

**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 6, 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, Joseph Nevius; Kevin Ochalla, James O'Rourke

Staff Present: Brent Lewandowski, Interim Executive Director; Margaret Fahrenbach, Legal Advisor; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Francis Gonzalez-Crussi, Senior IT Manager; Saron Tegegne, Comptroller

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd; Ann O'Bradovich, Callan, LLC; John Jackson, Callan, LLC; Pete Keliuotis, Callan, LLC; Joe McGuane, Callan, LLC; Joe McGuane, Callan, LLC; John McCabe, Legislative Liaison; Derek Blaida, Legislative Liaison; Craig Goesel, Alliant Insurance Services, Inc.; Bruno Amici, Alliant Insurance Services, Inc.; Sivasubramani Rajaram, Member; Annette Moriarity, Metro Reporting Service, Ltd.

It was moved by Trustee Hughes and seconded by Trustee Blair, pursuant to the Open Meetings Act. 5 ILCS 120/7, that Trustee Ochalla and Trustee Kouruklis be allowed to participate in the meeting by telephone or video conference due to family or work matters.

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 September 1, 2022, Board Meeting Minutes

It was moved by Trustee O'Rourke and seconded by Trustee Blair that the Board adopt the presented minutes from the Board meeting on September 1, 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 McFadden 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 September, 2022, be ratified and that the Board approve the recommendations from Fund staff to remit payments for the expenses incurred in September, 2022.

Roll Call Vote:

AYES: Blair, 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 Blair and seconded by Trustee O'Rourke 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, 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 McFadden 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, Ochalla, O’Rourke, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

3. Election Matters – Update Report on October 26, 2022, Trustee Elections

Brent Lewandowski, Interim Executive Director, stated that the Election Committee had provided a report on the status of the October, 2022 Trustee Elections. He stated that a Cook County Employee Trustee, a Cook County Annuitant Trustee and a Forest Preserve District Annuitant Trustee were to be elected this year. Two candidates filed petitions for the Cook County Employee position. Only one candidate filed a petition for the Cook County Annuitant position and only one candidate filed a petition for the Forest Preserve District Annuitant position. No challenges were filed to any of the petitions. The Board will be asked to certify Jerry Pray as the sole candidate and winner of the election for the Cook County Annuitant position and to certify Samuel Richardson, Jr. as the sole candidate and winner of the election for the Forest Preserve District Annuitant position. The candidates for the Cook County Employee position have provided statements that have been posted to the Fund’s website. Ballots for the Cook County Employee position were prepared in accordance with the Election Rules and were mailed to eligible voters as of September 26, 2022.

4. Health Benefits Matters

a. Review and Consideration of Possible Modification to Retiree Health Benefit Coverage

The trustees discussed the implementation of a health benefit that was not currently covered by the Retiree Health Benefits Plan because of an exclusion in the Summary Plan Description. They discussed that the benefit under consideration was covered under the health benefits plan provided to Cook County employees and under Medicare.

It was moved by Trustee Hughes and seconded by Trustee Blair that the Board remove the identified exclusion from the Summary Plan Description for the Retiree Health Benefits Plan (“Plan”) and that Fund staff and fiduciary counsel work with United Healthcare so that the identified services may be covered under the Plan when medically necessary.

Roll Call Vote:

AYES: Blair, Hughes, Nevius, Ochalla, O’Rourke, Wilson
PASS: McFadden
NAYS: None

Vote Result: MOTION ADOPTED

5. Investment Matters

The Interim Executive Director stated that representatives from Callan, LLC, the Fund's Investment Consultant, would provide information regarding several investment matters, including the consideration of private equity investments for 2023 and performance review.

a. Consideration and Possible Approval of Private Equity Commitment for 2023

John Jackson stated that the Fund annually reviewed the performance of its investments in private equity and considered whether further investment in the asset class would be prudent. Pete Keliuotis from Callan reported that private equity was one of the Fund's strongest asset classes. He noted that in 2021, investments in private equity were stronger than public equity because the valuation of private equity was less volatile. In response to the trustees' questions, he stated that rising interest rates would likely slow the performance in private equity but it would remain a strong asset class. The Fund should follow a long-term investment strategy to achieve successful returns. Additionally, the asset class currently exceeded its target allocation, which could be attributed to its higher performance as compared to other asset classes. The trustees discussed that pending liquidity concerns should be considered when approving additional investments at the present time.

It was moved by Trustee Ochalla and seconded by Trustee Blair, based upon the recommendation made by Callan, LLC, that the County Fund allocate \$70M in 2023 to the Mesirow Private Equity fund of funds subject to the receipt of contributions from the 2023 Intergovernmental Agreement with Cook County. It was further moved that the Interim Executive Director and Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements by the Interim Executive Director, subject to legal review, on behalf of the County Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Hedge Fund Asset Class Review

Joe McGuane reported that the Fund has met or exceeded its long-term return objectives since the inception of this investment allocation in 2012. The investments for this asset class are consistent with the allocation targets. Although the Board has recently approved

a decrease in the hedge fund allocation, there was no recommendation to change the investment mix, vehicles or fee schedule.

c. Second Quarter 2022 Performance Review

Ann O’Bradovich and John Jackson presented the 2Q 2022 performance reviews for both the County Fund and the Forest Preserve District Fund. They reported that at the end of 2Q 2022, the County Fund had a market value of \$12B, which was a decrease of \$1.4B from the market value at the end of 1Q 2022. Private equity and private real estate were the best performers in this period. It was noted that the allocation overweight for private equity was mitigated by the underweighted allocation for public equities. All remaining asset classes were within their respective target ranges.

The Forest Preserve District Fund had a market value of \$196.1M at the end of 2Q 2022. This was a decrease of \$23.1M from the valuation at the end of 1Q 2022. The returns generally exceeded the benchmarks and all asset classes fell within the permissible ranges.

d. Asset Allocation Policy Work Plan

i. Cook County

John Jackson presented the new target allocations approved by the Board, which reflected the two new strategies. Specific implementation of the new strategies was pending.

ii. Forest Preserve

It was reported that the portfolio was currently in line with the new target allocations.

6. Finance Matters

a. Fourth Quarter 2022 and First Quarter 2023 Cash Flow Report

The Interim Executive Director reported that the Fund received the employer’s statutory contributions in March, 2022. The employer’s statutory contributions that are usually remitted in October each year have not been received because of the delay in sending the second installment for the real estate tax bills to County property owners. The County Fund has sufficient liquidity to pay the annuities due through December 1, 2022, but will need to liquidate assets to pay annuities due on January 1, 2023. At the meeting in December, the County Fund will need to request authority from the Board to liquidate assets to meet its obligations. The Forest Fund has sufficient liquidity to pay annuities through 1Q 2023.

7. Administrative Matters

a. Review and Consideration of Actuarial Services for 2023

The Interim Executive Director stated that the current engagement for actuarial services with Cavanaugh MacDonald Consulting, LLC, would expire on December 31, 2022, and that the Fund wanted to extend the agreement for an additional year. The extension would

be implemented by entering a Second Amendment to the Actuarial Services Agreement entered on December 21, 2018. The actuary had agreed to the extension and signed a Second Amendment that was presented to the Board.

It was moved by Trustee Blair and seconded by Trustee Hughes that the presented Second Amendment to Actuarial Services Agreement which had 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, 2023, the fees for which shall be calculated as provided in the Actuarial Services Agreement. It was further moved that the Fund be 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 Interim Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Review and Consideration of Cyber Insurance Renewal Effective October 8, 2022

Craig Goesel, Alliant Insurance Services, Inc., reported that the presented proposal for the renewal of the Fund's cyber insurance policy was appropriate for the Fund's needs and that the increase in the premium was consistent with increases paid by other public pension funds.

It was moved by Trustee Nevius and seconded by Trustee Hughes that the Board approve a renewal of the cyber security insurance policy for a term from October 8, 2022, to October 8, 2023, upon the terms presented and as recommended by Alliant Insurance Services, Inc, at an annual premium not to exceed \$28,060. It was further moved 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 Interim Executive Director.

c. Interim Executive Director Report

The Interim Executive Director reported that the staff had presented the Fund's 2021 financial results to the County Board of Commissioners Pension Committee at its meeting on September 21, 2022. The Commissioners had questions about benefits provided under the Retiree Health Benefits Plan and about the data supporting the MWDBE utilization charts. The Fund staff addressed the Commissioners' questions.

The Fund had received an extension to file the Illinois Utilization Report required by Public Act 96-0753. The report was timely filed on September 9, 2022, as permitted by the extension.

The Fund welcomed Yolanda Ocegüera as a new disability counselor effective September 13, 2022.

8. Legislative Matters – Update

John McCabe and Derek Blaida provided an update on legislative matters. During the Fall Veto Session, the General Assembly will be focused on amendments to the Safe-T Act and will not address pension issues. It was recommended that if the Board wanted to introduce legislation, it should be approved by the December meeting so that there is time to submit the proposed legislation to the Legislative Research Bureau (“LRB”) and to find sponsors. Legislation should not be submitted to the LRB after January 12, 2023, because a backlog is anticipated by that time.

9. Legal Matters

a. Consideration and Possible Felony Forfeiture Pursuant to Section 9-235 of the Illinois Pension Code, 40 ILCS 5/9-235-Office Number 170434

Mary Pat Burns, fiduciary counsel, stated that Sivasubramani Rajaram, who was present at the meeting, had an annuity application pending before the Board. He had been convicted of a felony in the United States District Court for the Northern District of Illinois and might not be eligible for an annuity pursuant to Section 9-235 of the Illinois Pension Code, if the Board determines that the felony related to his service as a County employee.

Mr. Rajaram chose to appear without an attorney. Mr. Rajaram would be allowed to make a statement, but the parties agreed that no testimony would be given and that the issue would be decided on the records. The parties agreed that their respective exhibits should be admitted. President Wilson admitted all the records into evidence.

Mr. Rajaram then made a statement to the Board that was transcribed by a court reporter. President Wilson stated that the matter would be taken under advisement. Ms. Burns advised that there would not be a decision from the Board today, but that they would consider the record and provide a decision at the next meeting.

b. Consideration and Possible Adoption of Hearing Officer’s Recommendation for Office #195661

It was moved by Trustee Blair and seconded by Trustee Hughes that the Board adopt the Hearing Officer’s Recommendation regarding the Member identified by Office Number 195661 and that the Board reaffirm its earlier denial of the benefits the Member had requested. It was further moved that the Board’s action would be a final ageBncy decision pursuant to Section 9-236 of the Illinois Pension Code.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Blair and seconded by Trustee Nevius that the Board adjourn the Executive Session and return to open session.

Vote Result: MOTION ADOPTED BY VOICE VOTE

c. Consideration and Possible Approval to Initiate Action – Office #120908

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

d. Legal Report

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

10. Trustee Matters

a. Distribution of Cyber Training Materials for Trustees

b. Distribution of Sexual Harassment Training Materials for Trustees

The trustees received the materials needed to complete the required cyber security training and sexual harassment training. They were asked to certify that they had completed their review of the materials and return their signed certifications to the Fund.

11. Consideration and Possible Action Regarding Personnel Matters

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

12. Old Business/New Business

There was no old business or new business discussed.

13. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for November 3, 2022, at 9:30 am.