

**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**

June 2, 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, Kevin Ochalla, 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; Saron Tegegne, Comptroller

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; William Sarb, RSM US LLP; Larry Langer, Cavanaugh Macdonald Consulting, LLC; Wendy Ludbrook, Cavanaugh Macdonald Consulting, LLC; Ryan Gunderson, Cavanaugh Macdonald Consulting, LLC

After confirming that a quorum of the Board was present, it was noted that Trustee O'Rourke requested that he be allowed to participate remotely. It was moved by Trustee Hughes and seconded by Trustee Blair, pursuant to the Open Meetings Act, 5 ILCS 120/7, that Trustee O'Rourke be permitted to participate by telephone conference.

Vote Result: MOTION ADOPTED BY VOICE VOTE

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 May 5, 2022, Board Meeting Minutes

It was moved by Trustee Reed and seconded by Trustee Blair that the Board adopt the presented minutes from the Board meeting on May 5, 2022.

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 budgets approved for 2022, it was moved by Trustee Blair and seconded by Trustee Nevius that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in May, 2022, be ratified and that the Board approve the recommendations from Fund staff to remit payments for the expenses incurred in May, 2022.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

3. Presentation of FY 2021 Financial Statements

The Executive Director stated that Bill Sarb of RSM US LLP would present the financial statements for the County Fund and the Forest Fund. Mr. Sarb stated that the Board had been presented with a draft of the audit of the financial statements for the County Fund, but that he expected the final audit would be submitted later that day. The audit of the financial statements for the Forest Fund had been presented to the Board. The financial statements for both funds were a combination of their pension plan fiduciary net position and their postemployment healthcare plan net positions as of December 31, 2021.

In regard to the County Fund, the net position increased by \$1.63B or 12.9% in 2021 as compared to 2020, resulting in a net position for pensions of \$14.3B. The increase was due to an annual money weighted rate of investment return of approximately 17.1%. Benefit payments increased to \$1B in 2021 from \$950M in 2020 due to the 3% increase in benefits required under the Illinois Pension Code and the increase in the number of annuitants. Employer contributions increased in 2021 due to the supplemental contributions of the Intergovernmental Agreement made in 2021. Employee contributions decreased because of the decline in the number of active employees. He also noted that there were changes in the actuarial assumptions based upon the actuarial experience study that was completed in March 2022.

In regard to the Forest Fund, the net position increased by \$13.8M or 6.2% in 2021 as compared to 2020 resulting in a net position for pensions of \$235.2M. The Forest Fund also experienced strong investment returns with an annual money weighted rate of return of approximately 12.9%. Benefit payments increased to \$20.9M in 2021 from \$20.0M in 2020 due to the 3% increase required under the Illinois Pension Code. Employer contributions, which slightly decreased in 2021, are made at the statutory rate of 1.30 of the employee contributions and no supplemental contributions are made. There was a decrease in the employee contributions which was due to the decline in the number of active employees. He stated that there were no material weaknesses identified in the audits and that RSM anticipated the issuance of unmodified 'clean' opinions for both the County Fund and the Forest Fund.

Mr. Sarb stated that changes in the Generally Accepted Auditing Standards (GAAS) impacted the responsibilities of external auditors as were described in the arrangement

letters dated January 31, 2022. Following a question from the trustees, the auditor stated that the changes did not have a material impact on the Fund.

It was moved by Trustee Blair and seconded by Trustee Hughes that, after the finalized statements had been submitted, that the Board would receive and file the 2021 Financial Statements of the County Fund as audited by RSM US LLP.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Blair and seconded by Trustee Hughes that the Board receive and file the 2022 Financial Statements of the Forest Preserve District Fund as audited by RSM US LLP.

Vote Result: MOTION ADOPTED BY VOICE VOTE

4. Presentation of FY 2021 Actuarial Valuations

The Executive Director stated that representatives from the Fund's actuary, Cavanaugh Macdonald Consulting LLC would present the actuarial valuations for both the County Fund and the Forest Fund. The actuaries discussed the primary purpose of an actuarial valuation, including the estimation of liabilities for the future benefits expected to be paid by the plan. The investments returns for both the County Fund and the Forest Fund were greater than the assumed return of 7.25%. The County Fund had received additional contributions from the employer under the Intergovernmental Agreement (IGA). The unfunded actuarial accrued liability (UAAL) for the County Fund in 2021 was \$6.27 billion, which represented a decrease in the liability from 2020 of \$6.66 billion. The UAAL for the Forest fund in 2021 was \$149 million which represented an increase in the liability from 2020 of \$145 million

The actuary noted that the contributions to the County Fund were sufficient to pay down the UAAL. Despite strong investment returns, the increase in the UAAL for the Forest Fund was mostly due to insufficient contributions. This result reflected that the UAAL cannot be decreased by strong investment performance alone.

The trustees discussed that the Forest Fund does not benefit from supplemental contributions under an IGA as does the County Fund. The actuary did not note such information in the Forest Preserve summary results information, but instead provided this information in the appendix to their presentation. Upon the trustees' request, the actuary agreed to amend the final presentation to reflect this information in the Forest Preserve summarized results.

It was moved by Trustee Blair and seconded by Trustee Nevius that the Board receive and file the 2021 Actuarial Valuations of the County Fund as prepared by Cavanaugh MacDonald Consulting, LLC.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Blair and seconded by Trustee Nevius that the Board receive and file the 2021 Actuarial Valuations of the Forest Preserve District Fund as prepared by Cavanaugh MacDonald Consulting, LLC, as amended with respect to the summary result presentation.

Vote Result: MOTION ADOPTED BY VOICE VOTE

5. Funding Review

a. Approval of 2023 Actuarial Projections

The Executive Director stated that under the current IGA the County Funds needs to inform the President of the Cook County Board of Commissioners of the projected additional contributions that might be paid in 2023. The actuary prepared a letter for the Board with the required projection. He stated that the contributions projected for 2023 are lower than in 2022 due to strong investment performance and changes made to the actuarial assumptions. The trustees engaged in a discussion with the actuary as to the treatment of health benefits provided pursuant to Section 9-239 in terms of the IGA. They also requested that the letter provide that the current statutory contribution ratio of 1.54, including referencing the year legislated in the 1980s, is not sufficient to sustain the County Fund. The actuary agreed that the proposed changes to the letter would be made.

It was moved by Trustee Kouruklis and seconded by Trustee Blair that the Board receive and file the actuarial contributions projected for the County Fund made by the Fund's actuary Cavanaugh Macdonald Consulting LLC, as amended, which are required to be submitted to Cook County pursuant to the 2022 Intergovernmental Agreement ("IGA"), and that the Executive Director is authorized to submit the amended projections to the County.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Approval of 2023 Tax Levy Cook County Resolution

The Board considered the presented 2023 Tax Levy required by Section 9-184 of the Illinois Pension Code which estimated the amounts to be contributed by Cook County for benefits paid under Article 9. It was moved by Trustee McFadden and seconded by Trustee Nevius that the Board approve and adopt the presented resolution for the 2023 Tax Levy for the County Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Approval of 2023 Tax Levy Forest Preserve District Resolution

The Board considered the presented 2023 Tax Levy required by Section 9-184 of the Illinois Pension Code which estimated the amounts to be contributed by the Forest

Preserve District for benefits paid under Article 10. It was moved by Trustee McFadden and seconded by Trustee Nevius that the Board approve and adopted the presented resolution for the 2023 Tax Levy for the Forest Preserve District Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Review and Consideration of May 24, 2022, Investment Committee Recommendations

a. Asset Liability Study Cook County Fund Allocation

The Executive Director stated that the Investment Committee had recommended new allocations for both the County Fund and the Forest Fund which were recommended by Callan and detailed in the memorandum provided to the Board. The implementation of the new allocations would be considered at a later date. The trustees discussed the allocation for private credit and the vehicles that would be used for such investments.

It was moved by Trustee Ochalla and seconded by Trustee Hughes that that Board adopt the recommendation made by the Investment Committee at their meeting on May 24, 2022, to approve the proposed Mix 3B for the County Fund as presented and recommended by Callan LLC in their 2022 Asset Liability Study presentation and supplement, subject to a detailed implementation proposal to be presented and approved at a later meeting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Asset Liability Study Forest Preserve Fund Allocation

It was moved by Ochalla and seconded by Trustee Hughes that that Board adopt the recommendation made by the Investment Committee at their meeting on May 24, 2022, to approve the proposed Mix 3 for the Forest Preserve Fund as presented and recommended by Callan LLC in their 2022 Asset Liability Study presentation and supplement, subject to a detailed implementation proposal to be presented and approved at a later meeting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Blackstone Real Estate Partners Fund X

Trustee Ochalla, Chair of the Investment Committee, stated Blackstone Real Estate Partners (BREP) is sponsoring a tenth real estate private equity fund, which is a continuation of the strategy of the prior real estate fund raised in 2018. The Fund had participated in two earlier real estate investments with Blackstone, most recently investing in BREP IX. Callan recommended that the County Fund participate in a \$30M follow-on investment to BREP X. The Executive Director stated that the Fund had received the required statutory disclosures from BREP X and that those disclosures

had been shared with the trustees. She added that BREP X will extend a favorable fee provision to any Limited Partner who closes by June 30, 2022.

It was moved by Trustee Ochalla and seconded by Trustee Blair that the Board adopt the recommendation made by the Investment Committee at their meeting On May 24, 2022, based upon Callan LLC's due diligence memorandum and the Board's review of the disclosures required under the Illinois Pension Code, to approve a \$30M follow-on investment by the County Fund to Blackstone Real Estate Partners Fund X, subject to satisfactory completion of final due diligence and successful contract negotiation. It was further moved that that the Fund staff should take all reasonable action 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, Hughes, Kouruklis, Nevius, McFadden, Ochalla, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

7. Administrative Matters

- a. Review and Consideration of Amendments effective January 1, 2022, with CVS SilverScript Insurance Company and Caremark/PCS Health LLC

The Executive Director stated that the most current terms of the agreements with CVS to provide services for Medicare and Non-Medicare members expired on December 31, 2021. The Fund staff, fiduciary counsel and Segal worked with CVS on the final terms for the amendment to the agreement with SilverScript Insurance Company for Medicare members, which includes the terms for an Employer Group Waiver Program (EGWP). The amendment has been completed, reviewed by fiduciary counsel and signed on behalf of SilverScript. Based on Segal's analysis, it was estimated that the Fund would have a 4.4% net cost reduction under the new terms. In addition, an amendment to the CVS/Caremark agreement which provides services to non-Medicare members has been drafted and is under review. The Fund participates in a City of Chicago Agency Coalition to secure the pricing terms for this amendment. Finalization of the drafted amendment is expected in the near term. The trustees discussed that any analysis by Segal that reflected the net reduction in costs should be made available to the Board.

It was moved by Trustee McFadden and second by Trustee Nevius that the Board approve the presented Amendment to the agreement with SilverScript Insurance Company to provide services under the Employer Group Waiver Program from January 1, 2022, through December 31, 2023, for members enrolled in Medicare, which has been executed on behalf of SilverScript and which has been approved as to form by

fiduciary counsel. It was further moved that the Executive Director be authorized to execute and deliver the presented Amendment on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved Trustee McFadden and seconded by Trustee Hughes that the Board approve the proposed Amendment to the agreement with CaremarkPCS Health, LLC to provide services consistent with the City of Chicago Agency Coalition for pricing and other benefit terms effective as of January 1, 2022, through December 31, 2023. It was further moved that the Executive Director, subject to review by fiduciary counsel, be authorized to execute and deliver the Amendment on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Review and Consideration of Contract with Hensley Company

The Executive Director stated that the Fund has used Hensley Company to provide services for the election first as a subcontractor to a former vendor and most recently for the elections in 2021 as the sole provider. She presented the terms from the Vendor for the 2022 election, including additional charges conditional on various Board decisions or election circumstances. The Executive Director noted that if the Fund wanted to continue use of a secret Kraft ballot envelope for return of the ballot, such envelope would need to be custom-made. It had been proposed that a white envelope with red printing be substituted for the custom envelope.

It was moved by Trustee Kouruklis and seconded by Trustee Reed that the Board approve the proposed engagement with Hensley Company for services to be provided for the 2022 Election with direction that the Vendor use a white return envelope with red printing. It was further moved that the Executive Director be authorized to negotiate final terms with Hensley and to execute and deliver the agreement, subject to review by fiduciary counsel, on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Investment Committee Meeting on June 23, 2022

President Wilson stated that an Investment Committee meeting would be added and held on June 25, 2022 at 9:30 am.

d. Executive Director Report

The Executive Director stated that IGA requires the County Fund to provide certain information by June 13, 2022, including the actuarial projections for 2023. In addition a cover letter has typically accompanied these documents, a copy of which had been provided to the Trustees. She asked that the trustees inform her by next Wednesday of any comments to the cover letter and noted that the revised letter from the actuary regarding the projections would also be distributed when available. She also indicated the other documents that would be sent by email to the other Commissioners and to County and Forest Preserve District officials.

She stated that the Board had been previously advised of the resignation by the Director of Investments. A posting for his replacement was made on May 14, 2022, and responses are being reviewed. She added that a member of the disability staff had also resigned and that a posting to fill that position had been made on May 30, 2022. The responses are under review.

The trustees discussed the hiring process to fill open positions. The Fund does not have a hiring committee, but uses Directors to review candidates' submissions and to conduct initial phone interviews. The Fund staff who might participate in the hiring process is dependent on the position to be filled.

The Executive Director stated that the Fund staff had fully returned to on-site work beginning in July, 2021. As a benefit to staff, a limited remote work opportunity might be offered if the staff member could provide a plan of the work to be accomplished off-site. She believed that a modified remote work policy might be useful in the Fund's recruiting efforts. The trustees observed that some remote work has been successful among County employees, but that not all job responsibilities could be performed outside the workplace.

The Executive Director stated that the auditor prepares certain reports required by the Government Accounting Standards Board (GASB) on an annual basis. GASB 68 pertains to pensions and GASB 75 pertains to post-employment benefits other than pensions, which includes reporting for health benefits. She stated that the reports have been generally provided in August each year. The Forest Preserve District asked if the reports could be received by June 30 in order to meet the Government Finance Officer Association (GFOA) deadline. The Executive Director stated that once the reports

were available, she would send them to the trustees by email. After responding to questions or concerns from the trustees, she would distribute the reports to the Forest Preserve District. The Board would be asked to ratify the reports at the July meeting.

It was reported that the Executive Director had contacted John McCabe and Derek Blaida to determine if there were any updates about legislation that should be reported to the Board. Mr. Blaida responded that there was no substantive legislative update to provide because the General Assembly had not been in session since April 9, 2022.

A draft of the State of the Fund report was prepared for the trustees at the meeting on November 2, 2020, and the trustees were asked to provide comments. If there were no further comments, the Executive Director would like to consider the report final and remove the notation that it was in a draft form. She also requested some direction about preparing an update to the report. It was noted that it would take approximately 150 staff hours to prepare an update. The trustees discussed whether a shorter version of the report could be prepared.

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the notation that the State of the Funds report was in a draft form should be removed and that the report be received and filed as final.

Vote Result: MOTION ADOPTED

8. Legal Matters

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

Roll Call Vote:

AYES: Blair, Hughes, Kouruklis, Nevius, Ochalla, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED

- a. 2022 IL 127527
- b. 2022 IL App(1st) 210467
- c. Case No.: 2020 06457
- d. Other Updates

There was no motion made or required to be made following the return to open session.

9. Consideration and Possible Action Regarding Personnel Matters

There was no discussion or action taken by the Board under this Item 9.

10. Old Business/New Business

There was no old business or new business discussed.

11. 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 July 7, 2022, at 9:30 am.