

**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 December 3, 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 Executive Order Number 2020-07 and extended by Executive Order Number 2020-71 issued on November 13, 2020, 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."

Vice-President Patrick McFadden served as the presiding officer because President Lawrence Wilson was not in attendance.

Call to Order and Roll Call

Trustees Present: John Blair, Diahann Goode, Bill Kouruklis, Stephen Hughes, Patrick McFadden, Joseph Nevius, Kevin Ochalla,

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, Melody Aguilos, Member Service Coordinator

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd.; John Jackson, Callan Associates; Ben Duerst, Callan Associates; Maja Ben, Fundmap; Jason Parks, Loop Capital; Lee Hansen, JP Morgan

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. November 5, 2020, Board Meeting Minutes
 - b. October 1, 2020, Audio Transcript of Board Meeting

Trustee McFadden asked if the trustees had reviewed the minutes from the Board meeting on November 5, 2020 and the transcript from the meeting on October 1, 2020. He then asked that the items be approved in a single motion. It was moved by Trustee Kouruklis and seconded by Trustee Blair that the presented minutes of the Board meeting on November 5, 2020, be approved and that the transcript of the Board meeting on October 1, 2020 be accepted and filed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

Trustee McFadden asked for a single motion to ratify the bills and payrolls records that were paid in November, 2020, and to approve the request to remit payments for the presented bills for expenses incurred in November, 2020.

After receiving confirmation from Fund staff that the presented payments were consistent with the approved 2020 administrative budget, it was moved by Trustee Goode and seconded by Trustee Hughes that the action taken by Fund staff in remitting the indicated payments for the presented bills and payroll records in November, 2020, be ratified and that the Board approve the recommendations from Fund staff to remit payments for the presented bills for expenses incurred in November, 2020.

Roll Call Vote:

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

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,

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 Kouruklis 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,

NAYS: None

Vote Result: MOTION ADOPTED

3. Trustee Matters

a. Proposed Election of Officers and Committee Assignments

Trustee McFadden, the Presiding Officer, stated that it had been suggested, due to Trustee Wilson's absence, that the current slate of officers and committee assignments be retained until the Board's meeting in January.

It was then moved by Trustee Kouruklis and seconded by Trustee Ochalla that the Board approve the retention of the current slate of officers and committee assignments until the Board's meeting in January.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Review and Consideration of Proposed 2021 Board Meeting Schedule

Trustee McFadden presented the proposed schedule of the Board meeting dates in 2021, that had been prepared for the Board's consideration.

It was moved by Trustee Blair and seconded by Trustee Nevius that, consistent with the recommendations of the Fund's Executive Director and the Fund's Fiduciary Counsel, the Board approve the proposed 2021 Meeting Schedule.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

c. Ethics Training Reminders

Regina Tuczak, Executive Director, stated that a summary had been prepared which showed the required ethics and other training that each trustee had performed through the current date for 2020. She noted that each trustee is required to complete eight hours of training annually.

A list of seminars that could be accessed online had been prepared for those trustees who needed additional hours. She asked that the trustees contact the Fund when they complete any additional seminars so that the Fund could document the training records.

4. Legislative Matters-Ratification of 2021 Intergovernmental Agreement

The Executive Director stated that every year since 2017 the County Board has agreed to enter an Intergovernmental Agreement (“IGA”) with the Fund to provide for the payment of supplemental contributions to the County Fund in addition to those contributions required by the Illinois Pension Code. The amounts to be paid by the County under the IGA proposed for 2021 were actuarially determined and the terms were consistent with the IGA approved for 2020. For 2021, the County will pay supplemental contributions of approximately \$341M in monthly increments. The trustees stated that they appreciate the action taken by the County Board to make these additional contributions to the Fund.

It was moved by Trustee Blair and seconded by Trustee Kouruklis that the Board approve the presented IGA with Cook County to provide additional employer contributions to the County Fund. It was further moved that Fund Fiduciary Counsel and Fund staff should take all action reasonably necessary to effectuate the foregoing including the execution of the IGA on behalf of the Fund by the President of the Board and delivery of the IGA to the County.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

5. Investment Matters

a. Review and Consideration of November 24, 2020, Investment Committee Recommendations regarding:

- i. Emerging Manager Utilization Goals and Broker –Dealer Targets
- ii. International Equity Emerging Manager
- iii. Cash Management and Liquidation of Fixed Income Mandate
- iv. Investment Manager Fee Savings Proposals

The trustees discussed that Items 5(a)(i), 5(a)(iii) and 5(a)(iv) which were recommended for approval by the Investment Committee at their meeting on November 24, 2020, could be adopted by consent agenda. It was proposed that Item 5(a)(ii), which related to the selection of the successful candidate for the RFP for an International Equity Emerging Manager be considered separately.

It was then moved by Trustee Ochalla and seconded by Trustee Nevius that the Board, by consent agenda, adopt the recommendations proposed made by the Investment Committee and as were consistent with the advice given by Callan at their meeting on November 24, 2020, as

follows: Item 5(a)(i)- that the presented Emerging Manager utilization goals and broker-dealer targets be approved; Item 5(a)(iii) – that based upon the recommendations from Callan and the Fund’s cash needs analysis, that a cumulative total of \$260M be liquidated from a fixed income manager of the County Fund and transferred to the Garcia Hamilton Short Duration Account, at such times and in such incremental amounts as deemed necessary by the Executive Director to pay benefits; and Item 5(a)(iv)- to accept the proposals for fee reductions, as presented, that were made by the managers for the Mesirow Small Cap Value Equity Fund and the JP Morgan-Strategic Property Fund. It was further moved that the Executive Director and Fund staff be authorized to take all action reasonably necessary to effectuate the approval of the items approved by consent agenda, subject to review by Fiduciary Counsel, including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

It was then moved by Trustee Ochalla and seconded by Trustee Nevius that that Board adopt the recommendation made by the Investment Committee at their meeting on November 24, 2020, that Boston Common be retained as the successful candidate of the RFP for an International Equity Emerging Manager and that it be approved for a mandate of approximately \$170M for the County Fund. It was further moved that the Executive Director and Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including, subject to review by Fiduciary Counsel, the execution and delivery of related written agreements on behalf of the County Fund by the Executive Director.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

b. Third Quarter 2020 Investment Performance Review

The Executive Director stated Mr. John Jackson and Mr. Ben Duerst, both from Callan Associates, would provide the performance reviews of the County Fund and the Forest Fund. Mr. Jackson stated that the County Fund ended 3Q 2020 with a market value of \$11.23B, which was an increase of \$524M from the value at the close of 2Q 2020. He stated that all asset classes were invested within their policy targets as of the quarter’s end. The County Fund returned 5.41% (NOF) in the third quarter and was leading its benchmark return of 5.18% in the third quarter.

Mr. Jackson stated that the Forest Fund ended 3Q 2020 with a market value of \$199.5M, which was an increase of \$6.7M from the value at the close of 2Q 2020. He stated that, like the County Fund, all asset classes of the Forest Fund were invested within their policy targets as of the quarter's end. The Forest Fund returned 4.66% (NOF) in the third quarter and was lagging the benchmark return of 4.91% in the third quarter.

He stated that there was a continued rebound in the equity markets since the impact of the COVID, but that the recovery seemed concentrated in information technology stocks. Other sectors of the marketplace continued to decline. He noted that the federal government showed continued interest in sustaining the economy by keeping interest rates low and supporting stimulus legislation.

6. Benefit Matters

a. Consideration and Approval of Annuity Benefit for Office Number 141197

The Executive Director stated that the Member identified by Office Number 141197 had applied for annuity benefits and that his application had been presented to the Board in an earlier meeting. To summarize, the member separated from County service on April 30, 2020, and applied for annuity benefits. He had 29 years and 4 months of service, but intended to purchase additional service credit for unused sick time so that he would have 30 years of service credit. The Fund did not receive the payment for the unused sick time in the time period required by the Illinois Pension Code. The matter was first considered by the Board at the meeting in July, 2020, but had been deferred to allow the member time to explore various options. Fiduciary Counsel, stated that she had spoken with the member's attorney about the application. The member's attorney told her that the member would like to move forward with the application, even though the member's attorney did not agree with his client's decision to do so. Fiduciary Counsel advised the member's attorney that once the Board took action on the annuity application, the matter could not be revisited. The member's attorney had confirmed in an email to Fiduciary Counsel that the member wanted his application for annuity benefits for be considered by the Board.

It was then moved by Trustee Goode and seconded by Trustee Blair, after due consideration of the application presented to the Board by the member identified by Office Number 141197 and having received confirmation that Fund staff followed the Fund's procedures in reviewing and processing the application, that the Board find the member eligible for an annuity based upon 29 years and 4 months of service in the monthly annuity amount of \$4,696.64 effective as of May 1, 2020. It was further moved that the Board's determination would be a final administrative decision pursuant to Section 9-236 of the Illinois Pension Code.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

b. Consideration and Possible Approval of Action Relating to Office Number 126621

The Executive Director stated that the member identified by Office number 126621 had been receiving a spouse annuity for a duty death. When it was determined that the death occurred while the deceased employee was in the line of duty, the surviving spouse was awarded

benefits under the Illinois Workers' Compensation Act ("IWCA"). In 2014, the spouse annuity benefit from the Fund was offset by the payments made under the IWCA. The Fund learned that beginning in September, 2017, the deceased employee's child was no longer eligible for payments under the IWCA and that the spouse's IWCA benefits increased in a corresponding amount. Because the Fund had only become aware in October, 2020, that the spouse's IWCA benefits had increased, the Fund's annuity benefits between September, 2017 and October, 2020, had not been offset by the full IWCA payments. As a result, the spouse received an overpayment in the amount of \$62,003.79. The spouse has been advised of the overpayment and that she is not presently eligible for annuity benefits from the Fund because of the offset from the IWCA payments. She did not agree to reimburse the Fund for the overpayment

Fiduciary Counsel advised that because of the limitations imposed by Section 9-241 of the Illinois Pension Code, the Fund should preserve its rights to collect the overpayment by pursuing litigation at the present time.

It was moved by Trustee Blair and seconded by Trustee Goode that the Board authorize the Fund staff working with fiduciary counsel to take all necessary action, including litigation, to attempt the collection of the overpayment made regarding Office Number 126621, as permitted by Section 9-241 of the Illinois Pension Code.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

7. Administrative Matters

a. Consideration and Possible Approval of Information Technology Requests:

i. CDW-G Server and Workstation Endpoint Management Change Order

The Executive Director stated that the Fund has been receiving server and workstation endpoint management services from CDW-G for the past several years and continues to need these services. The Fund has received a Change Order for the SOW to continue these services through September 7, 2021 at an annual cost of \$43,596.

It was moved by Trustee Kouruklis and seconded by Trustee Blair that the Board authorize the Fund to continue the retention of CDW Government LLC, through September 7, 2021, to provide services for server and workstation endpoint management pursuant to a SOW the parties signed effective March 27, 2020, at an annual cost not to exceed \$43,596. It was further moved that the Executive Director be authorized to sign the presented Change Order to effectuate the foregoing on behalf of the Fund.

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

ii. Email Exchange Conversion

The Executive Director stated that, as discussed at the Board's meeting in November, 2020, the Fund's email exchange server had reached the end of its useful life and needed to be replaced promptly. The Fund had the option of moving its email services into the cloud by utilizing a Microsoft Office platform or to manage email services through an onsite server. The principal advantages of the cloud service were that Microsoft would be responsible for its operations and security. The cloud service would be more expensive and the Fund would be obligated to pay annual fees in perpetuity. Also, the initial implementation would be more complicated and expensive. The principal advantages of an onsite server were that the Fund would maintain full control of data storage and security. Also, the implementation was easy to facilitate. The Fund staff or its vendors would be responsible for its maintenance and repair if the email server remained onsite. The trustees discussed the two options, including the services to be provided and their relative costs. It was noted that the County had implemented a cloud platform for its email services and found it operationally successful.

It was then moved by Trustee Hughes and seconded by Trustee Blair that the Board authorize the Fund's conversion to a Microsoft Office based cloud email platform, based on the estimated costs presented, which were not to exceed approximately \$70,000 for initial implementation, including the retention of CDW-G and licensing for one year. It was further moved, subject to review by Fiduciary Counsel, that the Executive Director be authorized to execute and deliver any related written agreement with CDW-G on behalf of the County Fund.

Roll Call Vote:

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

NAYS: None

Vote Result: MOTION ADOPTED

b. Executive Director Report:

The Executive Director stated that the Fund's operations in the COVID environment were conducted as had been previously reported to the Board. She added that member services continued without interruption.

The Board had directed at the meeting in November, that the Fund continue to provide life insurance for the staff that was consistent with the insurance provided when the Fund participated in the policy that the County provided for its employees. The Fund worked with Alliant/Mesirow as a broker to procure the staff life insurance. They found that one carrier, Principal Life Insurance, was willing to provide the benefit for a staff of 28 that was most consistent with what the Board had requested. She reported that the insurance was obtained and the policies became effective as of December 1, 2020, for an annual cost of approximately \$10,400.

The Executive Director reported that a list of the Fund legal matters that were pending with the Cook County State's Attorney's Office had been provided in the Board materials as requested at the last meeting.

It was reported that any bills received in December, 2020, that are consistent with the 2020 budget would be paid before the year end and then would be ratified by the Board at the

January meeting. By doing so, the Fund will be able to minimize the accounting needed for insignificant accruals.

The Executive Director stated that the Fund had submitted the data on its utilization of emerging investment managers to the Senate Special Committee on Pension Investments on October 23, 2020, as the Committee had requested. The Fund is scheduled to virtually appear before the Committee on December 11, 2020, at about 1:00 pm. In addition to President Wilson and Trustee Ochalla, Chair of the Investment Committee, the Executive Director, the Director of Investments and three representatives from Callan will represent the Fund. Any trustee who would like to appear on behalf of the Fund or view the presentation should contact the Executive Director and she will provide the appropriate link.

The trustees were asked to provide the Executive Director with any comments they might have on the State of the Funds Report that had been provided to the trustees at an earlier meeting.

The Executive Director reported that the County had paid the last installment due under the IGA signed in December of 2019, which was in the approximate amount of \$31M. With the last installment, the County had fully paid the amounts due under the agreement.

8. Legal Updates

- a. Case No. 2020CH06617
- b. Case No. 2020CH06619

Fiduciary Counsel, stated that these two cases identified complaints that were filed following the Board's decisions in the administrative hearings brought by Mr. Scott Budlove and Mr. Charles Salerno. She stated that the complaints were identical. In addition to the trustees, the plaintiffs had also named the hearing officer, Mr. William Motto, as a defendant. Because he is the Fund's agent, the Fund will need to indemnify him and handle his defense. The plaintiffs not only requested an administrative review in their complaints, but also alleged that the trustees had breached their fiduciary duties. Because the Fund's fiduciary liability insurance carrier requires prompt notice of any claim, after consulting with the Executive Director, Fiduciary Counsel tendered these matters to the insurance carrier.

- c. Oliphant Settlement Matter

Fiduciary Counsel reported that the Fund had filed a complaint to collect the Alternative Retirement Cancellation Payment that was made to the defendant pursuant to Section 9-134.5 of the Illinois Pension Code. Consistent with Board direction given at the November meeting, counsel agreed to settle the matter with the member paying the Fund \$90,000. The Executive Director will file a Waiver and a Release and a settlement agreement on behalf of the Fund so that the settlement proceeds can be released.

9. Finance Matters

- a. Independent Certified Public Accounting Firm RFP Updates

The Executive Director reported that that the RFP had been issued as approved by the Board and six responses had been received. A chart had been prepared for the Board identifying the responders by letter so as not to disclose the firms' names, which summarized their respective responses to the RFP and qualifications. The Fund found that two responders did not meet the qualifications to provide the audit services required by the Fund. The staff would interview the four other responders on a virtual platform and would bring the finalists to the Board for their consideration at the meeting on January 7, 2021.

b. 2021 Draft Budget

The Executive Director stated that a draft Administrative Budget for 2021 had been prepared for the Board's review. It provided details about the projected expenses accomplishments and measurable goals for each department. If requested, the Executive Director would meet separately with any trustee for in-depth discussions about the proposed budget. She planned to request that the Board approve the 2021 Administrative Budget at the meeting on January 7, 2021. The Fund would operate under the 2020 Administrative Budget until that date.

It was suggested that if the Board wanted to discuss individual salaries and personnel matters that an Executive Session could be convened.

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

Roll Call Vote:

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

Vote Result: MOTION ADOPTED

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

Vote Result: MOTION ADOPTED BY VOICE VOTE

There was no motion required or made following the return to open session.

c. 2021 Education and Travel Pre-Approval

The Board did not discuss or take any action on this matter; it was deferred to a later meeting.

10. Old Business/New Business

Trustee Hughes stated that the rating agencies had down-graded the Forest Preserve District due, in part, to the employer's failure to provide additional funding such as received by the County Fund under the IGA and because the current funding policy is not sustainable.

11. Adjournment

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

Vote Result: MOTION ADOPTED BY VOICE VOTE