session, but could be considered in 2022.

It was moved by Trustee Nevius and seconded by Trustee Kouruklis that Fund representatives and fiduciary counsel be authorized to discuss with labor representatives any possible revisions to the legislation drafted by the County and it was further moved that the legislation prepared by the Fund to provide to actuarial based funding for the

County and Forest Preserve District Funds be introduced for the Spring, 2022 session of the General Assembly.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Health Benefit Matters—Review and Consideration of CVS Medicare Contract Amendment

The Executive Director stated that the Health Benefits Committee (“HBC”) at their meeting on March 21, 2019, had approved the revised pricing terms negotiated with CVS for the Medicare Employer Group Waiver Plan for Prescription Drug benefits administered by the Fund. The HBC recommended that the Board approve the CVS Medicare Contract Amendment when the final amendment was completed. The Executive Director stated that the amendment had been finalized and was presented for the Board’s consideration.

It was moved by Trustee Nevius and seconded by Trustee Goode, upon the recommendation of Segal Consulting and fiduciary counsel, that the Board authorize the Fund to enter the CVS Medicare Contract Amendment for the period from January 1, 2019 through December 31, 2021, and that Fund staff take all reasonable action necessary to effectuate the foregoing including the execution and delivery of the Amendment on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O’Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

7. Administrative Matters:

a. Review and Consideration of Actuarial Services for 2022

The Executive Director stated that the Board had discussed at their meeting on July 1, 2021, a possible extension of the agreement with Cavanaugh MacDonald Consulting, LLC (“CavMac”) dated December 21, 2018 (“Agreement”) so that they would prepare the actuarial valuations for 2021. She reported that CavMac was willing to provide the requested services upon the same fee structure that was included in their response to the Fund’s RFP for actuarial services that was issued in 2018. An amendment to the Agreement was prepared by fiduciary counsel and executed on behalf of CavMac for the Board’s consideration.

It was moved by Trustee Goode and seconded by Trustee Blair that the Board approve the presented First Amendment to Actuarial Services Agreement which has been executed on behalf of Cavanaugh MacDonald Consulting, LLC, and approved

as to form by fiduciary counsel, to extend the engagement for actuarial services with the Fund through December 31, 2022, the fees for which shall be calculated as provided in the Actuarial Services Agreement. It was further moved that the Fund was authorized to take all reasonable action necessary to effectuate the foregoing including the execution and delivery of the First Amendment on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Review and Consideration Novitas Business & Technology Services for Benefit Pay Agent Services

The Executive Director stated that the Fund had been discussing with BNY/Mellon the transfer of benefit disbursement functions so that disbursements would be made effective with the January 1, 2022, annuity payments. In order to do so, certain files from the Fund's pension administration system ("PBMS") needed to be transferred to BNY/Mellon. Novitas Business & Technology Services, the Fund's consultant for PBMS, would need to implement programming changes so that the transfer to BNY/Mellon could be completed. She stated that Novitas was currently preparing a business requirements document which would describe how PBMS would be reprogrammed to allow for the contemplated transfer to BNY/Mellon. It was estimated that these services would require 442 hours of programming. The estimate was less than the Fund's current bank of 567 unused hours for Novitas' services. The business requirements documents was expected from Novitas by October 11, 2021.

The trustees discussed how the transfer of disbursement functions would impact the Fund's RFP for a pension administration system. While the RFP for the pension administration system contemplated that the Fund would continue to make disbursements, the disbursements through BNY/Mellon should be completed before proceeding with a new pension administration system. The RFP for Global Custody and Ancillary Services contemplated that the Fund would no longer make disbursements and that those functions would be performed by a benefits pay agent. The relative merits of each system was discussed.

It was moved by Trustee Goode and seconded by Trustee Blair that the Board authorize the Fund to enter a Business Requirements Document which describes the services to be provided by Novitas Business & Technology to assist with the benefit disbursement services and procedures to be provided by BNY/Mellon at a fee not to exceed the bank of hours available to the Fund for services from Novitas. It was further moved that the Fund should take all reasonable action necessary to effectuate

the foregoing including the execution and delivery of related written agreements, subject to review by fiduciary counsel, on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
Wilson

NAYS: O'Rourke

Vote Result: MOTION ADOPTED

c. Review and Consideration of Cyber Insurance Renewal effective October 8, 2021

The Executive Director stated that the Fund's cyber insurance policy would expire on October 8, 2021, but that due to the dynamics of the changing cyber security environment, a quote for the coverage could not be obtained more than 30 days prior to the policy's expiration date. At the meeting on September 2, 2021, the Board authorized the Executive Director to accept a proposal for cyber insurance coverage on substantially the same terms as the expiring policy at an annual premium not to exceed \$15,000. On October 4, 2021, the Fund received two proposals for the replacement policy on substantially the same terms, but the premiums exceeded the authority given to the Executive Director. The Fund had discussed the proposals with Craig Goesel of Alliant Insurance Services ("AIS") and he recommended that the Fund proceed with the proposal made by Beazley Insurance Company.

It was moved by Trustee Goode and seconded by Trustee Nevius, based upon the recommendation from AIS, that the Board approve a renewal of the cyber security insurance policy for a term from October 8, 2021, to October 8, 2022, upon the terms presented, from Beazley at an annual premium not to exceed \$24,190. It was further moved that Fund staff should take all action reasonably necessary to effectuate the foregoing including, subject to review by fiduciary counsel, the execution and delivery of any related written agreement on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

d. Executive Director Report

The Executive Director stated that Commissioner Gainer's staff had asked about the

Fund's availability for a meeting. There were no specific topics the Commissioner had proposed to discuss.

A Petition for Leave to Appeal ("PLA") to the Illinois Supreme Court had been filed in the O'Connell case on behalf of the Fund by Burke Burns & Pinelli. Cook County, who was also a defendant in the litigation, had also filed a PLA that was allowed by the Illinois Supreme Court.

It was reported that UHC would no longer cover vaccines administered by CVS Retail pharmacies effective August 1, 2021. This change would be included in the Open Enrollment materials that will be sent to members participating in the Health Care Plan administered by the Fund.

Approximately 12,150 annuitants who are 70 years old and older have been mailed letters asking for verifications of their current addresses and signatures. The Fund has received about 7,890 completed letters in return. Second request mailings were expected to be sent soon.

The Executive Director stated that 2.0 hours of training had been provided to the trustees at various Board and committee meetings in 2021. An additional 30 minutes of training was planned for the Investment Committee meeting on November 23, 2021. The written materials prepared by fiduciary counsel regarding cyber security training and sexual harassment training account for an additional 2.0 hours. The trustees were provided with a list of available presentations that would help them to complete the statutory requirement for training. The trustees were asked to report to the Fund if they attended any of these seminars so that the records of their training would be complete.

After the conclusion of the Executive Director's report, it was moved by Trustee Goode and seconded by Trustee Hughes pursuant to Sections 2(c)(1) and 2(c)(7) of the Open Meetings Act, 5 ILCS 120/2(c)(1) and 2(c)(7) that the Board convene an Executive Session to discuss personnel matters and investment contracts.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee Blair that the Executive Session be adjourned and that the Board return to an open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

8. Investment Matters – Review and Consideration of Investment Manager Interest Charge

After the Executive Session was adjourned and the Board returned to open session, there was no motion required or made for purposes of Item 8.

9. Consideration and Possible Action Regarding Personnel Matters

After the Executive Session was adjourned and the Board returned to open session, it was moved by Trustee Goode and seconded by Trustee Kouruklis that the Chair of the Legislative Committee organize a group of his selection to perform a performance review of the Executive Director and provide 2022 objectives of Fund staff.

Vote Result: MOTION ADOPTED BY VOICE VOTE

10. Old Business/New Business

There was no old business or new business discussed.

11. Adjournment

It was moved by Trustee Blair and seconded by Trustee Hughes that the meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for November 4, 2021.