

**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, Held in Room 230
Chicago, IL 60602**

February 4, 2021 - 9:30 A.M.

The meeting was conducted to allow any trustees and other attendees to participate by video conference as permitted by the Illinois Governor Executive Order Number 2020-07 and extended by Executive Order Number 2021-01 issued on January 8, 2021, as well as by the provisions of Public Act 101-0640.

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: John Blair, Diahann Goode, Stephen Hughes, Bill Kouruklis, Patrick McFadden, Joseph Nevius, Kevin Ochalla, James O'Rourke, Lawrence Wilson

Staff Present: Regina Tuczak, Executive Director; Caroline Vullmahn, Deputy Executive Director; Margaret Fahrenbach, Legal Advisor; Michael Maratea, Director, Finance and Administration; Gary LeDonne, Director, Benefits Administration; Jane Hawes, Director, Health Benefits; Brent Lewandowski, Director, Member Services; Fernando Vinzons, Director, Investments; Jodi Weinstein, IT Administrator

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Noureen Hashim, Policy and Communications Coordinator, Cook County; John McCabe, John McCabe & Associates; Derek Blaida, John McCabe & Associates; Pauline Kutycka, Pageant Media; Greg Vaci, DuPage County State's Attorney's Office.

There was no member of the public present or participating by video conference who asked to address the Board.

1. Review and Consideration of:
 - a. January 7, 2021 Board Meeting Minutes
 - b. January 7, 2021 Transcript of Board Meeting

Trustee Wilson asked for a single motion to approve the minutes and the

transcript from the Board meeting on January 7, 2021. It was moved by Trustee McFadden and seconded by Trustee Blair that the Board approve the minutes and transcript from the Board meeting on December 3, 2020.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

2. Review and Consideration of:
 - a. Bills, Payroll Records

Trustee Wilson asked for a single motion to ratify the bills and payroll records that were paid in December, 2020 and in January, 2021 and to approve the presented bills for expenses incurred in December, 2020 and in January, 2021.

After receiving confirmation from Fund staff that the presented payments were consistent with the administrative budgets approved for 2020 and 2021, it was moved by Trustee McFadden 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 December, 2020 and in January, 2021 be ratified and that the Board approve the recommendations from Fund staff to remit payments for expenses incurred in December, 2020 and in January, 2021.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

3. Legislative Matters

a. Review and Consideration of Draft Funding Legislation

Regina Tuczak, Executive Director, stated that fiduciary counsel had drafted and prepared two separate legislative bills which provide for actuarial based funding for both the County Fund and the Forest Preserve District Fund. One bill would amend Article 9 which would govern funding for the County Fund and the other bill would amend Article 10 which would govern funding for the Forest Preserve District Fund. Each of the bills was substantively the same. The legislation provided that beginning in payment year 2023, there would be a three year ramp in the contributions due from the employer. After the ramp period, the employer's contributions would be based upon attaining a 90% funding level over 40 years, or by payment year 2063. She stated that the legislation was very similar to what was presented last year and that the trustees have been submitting legislation requesting actuarially based funding since 2010.

The Executive Director stated that, after conferring with the Fund's actuary, the

actual ramp numbers and other projections would need to be modified to reflect the liability changes that had occurred due to the passing of an additional year. She asked the actuary to update the calculations and projections and expected that the revisions would be presented for approval at the Board's meeting in March.

The trustees asked if the General Assembly's timeframes would be met if the legislation was not approved until March. Derek Blaida, of John McCabe & Associates, the Fund's legislative representative, stated that other legislation had already been introduced on behalf of the Fund for amendments to both Article 9 and Article 10. The General Assembly's timeframes would be met because the anticipated legislation for actuarial based funding would be proposed as amendments to the legislation that had already been introduced and was pending in the legislative process.

The trustees discussed that the proposed legislation was consistent with the funding policies that had been legislated for the other public pension funds in the State of Illinois. While the Fund's actuary had preferred a funding policy which provided for 100% funding over 30 years, it was prudent to propose the legislation that was presented.

The trustees inquired on some other clarifying matters. It was also suggested that the sponsors for the Fund's legislation should be different from any sponsor that the County might use in the event that it should propose funding legislation,

b. Status of Legislation Regarding Trustee Personal Liability

The Executive Director stated that another local pension fund had prepared an amendment to Article 1 of the Illinois Pension Code which would require funds to indemnify trustees and employees from personal liability. The legislation had been reviewed by the Legislative Reference Bureau ("LRB"), but the sponsors had not yet been identified. The trustees were asked to review the legislation to determine if they would like to provide support for the proposed amendment once it had been introduced before the General Assembly.

c. Update from Fund's Legislative Liaison

The Executive Director stated that John McCabe, of John McCabe & Associates, the Fund's legislative representative, reported that the legislation that had been approved by the Board had been brought to the LRB and was included in the Board materials. Mr. McCabe confirmed that the bills had been introduced last week. He also advised the Board about a recently introduced House Bill 447 which provides that police officers would lose pension benefits if they were convicted of certain disqualifying offenses. The bill was filed to amend the articles of all pension funds that had police officers as participants. The trustees stated that they would like to be advised of any comparison between HB 447 with the current legislation regarding the forfeiture of annuities based upon felony

convictions. They also asked if legislation similar to HB 447 had been adopted in other states. Mr. McCabe agreed to provide that information.

Mr. McCabe stated that it was still unclear about how legislation will proceed in the current environment, particularly in the House. There had been some discussion that each legislator will be limited in the number of bills that may be sponsored, but he noted that the situation is still evolving.

The Executive Director added that Mr. McCabe received a request from a staff member of the Office of the Senate President to provide a date when the assets of the County Fund and the Forest Preserve District Fund would be depleted if the current funding policies remained and if there were no return on investments. She stated that the Fund's actuary could provide the requested information. The actuary's analysis would be shared with the trustees before it was provided to Mr. McCabe and distributed to the legislative staff member who made the request. It was noted that the same request had been made to the State systems and the local funds, but those funds had actuarially based funding unlike the County Fund and the Forest Preserve District Fund. Fiduciary counsel stated that the request appears to separate legacy debt from the normal cost of funding, which is not relevant to the current funding mechanisms used for the County Fund and Forest Preserve District Fund. She added that the employers would remain liable to pay the benefits owed to the participants even if the Fund's assets were depleted.

The trustees discussed that the Executive Director should request the needed data from the actuary and then work with Trustee Wilson, Trustee Kouruklis, fiduciary counsel and Mr. McCabe to prepare and deliver the Fund's response. Among other matters, the response should clarify for the legislature that the funding policies for both the County Fund and the Forest Preserve District Fund are based upon a statutory multipliers and do not rely upon actuarially based contributions.

4. Investment Matters – Update Regarding Custodial RFP

The Executive Director provided a brief summary of the status of the pending search for trust and custodial services. She stated that the Fund received three responses from highly qualified organizations each of which had been very thoroughly analyzed by Callan LLC. She proposed that staff conduct rigorous semifinalist interviews with two of the responders. After those interviews were complete, the Fund staff would assess whether to make a final recommendation or invite the semifinalists to make presentations to the Board. The trustees noted that there had been problems with a custodian regarding securities lending in prior years. The Executive Director stated that securities lending is a current practice for equity and fixed income securities and part of the RFP, but the controls and indemnifications now in place were not present in that earlier environment.

The trustees discussed the process for making a selection and noted that there was not a uniform procedure for selecting successful candidates for RFPs. They discussed whether it was more helpful to have summaries and presentations made to the Board or whether a

consultant or Fund staff should make a recommendation that the Board would consider. The trustees also discussed that conversations with a candidate's current clients could help determine the responder's strengths and weaknesses.

The Executive Director stated that the interviews would be conducted in the next two weeks and that she would provide an update to the Board at the March meeting. If any presentations were necessary, they could be made at the April meeting. The Board would be provided with a summary analysis of the candidates.

5. Administrative Matters

a. Review and Consideration of Concentra Contract Extension

The Executive Director stated that the Occupational Health Centers of Illinois d/b/a Concentra provides the proof of disability that is required by the Pension Code for disability applicants for both the County Fund and Forest Preserve District Fund. These services had been previously provided by County Physicians, until they declined to provide those services in about August 18, 2018. Since that time, the Fund has contracted with Concentra for the required evaluations and the current contract will conclude at the end of February. In 2020, Concentra performed about 800 evaluations and charged \$52 for each. They have agreed to extend the contract on essentially the same terms for an additional year. She stated that the agreement would be extended for the additional year by entering a Third Amendment.

The trustees noted that it would be useful if they could be made aware of the expiration of a contract at least six months before the engagement is scheduled to end. The Executive Director stated that Concentra reviews the member's attending physician's statement regarding disability to determine if the facts support the member's eligibility for disability benefits under the Pension Code. If the Board denies the application for disability benefits, the member can appeal. Sometimes a member is referred for an Independent Medical Evaluation for further review. Concentra has been responsive to the Fund regarding documentation and other concerns. Concentra's service had been satisfactory to the Fund and their multiple locations have been convenient for the members. The Fund might consider a different provider for mental health evaluations, but most of the evaluations provided by Concentra are effective and seem fair to both the member and the Fund.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board authorize the Fund to amend the agreement with Occupational Health Centers of Illinois, P.C. d/b/a Concentra Medical Centers, to extend the engagement through February 28, 2022, upon the terms presented and that the Executive Director be authorized, subject to legal review, to execute and deliver the presented Amendment on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Update Regarding Change in Terms with Novitas Business & Technology

The Executive Director stated that the Board had authorized the Fund to enter an amendment to reduce fees under the agreement with Novitas Business & Technology, the vendor that provides maintenance and support to the pension administration system. The Board had requested that Fund staff attempt to negotiate credit for service hours that were not used last year because of the pandemic. She reported that Novitas was willing to create a bank of the 360 unused service hours that could be used over the next three years. The Executive Director stated that she had worked with fiduciary counsel who drafted the letter agreement to propose these additional terms. The trustees commented that the effort to further negotiate with Novitas reflected well upon the Fund staff.

It was then moved by Trustee McFadden and seconded by Trustee O'Rourke that the Board ratify the action taken by Fund staff, as requested by the Board at their meeting on January 7, 2021, to further negotiate the terms of the Second Amendment to the Agreement with Novitas Business & Technology and that the Executive Director be authorized to execute the presented Letter Agreement on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Executive Director Report

The Executive Director reported that the staff rotation system that became effective in September, 2020, had been working well and the process had continued. The staff was particularly busy at the present time in order to process about 300 annuity applications for presentation at the Board's meeting in March.

She reported that the Board had entered Findings of Fact denying a member's application for duty disability benefits and that the member had filed an appeal under the Administrative Review Law. The Fund had requested that Burke Burns & Pinelli provide legal representation in the matter as they have done in similar proceedings.

It was moved by Trustee McFadden and seconded by Trustee Goode, as consistent with the Board's practice, that Burke Burns & Pinelli be authorized to represent the Fund regarding the Complaint for Administrative Review brought by James Hannigan.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

The Executive Director stated that there would be an Investment Committee on Wednesday, February 24, 2021. In addition to the 4Q 2020 performance reviews, Callan would provide a capital markets update. Trustees who attended the presentations would receive some credit for their required training in 2021. She also noted that the April, 2021, training provided by Callan College would be presented in a virtual format. Presentations for later in 2021 would require personal attendance.

The Executive Director stated that the Board might convene a closed session to discuss the remaining matters on her report.

It was then moved by Trustee McFadden and seconded by Trustee Goode that the Board convene an Executive Session pursuant to Sections 2(c)(1) and 2(c)(5) of the Open Meetings Act to discuss personnel and the lease of real property.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED

6. Old Business/ New Business

There was no old business or new business discussed

7. Adjournment

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

Vote Result: MOTION ADOPTED

The next Board meeting was scheduled for March 4, 2021.