

**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, Room 230
Chicago, IL 60602**

March 3, 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."

Trustees Present: Lawrence Wilson, President; Patrick McFadden, Vice President; Stephen Hughes, Secretary; Bill Kouruklis, Joseph Nevius, Kevin Ochalla, James O'Rourke, and Tracy Reed

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.; Larry Langer, Cavanaugh Macdonald, LLC; Ryan Gundersen, Cavanaugh Macdonald, LLC; Ann O'Bradovich, Callan LLC; John Jackson, Callan LLC; Noureen Hashim, Cook County Tenth District Office; Derek Blaida, John McCabe & Associates, Ltd.

The Executive Director, Regina Tuczak, stated that Trustee Nevius had requested that he be allowed to participate remotely. She added that a quorum of the Board was present at the meeting. It was moved by Trustee McFadden and seconded by Trustee Ochalla, pursuant to the Open Meetings Act, 5 ILCS 120/7, that Trustee Nevius be permitted to participate by phone or video conference due to family 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 February 3, 2022, Board Meeting Minutes

It was moved by Trustee Hughes and seconded by Trustee O'Rourke that the Board adopt the presented minutes from the Board meeting on February 3, 2022.

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 McFadden and seconded by Trustee Reed that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in February, 2022, be ratified and that the Board approve the recommendations from Fund staff to remit payments for the expenses incurred in December, 2021, and February, 2022.

The trustees discussed that it would be useful for future meetings to provide copies of the invoices for professional services to the trustees for review. The Executive Director said that the invoices would be made available in the Board materials. In the absence of a motion and vote to change the existing procedures, the President suggested that invoices be uploaded to Board Effect and provided to Trustees upon request. The majority of commenting trustees agreed.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

3. Review and Possible Action Regarding the Results of the Actuarial Experience Study for 2017-2020

The Executive Director stated that the Actuarial Experience Study had been updated by the Fund's actuary, Cavanaugh MacDonald LLC, in response to the trustees' discussion and questions at the meeting in February. She indicated that with respect to investment rate of return, a memorandum had been prepared by the Fund staff summarizing two surveys of the rates of investment returns adopted by public pension plans in 2020 and 2021. The memorandum also included the rates of returns adopted for other Illinois public pension plans. Callan LLC (Callan) and the Fund investment staff were supportive of an incremental change to the assumed rate of return from 7.25% to 7.00%. She noted that the Board should consider a separate motion regarding the other economic assumptions, demographic assumptions, and retiree health care obligation assumptions. She then reviewed those assumptions as they had been presented and recommended in the Actuarial Experience Study at the February meeting.

The trustees discussed the different assumptions for rates of return used by other Illinois public pension plans and noted that the adoption of lower rates of return were sometimes due to a plan's funded status and liquidity needs. It was also noted that while the assumed investment rate of return determined by the Board would be used for the valuations prepared as of December 31, 2021, the Board could change that assumption as might be necessary.

It was moved by Trustee Hughes and seconded by Trustee O'Rourke that the Board adopt the recommended actuarial assumptions, with the exception of the investment return assumption, as presented in the Actuarial Experience Study dated March 3, 2022, prepared

by Cavanaugh Macdonald Consulting, LLC, for the valuations to be performed for both the County Fund and the Forest Fund beginning with the year ending December 31, 2021.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Ochalla and seconded by Trustee O'Rourke, as was consistent with the investment return assumptions presented and recommended in the Actuarial Experience Study dated March 3, 2022, prepared by Cavanaugh Macdonald Consulting, LLC, and with the Asset Liability Study presented by Callan on January 25, 2022, and February 22, 2022, that the Board adopt 7.00% as the investment return assumption for the valuations to be performed for both the County Fund and the Forest Fund beginning with the year ending December 31, 2021

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

4. Legislative Matters
 - a. Update from Legislative Liaison
 - b. Review and Possible Action Regarding Proposed Legislation

The Executive Director stated that Derek Blaida, the Fund's legislative liaison, was expected to deliver a report to the Board by joining the meeting electronically, but due to a schedule conflict, he would be joining later in the meeting. In Mr. Blaida's absence, she provided the information to the Board in the Legislative Memorandum received from John McCabe and Derek Blaida. Based upon the memorandum, the legislative liaisons were not requesting that the Board take any action on matters pending before the General Assembly. Once Mr. Blaida was able to join the meeting, the discussion of legislative matters would continue.

[Note: Mr. Blaida was able to join the meeting after the conclusion of Item 6b, the Executive Director's Report. See discussion below.]

Mr. Blaida stated that there had been no objection to the funding bill for the Forest Preserve District Fund, HB 1859. The bill moved out of committee and was likely to go to the Senate. He added that the funding legislation proposed by the Fund was not likely to get out of committee because of concerns that the bills would cause an increase in taxes. It was noted by the trustees that the Forest Preserve District had plans

to meet the obligations of its funding bill under Article 10 (HB 1859) through two alternatives. The trustees asked about the status of the deferred compensation legislation under SB 3656, because the Fund might be required to administer the new law if enacted. It appeared that SB 3656 would remain in committee.

5. Investment Matters – Review and Consideration of Investment Committee Recommendation Regarding Correspondence from Commissioner Gainer and Possible Response

The Executive Director stated that a letter had been prepared and approved at the Investment Committee meeting regarding a response to Commissioner Gainer about sustainability factors, including environmental, social and governance (“ESG”) factors, that are used by the Board in making investment decisions for the Fund. She asked the trustees to provide any comments about the letter by next Tuesday so that it could be sent by the end of the following week.

The trustees discussed that the Illinois Pension Code was amended to require consideration of sustainability factors when pension funds make investment decisions. The Fund’s investment policies were amended to address this legislative change. The trustees discussed that ESG terms did not have specific definitions. Representatives from Callan, the Fund’s Investment Consultant, agreed that the interpretations of ESG terms were fluid and that there were no market definitions for these factors. Some managers focused on environmental factors and others looked to governance matters. The trustees asked that Callan provide some education on ESG matters so that the trustees could have a better understanding of how to best proceed with future investment decisions. The trustees will need to find a balance between maximizing returns for the benefit of the Fund’s participants and ESG concerns.

6. Administrative Matters

a. Review and Possible Approval of CDW-G Block Hours Statement of Work

The Executive Director stated that the Fund has received IT services from CDW Government LLC (CDW-G) through a ‘Block Hours’ SOW that was executed on March 9, 2021. The SOW provided for 240 block hours that could be used on various issues that might arise for a total cost of \$30,000. At the present time, there were approximately 130 block hours remaining under the current SOW. Due to the departure of the Fund’s IT administrator, IT matters were being administered through CDW-G. The utilization of the block hours provided under the SOW had increased and would continue to increase until an IT administrator was employed by the Fund. While the search for an IT administrator was active, she stated that the Fund would need to rely upon CDW-G for IT services. The Fund had received a draft SOW from CDW-G on February 25, 2022, to increase the number of block hours. The SOW had been reviewed by fiduciary counsel and was substantially consistent with the current SOW. She requested that the Fund be given authority to enter a SOW which would allow for a total of 480 block hours at a cost of \$62,400, without presenting a SOW to the Board

that had been executed on behalf of the vendor. The Executive Director stated that the SOW would be subject to review by fiduciary counsel, and that she would report the status of the SOW at the Board meeting on April 4, 2022.

It was moved by Trustee O'Rourke and seconded by Trustee Kouruklis that the Board approve the proposed CDW-G Block Hours Statement of Work ("SOW") for 480 block hours at a rate not to exceed \$130/hour to provide IT services on various matters at an amount not to exceed \$62,400. It was further moved that, subject to review by fiduciary counsel, the Executive Director be authorized to execute and deliver the SOW on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Executive Director Report

The Executive Director stated that the Fund investment staff had reviewed the investments made in Russia. As of February 28, 2022, it was determined that approximately 0.09%, or \$12M, of the Fund's assets were invested in Russian publicly traded securities, including EFTs and mutual funds. The Fund's managers were working with their risk management teams to assess the impact of the unfolding crisis on the Fund's investments. Callan and Fund staff will report to the Board about meaningful developments or actions requiring approval.

It was reported that Hearing Officer William Motto continued to conduct administrative hearings requested by members whose applications for disability benefits had been denied. The most recent hearings were conducted on February 10, 2022, and there were six recommendations from the Hearing Officer to be considered by the Board at this meeting. The Executive Director also identified an additional six members whose requests for administrative hearings would be referred to the Hearing Officer.

The Executive Director reminded the trustees that their Statements of Economic Interests should be filed by April 30, 2022. A penalty for filing after that date might be applied.

The Fund staff continued to work in the office daily. The building lifted its mask mandate, but members and vendors who visit the Fund, as well as those staff members meeting with them, continued to wear masks. The situation will be evaluated and adjusted as appropriate.

As was consistent with Cook County government, the Fund's offices would be closed

on March 7th in observance of Casimir Pulaski Day.

[Note: At the conclusion of the Executive Director's report, the Fund's legislative representative, Derek Blaida, was able to join the meeting electronically. See Item 4]

7. Benefit Matters- Consideration and Possible Approval of Referral of Matters Pursuant to 40 ILCS 5/1-135

The Executive Director reported that that Fund received what appeared to be fraudulent records from two members to change their direct deposit authorizations. One of the requests was received on February 17, 2022, and was for a member for whom the Fund had previously received a fraudulent address change that was not implemented. She stated that the other request was received on February 24, 2022. Based upon the Fund's procedures, neither of the changes to the members' direct deposit instructions were made, but should be reported to the Cook County State's Attorney for investigation.

Fiduciary counsel stated that other Illinois public funds have experienced the same problem and said that those funds reached out to their cyber insurance carriers for guidance. The trustees noted that the Fund should make the same contact with their cyber insurance broker.

The trustees discussed the Fund's processes for verifying direct deposit authorizations and how the changes were implemented by BNY/Mellon. The trustees asked that the Fund provide an update about how BNY/Mellon might be able to provide supplemental services for direct deposit authorizations at the next meeting.

It was moved by Trustee McFadden and seconded by Trustee Reed that the Board find that there were reasonable suspicions that the identified direct deposit authorizations appeared to constitute false statements or falsified records within the meaning of Section 1-135 of the Illinois Pension Code, 40 ILCS 5/1-135 and that in accordance with 40 ILCS 5/1-135, the Fund be authorized to report the incidents on behalf of the Board to the Cook County State's Attorney.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

8. Legal Matters

The Executive Director reported that on February 10, 2022, Mr. William P. Motto, the hearing officer, had conducted administrative reviews of the denials of certain members' disability applications. He provided recommendations for six of the cases, that the Board's denials of the members' benefits should be upheld. 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 #9373

It was moved by Trustee McFadden and seconded by Trustee O'Rourke that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 9373 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: Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- b. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #116558

It was moved by Trustee McFadden seconded by Trustee O'Rourke that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 116558 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: Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Reed, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- c. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #147528

It was moved by Trustee McFadden and seconded by Trustee O'Rourke that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 147528 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: Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Reed,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- d. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #154355

It was moved by Trustee McFadden and seconded by Trustee O'Rourke that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 154355 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: Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Reed,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- e. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #185830

It was moved by Trustee McFadden and seconded by Trustee O'Rourke that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 185830 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: Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Reed,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- f. Consideration and Possible Adoption of Hearing Officer's Recommendation for Office #196556

It was moved by Trustee McFadden and seconded by Trustee O'Rourke that the Board adopt the Hearing Officer's Recommendation regarding the Member identified by Office Number 196556 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: Hughes, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Reed,
Wilson

NAYS: None

Vote Result: MOTION ADOPTED

g. Other Matters

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

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

9. Consideration and Possible Action Regarding Personnel Matters

There was no discussion under this item.

10. Old Business/New Business

The trustees discussed that they would like a periodic report of the litigation pending at the Fund and about matters referred to the Cook County State's Attorney. Fiduciary counsel agreed to provide the information.

The trustees also discussed whether a "State of the Pension Fund" report would be prepared in 2022. The report provided in 2020 was well executed, but there was discussion about whether the time-commitment to produce the report was needed since it contained information that was available from other sources. The Executive Director stated that the State of the Pension Fund report prepared in 2020 was posted in Board Effect, but that she would also be send the report to the trustees via email.

11. Adjournment

It was moved by Trustee Hughes and seconded by Trustee O'Rourke that the meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for April 4, 2022, at 9:30 am.