

**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**

March 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 2021-04 issued on February 5, 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, 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.; John McCabe, John McCabe & Associates; Derek Blaida, John McCabe & Associates; Ann O'Bradovich, Callan, LLC; John Jackson, Callan, LLC; Larry Langer, Cavanaugh MacDonald; Gar Chung, Financial Investment News; Martha Merrill, AFSCME; Kevin (no last name provided), Fundmap

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. February 4, 2021 Board Meeting Minutes
 - b. February 4, 2021 Transcript of Board Meeting

Trustee Wilson asked for a single motion to approve the minutes and the transcript from the Board meeting on February 4, 2021. It was moved by Trustee Blair and seconded by Trustee Goode that the Board approve the minutes and transcript from the Board meeting on February 4, 2021.

Roll Call Vote:

AYES: Blair, Goode, Hughes, Kouruklis, McFadden, Nevius, Ochalla,
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 February, 2021, and to approve the presented bills for expenses incurred in December, 2020 and February, 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 Blair that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in February, 2021, be ratified and that the Board approve the recommendations from Fund staff to remit payments for expenses incurred in December, 2020 and in February, 2021.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

3. Legislative Matters

a. Review and Consideration of Draft Funding Legislation

Regina Tuczak, Executive Director, stated that two separate legislative bills had been prepared which provided 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 proposed legislation had been discussed at the Board's meeting on February 4, 2021, but now includes the actuary calculations that provide for a three year ramp for employer contributions beginning in 2023 and that would provide for a 90% funding level by 2063. The calculations considered the liability for both pension and healthcare obligations.

The Executive Director stated that she had prepared a draft letter for the County and Forest Preserve District that would be sent with a copy of the proposed

legislation, should it be approved by the Board. She added that the letter would be sent by email to the addressees. The trustees reviewed the letter and suggested that both the Chairman of the Finance Committee and the County Treasurer be included as additional named addressees.

It was moved by Trustee Ochalla and seconded by Trustee Goode that the Board approve the presented amendments to Section 9-169 of the Illinois Pension Code, 40 ILCS 5/9-169 and to Section 10-107 of the Illinois Pension Code, 40 ILCS 5/10-107, that include, but are not limited to, actuarially based contributions from Cook County and from the Forest Preserve District which were calculated to achieve 90% funding by the year 2063. It was further moved that the Executive Director be authorized to provide a copy of the proposed legislation to the Cook County Board of Commissioners, the Chairman of the Finance Committee, the County Treasurer, the County's Chief Financial Officer, the Superintendent of the Forest Preserve District, the Forest Preserve District's Chief Financial Officer and to the Fund's Legislative Representative who shall be authorized to take all action reasonably necessary to cause such proposed amendments to be introduced before the Illinois General Assembly.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Consideration and Possible Action regarding HB 0447

The Executive Director stated that HB 0447 was legislation introduced before the General Assembly which would prohibit County police officers under the jurisdiction of the County Police Merit Board from receiving pension benefits if the officer had been convicted of certain disqualifying offenses that are defined in the legislation. The Fund's Legislative Liaison had been asked if the Board would take a position on HB 0447. She stated that Fund staff and fiduciary counsel had reviewed the proposed legislation and had found that it would be difficult to administer for several reasons that were articulated in the memorandum prepared for the Board. The definition of who would be a police officer under the jurisdiction of the County Police Merit Board for purposes of the legislation was particularly problematic for the Fund to administer because persons under the Merit Board's jurisdiction can change in the course of the members' service and Fund staff may not have enough information to determine which members are subject to the jurisdiction of the County Police Merit Board. The prohibitions under HB 0447 would be in addition to Section 9-235 of the Illinois Pension Code which does not allow persons who are convicted of a felony related to the County service to receive annuity benefits.

John McCabe, the Legislative Liaison, stated that other lobbyists who were asked if their clients would take a position on the bill had proposed amendments. He stated that there are problems in the bill that are not likely to be resolved by any amendment. The language of the bill was vague which made it difficult to prudently administer. He did not advise the Fund to attempt to amend the bill. The trustees discussed the problems in administering the bill and the best way to express their concerns before the General Assembly. If the bill were amended, the Board would be able to review the amendments and reconsider their position at that time.

It was moved by Trustee Blair and seconded by Trustee McFadden that the Legislative Liaison be authorized to share with the General Assembly the Board's concerns about the administration of HB 0477 as presented.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Consideration and Possible Action regarding SB 0296

The Executive Director stated that at the meeting on February 4, 2021, the Board was advised that another local fund had approved the introduction of legislation relating to the indemnification of trustees and staff under the Illinois Pension Code. She stated that the legislation had now been introduced as SB 0296 and that the Board might consider offering their support to the legislation.

It was moved by Trustee Goode and seconded by Trustee Blair that the Board support the proposed amendment to Section 1-107 of the Illinois Pension Code regarding the indemnity of trustees, staff and consultants, as presented, which has been introduced before the General Assembly as SB 0296 and to authorize the Fund's Legislative Liaison to take all reasonable action necessary to communicate the Board's position on SB 0296 before the General Assembly.

d. Review and Approval of Response to Senate Staff Request

The Executive Director stated that, as discussed at the last meeting, the Fund's Legislative Liaison had been asked by a staff member of the State Senate to provide the years that the County Fund and the Forest Fund would no longer have assets to pay benefits if it were assumed that the current funding policies were unchanged and that there were no returns on investments. The Fund's actuary calculated those projections, which were included in the Board materials. Mr. McCabe stated that the request was from Senator Robert Martwick who was the chairman of the Senate Pension Committee. Senator Martwick wanted the

information to present to his Democratic caucus to illustrate the situation of the state and local pension funds. Mr. McCabe did not know what might be proposed regarding pensions, but they would provide the Board with any report that might be generated.

It was moved by Trustee McFadden and seconded by Trustee Hughes that the Board authorize the delivery of the presented analysis in response to a request made by the Senate Staff regarding the funding status of the County Fund and the Forest Fund which was prepared by the Fund's actuary in accordance with certain parameters provided by the requestor and with the assistance of fiduciary counsel. It was further moved that the Executive Director be authorized to deliver the analysis to the Fund's Legislative Representative, who shall in turn, deliver the response to the requestor.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

e. Update from Fund's Legislative Liaison

Mr. McCabe stated that the Fund's bills had been had been introduced into the Senate sponsored by Senator Robert Martwick (SB 210 and SB 211) and into the House sponsored by Representative Kelly Burke (HB 416 and HB 417). The Senate intends to put all non-controversial bills into a single amendment and pass it over to the House. He reported that the House is lagging behind the Senate. They have cancelled their session for next week, but the deadline for getting bills out of committee is still set for March 26, 2021. He believes that the bills will not move and that not much legislation will pass until the pandemic is over.

Mr. McCabe said that there is a bill to transfer the Forest Preserve Police to the County Sheriff. (HB 1843) There is also a bill that would prohibit a trustee of a retirement system from working for a fund or a fund vendor for at least five years after leaving the board. (HB 3004) There was also legislation that would put a cap on annuity benefits. The trustees then discussed when Tier 2 benefits might fall below the limit set under the Social Security Act. McCabe thought that might not happen for about ten years, but the Fund needs to be concerned about its IRS exemption if that should occur. There was also legislation introduced that would allow a petitioner to recover attorneys' fees in litigation against a retirement fund if the petitioner prevailed.

McCabe stated that a number of FOIA and Open Meetings Act bills were introduced. Mary Pat Burns, fiduciary counsel, stated that HB 3624 would require the Fund to post a bond every time a FOIA request was denied. She stated that the

Fund receives many FOIAs and that the need to post a bond for every denial would be unduly burdensome.

It was also discussed that SB 2103 would require employees to be automatically placed into a deferred compensation plan. Mr. McCabe noted that this type of plan might be passed during this General Assembly for state employees, downstate teachers and Chicago teachers, but he does not believe that it will be passed for County employees this year.

4. Investment Matters – Review and Consideration of February 24, 2021 Investment Committee Recommendations regarding:

a. Follow-on Investment with Mesirow Real Estate Value Fund IV

The Executive Director stated that the Investment Committee had recommended a follow-on investment to the Mesirow Real Estate Value Fund IV for the County Fund. The Fund experienced good returns with Mesirow Funds II and III and, based upon Callan’s due diligence and recommendation, the Investment Committee recommended that the Board approve a follow-on investment of \$30M in the Mesirow Fund IV. She also noted that the disclosure statements required by the Sections 113.14 and 113.21 of Illinois Pension Code were included in the Board materials for their review.

It was moved by Trustee Blair and seconded by Trustee Goode that the Board adopt the recommendation made by the Investment Committee at their meeting on February 24, 2021, based upon Callan LLC’s due diligence memorandum and review of the Investment Manager’s disclosures required by Sections 113.14 and 113.21 of the Illinois Pension Code, to approve a \$30M follow-on investment by the County Fund to the Mesirow Real Estate Value Fund IV, subject to satisfactory completion of final due diligence and successful contract negotiations. It was further moved that the Fund staff should take all action reasonably necessary to effectuate the foregoing, including, subject to legal review by fiduciary counsel, the execution and delivery of any related written agreement on behalf of the County Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Commitment to Mesirow Financial Private Equity Pool 7

The Executive Director stated that the Investment Committee had discussed an additional \$20M commitment to the Mesirow private equity program. She stated that Callan had recommended that the County Fund continue with the target

allocations approved by the Board and invest in the Mesirow private equity program so long as additional contributions were received under an Intergovernmental Agreement (“IGA”). She noted that the County Fund was receiving contributions under an IGA in 2021. She said that the commitment would be made subject to pacing considerations by Callan and Fund staff.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Board adopt the recommendations made by the Investment Committee at their meeting on February 24, 2021, based upon Callan’s prior recommendation made on October 24, 2020, to approve a \$20M commitment by the County Fund to the Mesirow private equity mandate in 2021, which is to be activated based upon appropriate pacing review by Callan and Fund staff. It was further moved that the Fund staff should 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 County Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Hughes, McFadden, Nevius, Ochalla, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

- c. Selection of Transition Manager and Transition International Equity Assets
- d. Approval of Investment Policy Statement for Cook County Fund
- e. Approval of Investment Policy Statement for Forest Preserve Fund

The Executive Director stated that the Board might consider the approval of Items 4c, 4d and 4e by consent agenda. She noted that the specifics of the transition and had been discussed by the Investment Committee and that the movement of those assets to a new manager had also been under consideration. In addition, the Investment Committee had approved similar amendments for the respective Investment Policies for the County Fund and the Forest Preserve Fund.

It was moved by Trustee McFadden and seconded by Trustee Blair that the Board by consent agenda, adopt the recommendation made by the Investment Committee at their meeting on February 24, 2021, based upon Callan LLC’s recommendations, to approve the selection of the Transition Manager and the movement of those assets to the identified international equity manager; the Investment Policy Statement for the County Fund and the Investment Policy Statement for the Forest Preserve Fund. It was further moved that the Fund staff should 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 County Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

5. Other Matters

a. Review and Consideration of Engagement Letters with RSM LLP

The Executive Director stated that the Board had selected RSM LLP as the successful candidate following the Fund's recent RFP for an accounting firm to perform audit services and financial statements. The Board had been presented with an engagement letter with RSM for the audit of the County Fund. The engagement letter was nearly completed, however some terms needed additional negotiation and review. The terms related to fees and other items in the RFP would not be changed from the proposed engagement letter. Similar letters would be prepared for the Forest Fund and for the Agreed Upon Audit Procedures ("AUP") for both Funds. The AUPs are performed every three years and filed with the Department of Insurance. She was requesting authority to sign each of the four letters, once they had been approved by fiduciary counsel.

It was moved by Trustee Goode and seconded by Trustee Hughes that the Board approve the terms of the engagement letter with RSM LLP, as presented, and to authorize the Executive Director to continue further negotiation of the terms that are not related to pricing and other conditions of the RFP and to execute and deliver the engagement letters, subject to legal review by fiduciary counsel, on behalf of the County Fund and the Forest Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Open Enrollment Results and Retiree Health Plan Counts

The Executive Director stated that the Board materials included information regarding enrollment in the Retiree Health Benefits Plan. The Fund had sent Open Enrollment information to all annuitants in 2020. In earlier years, only those annuitants then currently enrolled in the Retiree Health Benefits Plan received the materials. There were 73 new enrollees in the Retiree Health Benefits Plan. Of those, 7 new enrollees had retired from reciprocal systems. The trustees

discussed whether the Open Enrollment information needed to be sent to all annuitants in the future. Mary Pat Burns, fiduciary counsel, stated that the Fund should allow all annuitants into the Health Benefits plan, but could make them aware of Open Enrollment by posting a notice on the website or by including a notice in the annuitant newsletter sent in the fall. `

c. Executive Director Report

It was reported that the Fund's election vendor, Tim Walsh & Associates, whose contract ended on December 31, 2020, was no longer interested in providing services to the Fund. She noted that the vendor primarily served as a general contractor. He provided equipment, engaged individuals to provide the services required for in-person voting, along with other responsibilities. She believed that the entity that provided some services for the mail-in voting process was available to continue. The Executive Director stated that she would work with Brent Lewandowski, Director of Member Services, to investigate how the Fund should proceed with the upcoming elections.

The Executive Director stated that, as requested by the Board, she had reached out to building to regarding the lease and related expenses. The building agreed that the Fund could use the Conference Center on five separate occasions for meetings without paying the rental fee beginning as of February 1, 2021. The building also confirmed that the billing to the Fund for operating expenses was consistent with the lease. The Fund should receive a credit of about \$17,000 regarding operating expenses, which is likely because expenses decreased due to the pandemic.

In regard to the Custodial RFP, the Executive Director stated that two providers would participate in further interviews with Fund staff and Callan. These sessions would be conducted virtually and would cover the benefit payment agent function, financial reporting capabilities, performance management and securities lending. Both the Fund and Callan anticipated that a recommendation and finalist presentations would be ready for the Board at the April meeting.

The Executive Director described her recent interactions with the media regarding a story related to delays in delivering mail by the postal service. The Fund typically did not respond to media requests because there was not usually enough time to obtain the Board's position on a particular matter, but the Fund did not have a formal policy regarding such requests. The trustees discussed that it might be useful to develop a communications policy as have other public funds. It may be in the Fund's best interests to provide a response to some media requests. The Executive Director noted that due to the slow service from the USPS, that the Fund had begun to respond to FOIAs by both email and the postal service, when appropriate. The Fund receives some FOIA requests by mail and could respond in kind to these requests.

6. Old Business/ New Business

There was no old business or new business discussed

7. Custody Function Overview – Trustee Education

The Executive Director stated that a presentation regarding the functions of a custodian would be made by Bo Abesamis of Callan LLC. Those trustees who stayed for the presentation would receive credit for the annual training required by the Illinois Pension Code. Mr. Abesamis then provided an overview of the responsibilities of a custodian regarding the safekeeping of assets, trade processing, asset servicing and other functions. He generally described the regulatory scheme affecting custodians and provided information about the securities lending process.

8. Adjournment

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

Vote Result: MOTION ADOPTED

The next Board meeting was scheduled for April 1, 2021.