

**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, Suite 1925
Chicago, IL 60602**

June 6, 2024 - 9:30 A.M.

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: Patrick McFadden, President; Hal Dardick, Secretary; Tanya Anthony, Lakeisha Marvel, Kevin Ochalla, Jerry Pray, Tracy Reed, Samuel Richardson, Jr.

Staff Present: Brent Lewandowski, Executive Director; Saron Tegegne, Deputy Executive Director; Margaret Fahrenbach, Legal Advisor; Gary LeDonne, Director, Benefits Administration; Stephen Wolff, Director of Investments, Francis Gonzalez-Crussi, Senior IT Manager; Teagan Kusbel, Summer Intern

Others Present: Mary Pat Burns, Burke Burns & Pinelli, Ltd; Bill Sarb, RSM US LLP; Chad McCoy, RSM US LLP; Larry Langer, Cavanaugh MacDonald Consulting, LLC; Wendy Ludbrook, Cavanaugh MacDonald Consulting, LLC

President McFadden stated that there was a quorum of the Board present at the meeting and that certain trustees had asked to participate remotely. It was moved by Trustee Richardson and seconded by Trustee Anthony. pursuant to Section 7(a) of the Open Meetings Act, that the Board allow trustees who were not able to be physically present at the meeting to participate remotely.

Vote Result: **MOTION ADOPTED BY VOICE VOTE**

President McFadden asked if anyone present wanted to address the Board, but no one requested to do so.

1. Review and Consideration of Approval for the May 4, 2024, open and closed Board Meeting Minutes

It was moved by Trustee Richardson and seconded by Trustee Ochalla that the presented minutes of the open and closed sessions of the Board meeting on May 4, 2024, be adopted and that the minutes from the closed session remain closed.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Review and Approval of:

a. Bills, Payroll Records

It was moved by Trustee Reed and seconded by Trustee Anthony, having received confirmation from Fund staff that the indicated payments were consistent with the 2024 administrative budget, that the Board ratify the action taken by Fund staff in May, 2024, in paying the presented bills for expenses incurred in 2024 and that the Board approve the recommendations from Fund staff to remit payments for the presented bills for expenses incurred in 2024.

Roll Call Vote:

AYES: Anthony, Marvel, Ochalla, Pray, Reed, Richardson,
McFadden

NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities and Refunds

It was moved by Trustee Richardson and seconded by Trustee Marvel, after due consideration of the applications presented to the Board and having confirmed that the Fund staff followed the Fund's procedures in reviewing and processing the applications, that the recommendations from the Fund's staff for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Anthony, Marvel, Ochalla, Pray, Reed, Richardson,
McFadden

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

It was moved by Trustee Reed and seconded by Trustee Marvel, after due consideration of the applications presented to the Board and having confirmed that the Fund staff followed the Fund's procedures in reviewing and processing the applications, that the recommendations from the Fund's staff for the presented disability applications be approved.

Roll Call Vote:

AYES: Anthony, Marvel, Ochalla, Pray, Reed, Richardson,
McFadden

NAYS: None

Vote Result: MOTION ADOPTED

3. Review and Consideration of Acceptance of FY 2023 Financial Statements

Bill Sarb and Chad McCoy of RSM US LLP, presented the final financial statements for the County Fund and the Forest Preserve District Fund. The financial statements for both funds were a combination of their pension plan fiduciary net position and their postemployment healthcare plan net positions as of December 31, 2023. Mr. Sarb described the scope of the audit and the procedures followed. He reported that the final OPEB reporting would be prepared by June 30, 2024.

In regard to the County Fund, the net position increased by \$935 million, or 7.8%, as of December 31, 2023, resulting in a net position for pensions of \$12.9 billion. The increase was primarily due to the increase in the fair value of investments. Benefit payments increased to \$1.12 billion in 2023 from \$1.06 billion in 2022 due to the 3% increase in benefits required under the Illinois Pension Code and the increase in the number of annuitants. Employer contributions were \$472 million in 2023 and the employer made supplemental contributions of \$267 million under the Intergovernmental Agreement (“IGA”). Employee contributions increased because of new hires and salary increases in 2023.

In regard to the Forest Preserve District Fund, the net position increased by \$8.0 million, or 4.1%, as of December 31, 2023, resulting in a net position for pensions of \$201 million. The increase was primarily due to the increase in the fair value of investments. Benefit payments increased to \$23.4 million in 2023 from \$22.7 million in 2022 due to the 3% increase in benefits required under the Illinois Pension Code. Employer contributions were \$3.9 million in 2023 and employee contributions were \$3.2 million.

It was reported that there were no material weaknesses identified in the audits for either the County Fund or the Forest Preserve District Fund. RSM will issue unmodified ‘clean’ opinions for each of the funds as of December 31, 2023, and related GASB 68 and 75 schedules.

It was moved by Trustee Reed and seconded by Trustee Anthony that the Board receive and file the 2023 Financial Statements of the County Fund as audited by RSM US, LLP.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Reed and seconded by Trustee Anthony that the Board receive and file the 2023 Financial Statements of the Forest Preserve District Fund as audited by RSM US, LLP.

Vote Result: MOTION ADOPTED BY VOICE VOTE

4. Review and Consideration of Acceptance of FY 2023 Actuarial Valuations

Larry Langer and Wendy Ludbrook of Cavanaugh Macdonald Consulting, LLC presented the actuarial valuations for the County Fund and the Forest Preserve District Fund as of December 31, 2023. They reported that the market returns of 12.28% and 13.02% for the County Fund and Forest Preserve District Fund, respectively, were higher than the 7.00% assumption and impacted the valuations. Also, the implementation of actuarial based contributions from the employer pursuant to P.A. 103-0529 affected the valuation for the County Fund. The funded ratio for the County Fund decreased from 66.46% in 2022 to 65.90% in 2023. The unfunded actuarial accrued liability (UAAL) for the County Fund increased from \$6.7 billion to \$7.1 billion. For the Forest Preserve District Fund, the funded ratio decreased from 56.54% in 2022 to 55.13% in 2023. The UAAL for the Forest Preserve District Fund increased from \$164 million to \$173 million.

It was moved by Trustee Ochalla and seconded by Trustee Anthony that the Board receive and file the 2023 Actuarial Valuations of the County Fund as prepared by Cavanaugh Macdonald Consulting, LLC.

Vote Result: MOTION ADOPTED BY VOICE VOTE

It was moved by Trustee Ochalla and seconded by Trustee Anthony that the Board receive and file the 2023 Actuarial Valuations of the Forest Preserve District Fund as prepared by Cavanaugh Macdonald Consulting, LLC.

Vote Result: MOTION ADOPTED BY VOICE VOTE

5. Funding Review

a. Review and Consideration of Approval of 2025 Tax Levy Cook County Resolution

The Executive Director stated that the resolutions for the tax levies for the County Fund and the Forest Preserve District Fund had been prepared for the Board's consideration. He added that the resolutions, if approved and adopted by the Board, would be submitted to Cook County and the Forest Preserve District.

It was moved by Trustee Richardson and seconded by Trustee Ochalla that the Board approve and adopt the presented resolution for the 2025 Tax Levy for the County Fund.

Vote Result: With Trustee Anthony voting 'present',
MOTION ADOPTED BY VOICE VOTE

b. Review and Consideration of Approval of 2025 Tax Levy Forest Preserve District Resolution

It was moved by Trustee Richardson and seconded by Trustee Ochalla that the Board approve and adopt the presented resolution for the 2025 Tax Levy for the Forest Preserve District Fund.

Vote Result: MOTION ADOPTED BY VOICE VOTE

6. Review and Consideration of May 30, 2024, Investment Committee Recommendations
 - a. Review and Consideration of Approval of Recommendation regarding J.P. Morgan Strategic Property Fund Fee Credit Program

The Executive Director stated that the County Fund and the Forest Preserve District Fund had filed redemption requests from the J.P. Morgan Strategic Property Fund (SPF) that were pending. J.P. Morgan had announced a 30% fee credit program for those investors who maintained a redemption request of 20% or less. At the Investment Committee meeting on May 30, 2024, Callan had recommended that the redemption requests be revised in order to participate in the fee credit program.

It was moved by Trustee Reed and seconded by Trustee Marvel that the Board adopt the recommendation made by the Investment Committee at their meeting on May 30, 2024, that the County Fund and the Forest Preserve District Fund revise their redemption requests filed with SPF so that the requests are less than 20% of the net asset values and to allow the County Fund and Forest Preserve District Fund to participate in the Fee Credit Program offered by SPF. It was further moved that the Executive Director, subject to review by fiduciary counsel, be authorized to execute and deliver any documents on behalf of the County Fund and the Forest Preserve District Fund to effectuate the foregoing.

Roll Call Vote:

AYES: Anthony, Dardick, Marvel, Ochalla, Pray, Reed,
Richardson, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

7. Review and Consideration of Approval of May 30, 2024, Legislative & Rules Committee Recommendations
 - a. Review and Consideration to Authorize Execution of a Contract with Election Service Providers

The Executive Director stated that the Legislative & Rules Committee (Committee) at their meeting on May 30, 2024, had considered the processes to be followed for the election of trustees in October 2023. They discussed the continued use of mail-in ballots

and the initiation of electronic voting for all the positions. The Committee discussed the retention of various service providers who were able to provide the necessary services and the associated costs with these vendors,

It was moved by Trustee Ochalla and seconded by Trustee Richardson that the Board adopt the recommendation made by the Committee at their meeting on May 30, 2024 that the Fund be authorized to negotiate contracts to retain The Hensley Company and Simply Voting to provide services for the trustee elections on October 30, 2024, as presented and that the written agreements to retain these vendors be submitted to the Board before the agreements are executed on behalf of the Fund.

Roll Call Vote:

AYES: Anthony, Dardick, Marvel, Ochalla, Pray, Reed,
Richardson, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

b. Review and Consideration of Approval of Employee and Annuitant Election Rules

The Executive Director stated that the Committee had discussed the rules for the trustee elections and that the drafts of the rules were provided to the Board for their consideration. The rules did not include specific dates but were prepared so that they would be applicable for elections in different years. The rules provided that the elections would allow for mail-in ballots and electronic voting. The trustees discussed the rules and had concerns about the responsibilities of the Election Committee, the Retained Attorney and had questions about other matters. The Board directed the Fund staff to make revisions to the rules in accordance with the Board’s discussion and to distribute them to the trustees before their meeting in July.

8. Finance Matters

a. Review and Consideration of Approval of Matters Pursuant to 40 ILCS Section 5/1-135

The Executive Director stated that a trustee’s email account at the Fund had been intercepted in what appeared to be a ‘phishing’ attempt. The email account was used for a short period of time to send blast emails to the trustee’s contacts. Corrective action was taken by the Fund’s IT manager and the trustee’s credentials were reset.

It was moved by Trustee Marvel and seconded by Trustee Anthony that the Board find that that when a trustee’s email was intercepted by a third-party, causing emails to be ‘blasted’ to the trustee’s contacts, there were reasonable suspicions that the wrongful acts appeared to constitute false statements or falsified records within the meaning of Section 1-135 of the Illinois Pension Code, 40 ILCS 5/1-135. In accordance with 40 ILCS 5/1-135, the Fund was authorized to report the incident on behalf of the Board to the Cook County State’s Attorney.

Vote Result: MOTION ADOPTED BY VOICE VOTE

9. Administrative Matters

a. Executive Director Report

The Executive Director gave an update on the Fund’s pension verification program. He stated that for the annuity payments due on June 1, 2024, 44 payments were held because the member had not returned the required Benefit Eligibility Form. Of these 44 payments, 23 were from the Board’s action at their meeting in July 2023 and 21 were from action taken in 2022.

The Illinois Pension Code provides that the Fund is required to submit certain financial reporting to Cook County and the Forest Preserve District of Cook County by June 14, 2024. The Executive Director stated that the actuarial valuations, audited financial statements and the resolutions for the 2025 tax levies would be submitted on behalf of the County Fund and the Forest Preserve District Fund as required.

The Fund was required to notify Cook County by June 14, 2024, about the payments and subsidies made for retiree health benefits in 2023 pursuant to Section 9-239 of the Illinois Pension Code. Additionally, the Fund was required to notify the County about anticipated retiree health care cost for 2025 by the same date. This information, which only relates to the County Fund, would be delivered to the County’s Chief Financial Officer and Deputy Chief Financial Officer by June 14, 2024.

The Executive Director reported that two very highly qualified candidates had been identified in its recent search for a benefits manager. The 2024 administrative budget only allowed for the retention of one benefits manager, but the Executive Director was seeking authority to hire both candidates. The additional hires were needed for succession planning and to provide additional support when the project for the new pension administration system would begin. He stated that there were sufficient funds in the budget to allow the hiring of both candidates

It was moved by Trustee Dardick and seconded by Trustee Anthony that the Executive Director be permitted to hire the two identified candidates for the benefits manager position so long as there were sufficient funds in the approved 2024 Administrative Budget to cover the associated costs with the new hires.

Roll Call Vote:

AYES: Anthony, Dardick, Marvel, Ochalla, Pray, Reed,
Richardson, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

10. Legal Matters

a. Referral to Administrative Hearing Officer

i. Office #135019

This member was not allowed to enroll his spouse in the retiree health plan when she no longer received health benefits from her employer due to her retirement. The Fund stated that her loss of health benefits due to retirement was not a qualified event and that she needed to enroll during the open enrollment period. The member requested that the trustees review of the Fund's determination.

It was moved by Trustee Richardson and seconded by Trustee Reed that the Board refer the administrative hearing requested by the indicated member to Mr. William Motto to serve as the hearing officer for a review to be conducted pursuant to the Fund's Procedural Rules Governing Administrative Hearings.

Vote Result: MOTION ADOPTED BY VOICE VOTE

b. Review and Consideration of Approval of Withholding Pursuant to 40 ILCS Section 5/9-228(c)

Mary Pat Burns, fiduciary counsel, stated that the Fund had received a Release and Settlement Agreement regarding litigation brought by a currency exchange because a check that was tendered to the Fund had not been paid. She recommended that the Board accept the proposed Release and Settlement Agreement which required a payment of \$1,172. She further recommended that the Fund recover the amount of \$1,172 due under the Release and Settlement Agreement from the affected member's annuity payments pursuant to Section 9-228(c) of the Illinois Pension Code.

It was moved by Trustee Ochalla and seconded by Trustee Richardson that the Board approve the proposed Settlement Agreement and Release and authorize the Executive Director to take any steps necessary to effectuate the foregoing. It was further moved that the Fund deduct such amounts from the annuitant's monthly payments pursuant to Section 9-228(c) until the Fund recovers the \$1,172 paid under the Release and Settlement Agreement.

Roll Call Vote:

AYES: Anthony, Dardick, Marvel, Ochalla, Pray, Reed,
Richardson, McFadden

NAYS: None

Vote Result: MOTION ADOPTED

11. Old Business/New Business

There was no old business or new business discussed.

12. Adjournment

It was moved by Trustee Richardson and seconded by Trustee Marvel that the meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Board meeting was scheduled for July 11, 2024, at 9:30 am.