

**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**

April 4, 2022 - 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; Patrick McFadden, Vice President; Stephen Hughes, Secretary; John Blair, Bill Kouruklis, Joseph Nevius, James O'Rourke, Tracy Reed

Staff Present: Regina Tuczak, Executive Director; Margaret Fahrenbach, Legal Advisor; 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, John McCabe & Associates; Kara Highfill, Office of Commissioner Gainer

After confirming that a quorum of the Board was present, it was noted that Trustee McFadden and Trustee Nevius had requested that they be allowed to participate remotely. It was moved by Trustee Blair and seconded by Trustee Reed pursuant to the Open Meetings Act, 5 ILCS 120/7, that Trustee McFadden and Trustee Nevius be permitted to participate by telephone or video conference.

Roll Call Vote:

AYES: Blair, Hughes, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

President Wilson asked if any member of the public wanted to address the Board, but no one requested to do so.

1. Review and Consideration of
 - a. March 3, 2022, Board Meeting Minutes
 - b. February 3, 2022, Transcript of Board Meeting

It was moved by Trustee Hughes and seconded by Trustee O'Rourke that the Board adopt the presented minutes from the Board meeting on March 3, 2022, and that the presented transcription of the audio recording of the Board meeting on February 3, 2022, be accepted and filed.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

2. Review and Consideration of:

a. Bills, Payroll Records

After receiving confirmation from Fund staff that the presented payments were consistent with the administrative budgets approved for 2021 and 2022, it was moved by Trustee Blair and seconded by Trustee O'Rourke that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in March, 2022, be ratified and that the Board approve the recommendations from Fund staff to remit payments for the expenses incurred in December, 2021, and March, 2022.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, 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 Blair 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: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, 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 Reed and seconded by Trustee Blair 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: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Legislative Matters

Regina Tuczak, Executive Director, stated that John McCabe and Derek Blaida, the Fund's Legislative Liaisons, had prepared a report for the Board detailing the deadlines for passing legislation before the General Assembly. The legislation for actuarial based contributions for the Forest Fund (HB1859) had passed from the House and was in the Senate's Assignments Committee. Derek Blaida stated that there would not be any funding bills passed this session. He believed that any such bills would be considered in the Fall Session or in January, 2023, when the new session in the General Assembly would convene.

4. Benefit Matters

a. Review and Possible Approval of Suspension of Annuitant Benefits Pending Further Notification

The Executive Director provided a summary of the action taken to verify the accuracy of annuitants' contact information and their continued eligibility for benefits. Mailings to verify the annuitants' eligibility status were begun in May, 2021, for those over age 80 and mailings to annuitants from ages 70 through 80 were started in July, 2021. The Fund compared returned 1099Rs and advices for direct deposits with those annuitants whose requests for verification of benefits had come back to the Fund as undeliverable. The Fund made telephone calls when possible to determine those annuitants' location. It was planned that the Board would be presented with a list of those who did not respond to these mailings at the meeting on May 5th.

The Executive Director noted two incidents where the annuitants' continued eligibility

for benefits was of some concern. The Fund made telephone calls to the telephone numbers for two annuitants', but those persons responding to the calls did not have any knowledge of the annuitants' current locations even though they resided at the members' address on record at the Fund. Because the annuitants could not be located, the Fund did not make the direct deposit payments due on April 1, 2022. Instead, a check was generated and held by the Fund. She recommended that the same process be followed for the payments due to these annuitants on May 1 and asked that the Board ratify the action taken regarding the payments that were due on April 1.

The trustees discussed the process followed to locate and verify the annuitants to ensure that they continued to be eligible for benefits. If a payment is not directly deposited, it was likely that the member would contact the Fund for the missed benefit.

It was moved by Trustee Hughes and seconded by Trustee Blair that the Board approve the suspension of the payment of annuity benefits by direct deposit for the members identified on the presented Category A as of May 1, 2022, and that the Board ratify the action taken by Fund staff to suspend the payment of annuity benefits by direct deposit for the members identified on the presented Category B for April 1, 2022, until the members' eligibility for such benefits has been confirmed.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Consideration and Possible Referral of Matter Pursuant to 40 ILCS 5/1-135

The Executive Director reported that that Fund received what appeared to be a fraudulent record related to a direct deposit authorization. She stated that the direct deposit authorization was sent to the Fund from a 'fax burner' number on or about January 12, 2022. The Fund made attempts to contact the member by telephone to determine the validity of the request, but the calls were not returned. The Fund did not implement the change in the direct deposit instructions.

It was moved by Trustee Reed and seconded by Trustee Blair that the Board find that there were reasonable suspicions that the identified direct deposit authorization, appeared to constitute a false statement or falsified record 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 incident on behalf of the Board to the Cook County State's Attorney.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Summary of Procedures Completed Associated with Prior Referral Matters

The Executive Director provided a summary of actions that had been taken by the Fund in regard to the various authorizations for direct deposit instructions and address change requests that appeared fraudulent. She stated that the Fund had changed its internal procedures in processing all instructions. Fund staff also reported the alleged fraudulent activities to law enforcement and to its insurance carrier and/or broker. The Fund has been able to recover some of the misdirected payments, but approximately \$47,000 remains outstanding. Since January 2022, there have not been any additional direct deposit payments that were made to misdirected accounts.

5. Finance Matters

a. Review and Consideration of Actuarial Services RFP

The Executive Director stated that the Board had requested Fund staff to prepare an Actuarial Services Request for Proposal (“RFP”) to be issued in 2022. She noted that the contract for the current actuary expires on December 31, 2022. A proposed schedule for the RFP was presented to the Board in February which anticipated that the RFP would be released in April, 2022, and that the contract for the successful candidate would begin on November 1, 2022. The draft RFP was presented for the Board and included a proposed contract.

The trustees discussed the RFP and noted that the start date would overlap the current engagement to ease the transition process. In the past, the Fund has received between six and seven responses to RFPs issues for these services. In addition to posting the RFP on the Fund’s website, the Fund would notify each firm that had previously responded to its Actuarial Services RFP in 2012 and 2018.

It was moved by Trustee Hughes and seconded by Trustee Blair that the Board approve the issuance of the presented Actuarial Services RFP and that the planned issuance date be April 5, 2022.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Update Regarding Account Validation Services of BNY Mellon

The Executive Director provided an update about services available from the Treasury operations of BNY Mellon which would assist with validating the information on members’ accounts where direct deposits are made. These services would verify the account numbers and routing information as well as the account owners’ personal identifying information to ensure that this data matched the information provided by the Fund from the direct deposit authorizations received from annuitants. Smaller regional banks and credit unions may not participate in these services. It was estimated that it

would take about 160 hours of IT service to create and implement the electronic file to transmit the data. These hours would be applied against the Fund's current retainer with Novitas. The overall estimated fees to BNY Mellon for these services would be \$10,000 annually. Legal review of the contract governing these services was underway. Once the legal terms were resolved, the Fund staff would return to the Board for approval of the Account Validation Services described.

6. Administrative Matters

a. Legislative Committee Meeting – 2022 Trustee Election

President Wilson stated that the Legislative Committee would meet on April 26, 2022, and that a notice would be posted. At the meeting, the Legislative Committee would focus on the procedures to be followed for the trustee elections in October, 2022, and that their recommendations would be brought to the Board.

b. Executive Director Report

The Executive Director said that the State of the Funds report dated January 1, 2020, had been emailed to the trustees on March 4, 2022. Much of the data from the report was based upon information as of December 31, 2019. Some of the data in the report is similar to information included within other published Fund reports, such as the annual financial statements issued in June and the Economic Opportunity filing due September 1, however, other content such as the election process and disability matters are not published elsewhere. If a report were prepared based on data from December 31, 2021, it would not be completed until after the conclusion of the 2021 audit and IGA submission, which is due on June 13, 2022. It would take about 150 staff hours to prepare the report and about half of that estimate pertains to investment matters.

The Executive Director stated that Hearing Officer Motto continued to conduct administrative hearing related to disability matters and that five recommendations for the Board were made following the hearings held on March 10, 2022. She also identified additional matters that were referred to the hearing officer for April 7, 2022.

The trustees were reminded that their Statements of Economic Interests ("SEI") should be filed by April 30, 2022. SEIs filed after that date may be subject to a late penalty fee. In addition, Fund staff was notified by the County Clerk that due to problems with their website, any SEI filed on March 17 or March 18, was not saved. Any person who filed an SEI on those dates would need to refile.

It was reported that the Board had approved a Statement of Work with CDW-G for Block Hours for IT support at the meeting in March. The Fund was given authority to proceed with the SOW after the final legal terms had been finalized and approved by fiduciary counsel. All open terms on the SOW have since been finalized and fiduciary counsel is satisfied as to form. There are approximately 30 hours remaining on the current SOW.

7. Legal Matters

The Executive Director reported that the Fund had received five recommendations from Mr. William P. Motto, the hearing officer who had conducted administrative reviews of denials of certain members' disability applications on March 10, 2022. The recommendations were presented to the Board for their consideration. Fiduciary counsel stated that she had reviewed the recommendations and that they were in compliance with administrative review requirements.

The Board, having reviewed the proposed recommendations, made the following motions by Consent Agenda:

- a. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #128577

It was moved by Trustee O'Rourke and seconded by Trustee McFadden that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 128577 and that the Board reaffirm its earlier denial of the benefits the Member had requested. It was further moved that the Board's action be a final agency decision pursuant to Section 9-236 of the Illinois Pension Code.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- b. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #137338

It was moved by Trustee O'Rourke and seconded by Trustee McFadden that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 137338 and that the Board reaffirm its earlier denial of the benefits the Member had requested. It was further moved that the Board's action be a final agency decision pursuant to Section 9-236 of the Illinois Pension Code.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- c. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #178061

It was moved by Trustee O'Rourke and seconded by Trustee McFadden that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 178061 and that the Board reaffirm its earlier denial of the benefits the Member had requested. It was further moved that the Board's action be a final agency decision pursuant to Section 9-236 of the Illinois Pension Code.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- d. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #185202

It was moved by Trustee O'Rourke and seconded by Trustee McFadden that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 185202 and that the Board reaffirm its earlier denial of the benefits the Member had requested. It was further moved that the Board's action be a final agency decision pursuant to Section 9-236 of the Illinois Pension Code.

Roll Call Vote:

AYES: Blair, Hughes, McFadden, Nevius, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- e. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #197973

It was moved by Trustee O'Rourke and seconded by Trustee McFadden that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 197973 and that the Board reaffirm its earlier denial of the benefits the Member had requested. It was further moved that the Board's action be a final agency decision pursuant to Section 9-236 of the Illinois Pension Code.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

- f. Request for Hearing -Office #144174

The Executive Director had provided documentation indicating that this member had

challenged the decision regarding the calculation of his annuity benefit as it did not include additional service credit the member attempted to purchase. Such purchase was not made within the time period required by Section 9-217(2)(f) of the Illinois Pension Code and thus the member's annuity benefit had been calculated without the additional service credit. The member filed a request for an administrative hearing. The Fund asked the Board to appoint Mr. William Motto as the hearing officer.

It was moved by Trustee Hughes and seconded by Trustee O'Rourke that the Board appoint Mr. William Motto to serve as the hearing officer for the administrative hearing requested by the member identified by Office #144174 regarding the calculation of his annuity benefits.

Vote Result: MOTION ADOPTED BY VOICE VOTE

g. Update on Other Matters

It was moved by Trustee Blair and seconded by Trustee O'Rourke pursuant to Section 2(c)(1) and Section 2(c)(11) of the Open Meetings Act, 5 ILCS 120/2(c)(1), that the Board convene an Executive Session to discuss personnel and litigation matters.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED

8. Consideration and Possible Action Regarding Personnel Matters

There was no motion made or required to be made after returning to open session.

9. Old Business/New Business

There was no old business or new business discussed.

10. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for May 5, 2022, at 9:30 am.