

**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**

September 2, 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

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.; John Jackson, Callan LLC; Pete Keliuotis, Callan LLC

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

1. Review and Consideration of August 5, 2021, Board Meeting Minutes

It was moved by Trustee Blair and seconded by Trustee Goode that the Board approve the minutes from the Board meeting on August 5, 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 McFadden and seconded by Trustee Blair that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in August, 2021, be ratified and that the Board approve the recommendations from Fund staff to remit payments for expenses incurred in August, 2021.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

3. Legislative Matters – Update Regarding Funding Legislation

The Executive Director reported that two trustees, fiduciary counsel and Fund staff had reviewed the County’s proposed legislation and prepared suggested modifications which are compiled in a draft, pre-decisional document. She said that the suggestions could be discussed with individual trustees at their convenience. The Fund hoped to be prepared to respond to Senator Martwick should he renew discussions about the legislation proposed by the County.

4. Administrative Matters

a. Consideration and Possible Approval of CDW-G Server and Workstation Endpoint Management Change Order

The Executive Director stated that the Fund receives network monitoring services and work station endpoint management from CDW-G under a SOW that is governed by a Professional Services Agreement between CDW-G and Cook County. The services provided are integral to the Fund’s IT structure. The current SOW expires on September 7, 2021, and CDW-G has proposed a Change Order that would continue the services for an additional year with essentially the same terms and fees. The expense for these services is included in the administrative budget.

It was moved by Trustee McFadden and seconded by Trustee Hughes that the Board approve the proposed Change Order with CDW-G to provide server and workstation endpoint management services for the Fund from September 8, 2021, through September 7, 2022, at an annual fee not to exceed \$43,596 and that the Executive Director, subject to legal review, be authorized to execute and deliver the presented Change Order, or any other related written agreement, on behalf of the Fund, to effectuate the foregoing.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Consideration and Possible Approval Regarding Cyber Insurance Renewal

The Executive Director stated that the Fund’s current cyber insurance policy will expire on October 8, 2021, which is the day after the next Board meeting. The current policy, which was procured by Alliant Insurance Services (“Alliant”) from Beazley Insurance Company, covers risks associated with data stored or transmitted

by the Fund. The Fund paid an annual premium of \$4,671.23 for this coverage and the policy has an annual limit of \$2M. She stated that the Fund has been working with Alliant to obtain a renewal of the policy and has found that the application process itself has become more lengthy and rigorous. The Fund has been advised by Craig Goesel of Alliant, that carriers will not provide a quote more than 30 days from the expiration of the existing policy, so the Fund was not able to present a quote for the Board to consider at the September meeting. She added that Alliant has noted that premiums for the renewal have increased by over 100% and some recent renewals have ranged from \$15,000 to \$20,000. The Executive Director confirmed that the Fund would continue to work with Alliant to obtain a renewal policy, but to avoid any lapse in coverage, she requested authority to renew the policy upon similar terms and conditions, subject to fiduciary counsel review, at a cost not to exceed \$15,000. If there were significant changes to the terms, she would notify the trustees.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Board approve a renewal of the cyber security insurance policy for a term from October 8, 2021, to October 8, 2022, at a premium that is anticipated not to exceed a total amount of \$15,000, with similar terms and conditions to that policy currently in place, from a carrier as brokered by Alliant Insurance Services (“Alliant”). It was further moved that upon the identification of the carrier by Alliant, that Fund staff shall 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,
Wilson
NAYS: None

Vote Result: MOTION ADOPTED

c. Executive Director Report

The Executive Director reported that staff continued to report to the office daily, but were allowed a limited flex-time schedule because many public transit lines were still operating on reduced schedules and staff seeks alternative methods of commuting in the current environment. Specifically, staff can report between 7:30 am and 9:30 am and they are required to work eight hours after arrival. The flexible start times were expected to continue for the next few months.

It was reported that in-person appointments resumed on August 16th and several appointments were scheduled daily. Members appreciated the ability to have counseling sessions in-person so that their retirement applications and related questions could be managed more efficiently. Walk-in appointments have not resumed in order to avoid crowding in the reception area,

The Executive Director stated that letters to verify signatures have been sent to all County Fund and Forest Preserve Fund annuitants who are 70 years of age or older. Approximately 12,150 letters have been sent and 7,290 responses have been received. A significant number of annuitants reported that they had not received the letters due to post office delays, temporary relocations and other matters. Many did not complete and return the letters, but were reminded of the need to do so because of the article in the recent annuitant newsletter. Because of these factors, the Fund will not send second requests to the non-respondents until October.

The Executive Director reported that in 2021 to-date, the trustees have received a cumulative total of 1.5 hours of the required ethics training at the Board meeting on March 4 (Custodian Function Overview) and at the Investment Committee meetings on February 24 (Capital Markets Presentation) and on May 25 (Infrastructure Investments). She stated that the presentation made at today's meeting regarding Private Credit Investments would provide additional credit. Additionally, fiduciary counsel had prepared written materials for sexual harassment and cyber security training for approximately two hours of training. The trustees were asked to submit their written acknowledgement that they had completed this training.

5. Investment Matters

a. Second Quarter 2021 Performance Review

Mr. Jackson provided a review of second quarter 2021 performance for the Cook County Fund as prepared and presented by Callan LLC. The Cook County Fund had a market value of \$13.42 billion and returned 6.46% net-of-fees in the second quarter, leading the 5.70% return of the benchmark. The Fund also led the benchmark over the trailing year, with a return of 28.53% net-of-fees, compared to 25.15% for the benchmark.

With the exception of private equity and private real estate, all asset classes were substantially within policy target ranges. Mr. Jackson noted that while there is strong growth worldwide, there is continued uncertainty in the marketplace due to the uneven rollout of vaccines for Covid 19. He continued with a presentation of asset class performance and concluded with updates relating to specific managers.

Mr. Jackson then provided the second quarter 2021 performance report for the Forest Preserve Fund as prepared and presented by Callan LLC. The Forest Preserve Fund had a market value of \$227.7 million, a \$7.1 million increase compared to the first quarter in 2021. With the exception of domestic equity and fixed income, the asset classes were within their policy target ranges. The Fund returned 4.90% net-of-fees in the second quarter, which was narrowly ahead of the benchmark return of 4.89%. For the trailing year, the Fund's 25.68% return outperformed the benchmark return of 23.69%. He concluded the discussion with an update regarding some investment managers.

At the conclusion of the presentation, the trustees asked that Callan provide a consolidated summary in future reviews of the investment results for the preceding one-year, three-years and five-years.

b. Review and Consideration of Investment Committee Recommendation regarding Private Real Estate Emerging Manager Search

The Executive Director provided a summary of the RFP that had been conducted for a private equity real estate emerging manager (debt/equity) for a commitment of approximately \$50M for the County Fund. She stated that ten responses had been received and, following further due diligence, two finalists made presentations to the Investment Committee. The finalists provided information about their organizations, the proposed investment and answered questions from the trustees. She stated that the Investment Committee, consistent with Callan's recommendation, proposed that the Board retain both Artemis Real Estate Partners Fund IV and Basis Investment Group Real Estate Fund II and that each receive a \$25M mandate.

It was moved by Trustee Goode and seconded by Trustee Hughes, after reviewing the required disclosures, that the Board adopt the recommendation made by the Investment Committee at the meeting on September 1, 2021, that Artemis Real Estate Partners Fund IV and Basis Investment Group Real Estate Fund II be retained as the successful candidates of the RFP for a Private Real Estate Emerging Manager and that each of the successful candidates be approved for a mandate of approximately \$25M for the County Fund. It was further moved that the Executive Director and Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including, subject to review by fiduciary counsel, the execution and delivery of related written agreements on behalf of the County Fund by the Executive Director.

6. Benefit Matters – Administrative Hearing Plan of Completion

The Executive Director stated that there was a substantial backlog of requests for administrative hearings that had been made by members whose applications for benefits had been denied by the Board. These matters involved issues that did not require the resolution of complicated issues of fact or law. She presented a process for addressing the backlog and proposed that the ten identified hearings be referred to William P. Motto, a hearing officer that the Fund has previously retained, to review and to make recommendations to the Board. If this process proved successful, it would be used for other administrative hearings so that the backlog issues could be resolved. The trustees requested that the Fund obtain a recent resume from Mr. Motto and share it with the Board.

7. Trustee Education – Private Credit

Pete Keliuotis, of Callan LLC, made a presentation to the Board about private credit. He

stated that ‘private credit’ involved investment in private loans that were not publicly graded. He added that the current size of the private equity market was about \$900B and was expected to grow substantially. He described investment strategies and the risks/returns for this sector. Mr. Keliotis showed how high yield bonds and private equity compared to private credit investments. The trustees had questions about when private credit was a prudent investment for public pension funds and how such investments would be benchmarked.

8. Old Business/New Business

Trustee Diahann Goode stated that her term would expire on December 1, 2021, but that she would not seek another term because of her need to focus on other matters. President Wilson stated that the Board appreciated her commitment and service to the Fund and that they all wished her the best as she moved forward.

9. Adjournment

It was moved by Trustee McFadden and seconded by Trustee Kouruklis that the meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for October 7, 2021