

**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 W. Madison, Suite 1925
Chicago, IL 60602**

Minutes for the November 5, 2020, Meeting of the Board

The meeting was conducted to allow any trustees and other attendees to participate by video conference as permitted by the Illinois Governor Gubernatorial Disaster Proclamation issued on October 16, 2020, the Governor's Executive Order Number 59, as well as 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, 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; Melody Aguilos, Member Service Coordinator

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; Cathryn Marsico, Bureau of Finance; Dan Levin, Segal Consulting; Gar Chung, Financial Investment News; Maja Ben Saed; Angela Myers, Loop Capital; Edward Rozell

After determining that a quorum of the Board was physically present at the meeting location, it was moved by Trustee McFadden and seconded by Trustee Blair, pursuant to Section 7(a) of the Open Meetings Act, to allow trustees to join the meeting by video conference.

Roll Call Vote:

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

NAYS: None

Vote Result: **MOTION ADOPTED**

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. October 1, 2020, Board Meeting Minutes
- b. October 1, 2020, Audio Transcript of Board Meeting

Trustee Wilson, President, stated that the transcript from the meeting on October 1, 2020, was not yet available and will be provided at the next Board meeting. He asked for a motion for the Board's consideration of Item 1(a).

It was moved by Trustee O'Rourke and seconded by Trustee McFadden that the Board approve the minutes from the Board meeting on October 1, 2020.

Roll Call Vote:

AYES: Blair, Goode, Kouruklis, McFadden, Nevius, Ochalla, 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 payrolls records that were paid in October, 2020, and to approve the request to remit payments for the presented bills for expenses incurred in October, 2020.

After receiving confirmation from Fund staff that the presented payments were consistent with the approved 2020 administrative budget, 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 October, 2020, be ratified and that the Board approve the recommendations from Fund staff to remit payments for the presented bills for expenses incurred in October, 2020.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

3. Election Matters – Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election held on October 28, 2020

President Wilson stated that the Board had received a Final Election Report from the retained attorney who oversaw the election and extended congratulations to Trustee Ochalla on his re-election. Regina Tuczak, Executive Director, stated that the report was self-explanatory and provided the relevant details on the election. She added that it was a very smooth process through the Election Day and that participation in the election was good. She thanked the trustees for the hard decisions that were made to achieve a successful process. One trustee noted that it might be considered at future elections to allow members to drop off their ballots on Election Day at the site where the votes were counted.

It was then moved by Trustee McFadden and seconded by Trustee Nevius that the Final Report of the Retained Attorney, Montana & Welch, LLC, as submitted by Matthew M. Welch, dated November 3, 2020, which concerned the results of the election that was held on October 28, 2020, for the Cook County Employee Member Trustee Position be accepted as a true and accurate report and that, consistent therewith, that Mr. Kevin Ochalla was elected as the Cook County Employee Member. It was further moved that the Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election held on October 28, 2020, be accepted and, consistent therewith, that Mr. Kevin Ochalla be declared the winner of that election and that he be administered and execute the Oath of Office. It was further moved that the Fund staff should take all action necessary to file a copy of the Oath of Office with the Cook County Clerk as required by Section 9-186 of the Illinois Pension Code.

Roll Call Vote:

AYES: Blair, Goode, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

The Executive Director noted that it was brought to her attention that there was a clerical error on the presented proclamation that would be corrected and submitted to the Board for the trustees' signatures at a later meeting. Mary Pat Burns, Fiduciary Counsel stated that the ministerial error would have no impact on the Board's certification of the election.

4. Health Benefit Matters

a. Review and Consideration of UnitedHealthcare Renewal for 2021-2023

The Executive Director stated that the Board had directed at the meeting on September 3, 2020, that Segal, the Fund's health consultant, and Fund staff work with UHC to provide for renewal terms for the retiree health plan for a three year period. She stated that favorable terms had been negotiated which resulted in reduced fees, would allow that the wellness credits could be applied to administrative fees and provided changes to the performance guarantees. These changes had been presented in a letter from Segal for the Board's consideration.

Mr. Dan Levin, Segal Company, stated that Jane Hawes, Director of Health Benefits, had expressed concerns that the renewal from UHC did not provide for an option to include a new charter network for non-Medicare retirees. Mr. Levin stated that he had received emails from UHC which confirmed that the Fund could adopt a narrow charter network plan in 2022 or 2023, if the Board wanted to make that plan change. The Director of Health Benefits stated that the ability to later adopt a charter network plan, which was discussed in the RFP process conducted by a coalition of Chicago municipal agencies, should be included in the renewal. The trustees discussed that the direction given to Segal and the Fund was to provide for a renewal of the current benefits provided by UHC. There had been no discussion or direction from the Board about including a new charter network plan and there would need to be more evaluation should the Board be interested in consideration of this option.

It was moved by Trustee McFadden and seconded by Trustee O'Rourke that the Board, upon the recommendation of Segal, accept the renewal proposed by UnitedHealthcare for the period from January 1, 2021, through December 31, 2023, as presented with terms comparable to the current engagement unless otherwise noted. It was further moved that the Fund staff is authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement, subject to approval by fiduciary counsel, on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

b. Review and Consideration of UnitedHealthcare Plan Administrative Suggestions

The Executive Director stated that UHC had proposed an Out-of-Network Cost Savings program and also proposed changes to the current subrogation program. The proposed change to the Out-of-Network program would affect non-Medicare participants in the Choice Plus plan who chose to use a provider that was not in the plan's network. The change would allow

UHC to negotiate fees with the provider, rather than set the fees at a reasonable and customary (R&C), market-driven charge. In the later scenario, the provider can bill the difference between R&C and billed charges to the member. It was estimated that the Fund would save about \$53,000 annually with this change and that the savings to annuitants could be substantially greater. The change to the subrogation program would permit UHC to delay paying the provider for 28 days so that they could determine if a third-party, such as an automobile insurance carrier or other entity, was responsible for paying the member's medical bills. If there is a third-party obligated to pay the member's health provider, then UHC would direct the provider to submit their bills to that third party for payment. The trustees discussed these changes to the plan and the impact upon the retirees. Segal stated that these types of changes did not impose additional costs to the Fund and would improve and modernize the administration of the plan.

The trustees also discussed that the retiree health plan has a UHC Rally Marketplace Program which allows members to earn tokens that could be redeemed for various products or services. The Board had declined to participate in a CVS program which had some similarities to the UHC program. The CVS program allowed vendor information to be presented to members involuntarily without any vetting process by the Fund. Mr. Levin stated that under the UHC program, the members voluntarily participated. If the Fund did not participate, there would be an approximate \$40,000 fee to UHC so that it could implement the administrative changes that would allow the Fund to opt-out. The trustees discussed that they would like some data about the members' participation in the UHC program before they would consider whether the program should continue.

It was moved by Trustee McFadden and seconded by Trustee Goode, upon the recommendation of Segal, that the Board adopt the Out-of-Network Cost Savings Program and the change to the subrogation program as proposed by UnitedHealthcare for the Cook County Pension Fund Retiree Health Plan to be effective as of January 1, 2021. It was further moved that the Fund staff is authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement, subject to approval by fiduciary counsel, on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Blair, Goode, Kouruklis, McFadden, Nevius, Ochalla, O'Rourke, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

5. Administrative Matters

a. Distribution of Cyber Training Materials

The Executive Director stated that the trustees were required to have cyber security training annually and were provided with the materials needed to complete the requirement. The trustees would be given one hour credit for the annual training required under the Illinois Pension Code. She would provide the trustees the number of hours that they have received as part of presentations during Board meetings.

b. Review and Consideration of the following contracts:

- i. Legislative Representative Agreement for period January 1, 2021 through December 31, 2023

The Executive Director presented the Legislative Representative Agreement for the period from January 1, 2021, through December 31, 2023, that had been signed on behalf of John McCabe and Associates and had been approved as to form by fiduciary counsel. It was then moved by Trustee McFadden and seconded by Trustee Goode, that the Executive Director be authorized to execute the agreement on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

- ii. BNY Mellon Fee Extension Letter for the period January 1, 2021, through December 31, 2021

The Executive Director stated that she had been given approval by the Board to ask the Fund's custodian, BNY/Mellon, to extend the current engagement for an additional year in order to allow the Fund to complete the pending RFP for custodial services. She stated that BNY/Mellon had agreed to extend the engagement at the existing fees from January 1, 2021, through December 31, 2021, and presented a letter signed by the vendor regarding this extension. The Executive Director asked for authority to execute the letter on behalf of the Fund.

It was moved by Trustee Goode and seconded by Trustee Blair to continue the current engagement with BNY/Mellon for custodial services from January 1, 2021, through December 31, 2021, and the Executive Director be authorized to execute the presented letter, subject to approval by fiduciary counsel, on behalf of the Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

- iii. CDW-G Block Hours Statement of Work

The Executive Director presented a SOW from CDW-G which would provide for 240 Block Hours that would be used to perform various IT services. The Block Hour method of billing would be dependent upon the level of the personnel that was used to provide the services. Fiduciary counsel had reviewed the agreement and found that the billing method was acceptable with the additional wording set forth in the SOW.

It was moved by Trustee Goode and seconded by Trustee McFadden that the Board approve the engagement of CDW-G to provide 240 hours of various services pursuant to a Block Hours Statement of Work (“SOW”) at a cost not to exceed \$30,000. It was further moved that the Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement, subject to approval by fiduciary counsel, on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Review and Consideration of Staff Life Insurance Options beginning Dec. 1, 2020

The Executive Director stated that, as previously presented to the Board, the Fund would no longer be able to participate in the County’s arrangement to provide life insurance to their employees and would be required to obtain a group policy separate from the County. The Fund had obtained quotes from various vendors, but had difficulty identifying a carrier that would provide benefits similar to those provided by the County. There was concern that the proposals received limited the benefits based upon the employees’ ages. The trustees discussed whether the County’s reluctance to include the Fund’s employees on the policy was a direction from the vendor. They also discussed that the Fund should reach out to a broker to determine if acceptable terms could be obtained. If not, the Fund might consider obtaining a policy offered by a professional association. The trustees wanted the benefits to be the same as were provided under the expiring policy.

It was moved by Trustee O’Rourke and seconded by Trustee Blair, that the Board authorize the Executive Director to obtain and accept proposals for the procurement of life insurance for the Fund staff that will provide the same benefit as provided under the expiring policy, and that a broker be retained for the procurement, if necessary. It was further moved that the Fund take reasonable steps with Cook County to explore whether life insurance for Fund staff could be procured at more favorable pricing as part of a Cook County program.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

d. State of Fund Draft Report

The Executive Director presented a draft of the State of the Fund Report that had been prepared to provide information about various matters regarding the Fund that could be shared with third parties, including the Commissioners, as a reference tool. The trustees noted that the draft included information about healthcare benefits, the investment portfolio and other matters that could be updated quarterly. The trustees were asked to provide their comments about the draft. It was noted that while the draft report was comprehensive and

necessarily required significant time to prepare, the information provided was already available on the Fund's website and distracted the Fund staff from attending to pending matters that should be given priority. It was countered that once a template had been established for the report, providing an update would be less time-consuming. It was also noted that having the information in a single document could be useful in discussions with the County, particularly because gathering all the information from various locations on the website could be time consuming. The report could be provided to the County Pension Committee when they periodically request meetings with the Fund's Executive Director. It was observed that all questions that might arise when meeting with the Pension Committee, or any other County committee, could not be anticipated and that follow-up responses were typically required. The trustees found that the report provided a comprehensive and quality presentation about the Fund's status.

e. Executive Director Report

The Executive Director reported that in regard to operations during the COVID 19 situation, the Fund continued to operate with 7 staff members who worked on site daily and that the remainder of the staff was divided into two groups that alternated between working remotely and on site. Services to members continued without interruption.

It was reported that the Fund's current Microsoft server which provided email service was at the end of its useful life. The Fund had two options to replace this service. It could either purchase an onsite Microsoft Exchange Server 2019 and continue with the current operations or could elect to obtain a Microsoft Office-based Cloud solution. Each solution had different costs as reflected in her written report to the Board. The Fund would continue to evaluate each option and would present a final plan to the Board at the meeting on December 3, 2020, and request implementation at that time.

The Executive Director stated that the Fund staff continued to work on the 2021 budget and expected to have draft prepared for the Board's meeting on December 3, 2020. Discussions about the draft could be held at the Board meeting in December, or she would be willing to discuss it individually with each trustee, with the anticipation that the budget be adopted at the January, 2021 meeting. She planned to request that the 2020 budget be extended through the first meeting in January.

It was reported that the Fund had communicated with inactive members over the age of 70-1/2 years advising them of their contribution balances available for refund. The Fund had received refund applications from approximately 78 of these inactive members. The Fund will continue its outreach to the remaining 1,165 of these members in regard to their account balances. She noted that the Fund was preparing the report required under the Revised Uniform Unclaimed Property Act to identify the inactive members age 70-1/2 years old and the amounts of their contribution balances.

The Executive Director stated that 3,000 annuitants had responded to the communications survey that was sent with the newsletter in early October. The Fund staff is reviewing the responses and will provide a summary to the Board when it is available.

It was reported that the Fund received the \$25M payment from the County pursuant to the Intergovernmental Agreement that was due in October, 2020.

She also stated that an Investment Committee was scheduled for November 24, 2020, at 9:30 am. The finalist candidates for the Emerging Manager International Equity RFP will make presentations to the Committee at the meeting.

6. Benefit Matters

a. Update Regarding Office Number 141197

Mary Pat Burns, Fiduciary Counsel, advised the Board that she had spoken to this member's attorney that morning. The attorney requested that the Board defer consideration of this matter to a later date. Upon advice of fiduciary counsel, the trustees did not take action on the matter.

b. Overpayment and Collection Considerations for Office Number 126621

The Executive Director stated that there was an overpayment made to a surviving spouse who received a duty death benefit because her spouse was found to have died from accidental injuries incurred in the performance of his duties. A duty death benefit is offset by payments made under the Illinois Workers' Compensation Act ("IWCA"). The duty death benefit was submitted for recalculation in October, 2020, because the decedent would have turned 65 years old at that time, requiring a change in the statutory benefit. At that time, the Fund discovered that the surviving spouse's benefits under the IWCA had been increased in September, 2017. The Fund did not offset the duty death benefit against the increased IWCA benefits which resulted in an overpayment of about \$62,000. The Fund has prepared a letter for the surviving spouse to advise her about the overpayment and that she would not receive a spouse annuity benefit until January, 2022, when due to COLA increases, her spouse annuity would exceed the IWCA benefits paid to her.

The trustees discussed the processes associated with this situation to prevent this problem from occurring again. The Executive Director stated that the Fund has very few duty death benefits and that this problem seldom arises. The trustees discussed the process for collecting overpayments such as the one presented. Fiduciary counsel stated that the Board needs to consider the collection of overpayments as permitted under the Pension Code. The Executive Director will provide options to the Board at the meeting in December, 2020, about any collection of the overpayment and the trustees will determine how to proceed.

7. Consideration of Litigation Matters, Oliphant Settlement Offer

The Fiduciary Counsel advised the Board that the Fund had obtained a judgment in the amount of approximately \$96,000 against this member to recover the amounts owed to the Fund under the Alternative Retirement Cancellation Payment Act, 40 ILCS 5/9-134.5. After the judgment had been entered, Fiduciary Counsel had filed a judgment lien against settlement proceeds that the member had received in unrelated litigation. She reported that the member offered to settle the matter by payment of \$80,000. The Fiduciary Counsel had provided three options in her written memorandum to the trustees about how to respond to the settlement offer. It was also noted that because this member had returned to service, she might choose to repay the refund of contributions and restore her service credit. The trustees considered the settlement proposal that had been made and the costs of the continued litigation.

It was moved by Trustee Goode and seconded by Trustee Ochalla that Fiduciary Counsel be authorized to negotiate a settlement in excess of the proposal made by the member as might be consistent with the presented Option Number 3.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

8. Old Business/New Business

The trustees requested a report of the legal matters that had been referred to the State's Attorney's Office and were currently pending.

9. Adjournment

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

Vote Result: MOTION ADOPTED

The next meeting of the Board is scheduled for December 3, 2020.