

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

July 11, 2019

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, July 11, 2019 at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members:

Loren Iglarsh, Chairman
David Morris, Vice-Chairperson
Timothy Blair, Executive Secretary

Others Present:

Kathy Yemm, Manager, Claims Division
Karen Brown, Disability Supervisor, Claims Division
Cory Mitchell, Acting Supervisor, Pension and Death Section
Steve Bochenek, System Attorney
Laura Cadagin, Claimant
Jeffrey W. Dozier, Claimant (wife)
Carl Draper, Attorney
Jessica Blood, Recording Secretary

Minutes of the Previous Meeting

The minutes of the June 13, 2019 meeting of the Executive Committee were presented by Chairman Iglarsh for approval. Copies of the minutes were previously mailed to Committee members for review. There being no additions or corrections, on motion by Executive Secretary Blair, seconded by Vice-Chairperson Morris and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

The Routine Claims Report for the month of June 2019 was presented. Following review and discussion, the Routine Claims Report for the period of June 2019, as prepared by staff, was received by the Executive Committee.

Old Business

Christopher Fritsche – Occ-Dis – Gainful Employment Inquiry

Christopher Fritsche worked as a Correctional officer for Menard Correctional Center. Mr. Fritsche last worked on January 24, 2018. He was on extended benefits until January 31, 2019. Mr. Fritsche began a service-connected leave on February 1, 2019.

Mr. Fritsche has requested a written appeal to the Executive Committee to approve his occupational disability benefit with the understanding he is part owner of a company but does no physical labor.

After some discussion, the Committee referred the case to Attorney Steve Bochenek and Jeff Houch for further review and clarification regarding gainful employment policy and rules. The case is deferred until such information is reviewed.

Raymond Smith – Re-Appeal for Serv. Credits under Alternative Formula

At the January 10, 2019 Executive Committee, Raymond Smith appealed to the committee seeking to receive an additional 9 months of service credit upgraded to the alternative formula related to Public Act 100-611. At the Executive Committee meeting conducted on February 14, 2019, the committee adopted counsel's recommendation effectively denying Mr. Smith's appeal. Ultimately, the committee denied the appeal because the 9 months in which Mr. Smith is seeking to upgrade was for employment at the Department of Insurance. The Public Act provides that only employment at CMS or DoIT is eligible for the upgrade.

Mr. Smith presented his re-appeal by personal hearing at the June 13, 2019 Executive Committee meeting contending that if other employees that took promotions within CMS or DOIT are eligible for the service credit upgrade, then the 9 months of service credit associated with his promotion to Department of Insurance should be eligible.

The case was referred to SERS' attorney for recommendation. Attorney Bochenek presented recommendation No. 2019-10 to the Committee to deny Mr. Smiths' request for alternative service credit for the time period in question. Following a review of the recommendation and some discussion, a motion was made by Executive Secretary Blair to accept recommendation No. 2019-10. The motion was seconded by Vice Chairperson Morris and all were in favor.

New Business

Laura Cadagin – Re-Appeal Cost of Service Credit Purchase Personal Hearing, Springfield

In 2005, Laura Cadagin appealed the cost to purchase 219 months of service for the Illinois Finance Authority (IFA). Ms. Cadagin was notified the cost of the purchase would be \$58,928.62, representing employee contributions and interest. She made this contribution and was notified on February 28, 2005 that the payment had been received and that 219 months of service credit would be added to her account. On April 27, 2005, Ms. Cadagin was notified that a mistake was made in the calculation of the cost of her IFA service credit (required employer contribution was excluded) and that she owed an additional \$77,033.10.

On August 11, 2005, Ms. Cadagin appealed to the Executive Committee to ask the committee to affirm that all 219 months of service credit had been purchased by February 28, 2005, and that no additional contributions were required. On September 8, 2005 the Executive Committee adopted a recommendation to affirm the additional contributions were required in order to establish the entire 219 months of service credit, or that Ms. Cadagin could instead choose to establish 94 months of service credit and not make the additional contributions.

In June 2018, Ms. Cadagin requested the cost to purchase the additional 125 months of IFA service credit. She was provided with a cost of \$231,727.46, representing employee and employer contributions at the current rate, and interest at 2.5% annually. Ms. Cadagin is appealing the amount of the required contribution. At the January 10, 2019 Executive Committee meeting, Ms. Cadagin appealed the cost to purchase such service. On February 14, 2019, the committee referred her claim to counsel, and counsel recommended to deny because Ms. Cadagin did not satisfy the requirements of the Pension Code related to purchase of service credit for years of service with the IFA.

Ms. Cadagin is reappealing because she was not provided the initial denial letter in accordance with the System's rules and procedures.

The Committee approved the request for a reappeal. Since both Laura Cadagin and her counsel, Carl Draper, were present the petitioner immediately proceeded with her reappeal. Carl Draper presented the members of the Committee with a Memorandum of Law in Support of Rehearing and made some initial comments.

The petitioner then testified on her own behalf focusing on the topic of the time value of money. Ms. Cadagin testified that the interest that was charged should only be charged on the employer's cost at the time the employee worked. After that point in time interest would be charged for the delay in payment of those monies recognizing the loss of use of those funds by the System for that period. Petitioner is willing to pay this interest charge. However, Petitioner went on to testify that by continuing to charge the employer's cost since the petitioner left work as well as the interest charge that the System would be in effect double dipping since there was no loss of the use of funds if the System continued to charge the employer's cost every year. In essence, the System could charge one or the other but is not entitled to charge both.

Mr. Draper concluded the reappeal by making comments regarding reaching a commonsense interpretation of the ordinary language of the statute and not construing it to reach a financially absurd result.

After review and discussion, the Committee approved the request to reappeal and referred the matter to SERS' attorney for recommendation.

Eleanor K. Wilson – Request to Decline Participation in SERS

Eleanor K. Wilson is a member of the Prisoner Review Board, a position that is appointed by the Governor that requires Senate confirmation. Ms. Wilson elected to participate in SERS and had been participating since April 1, 2019. Ms. Wilson has indicated that her election form was completed incorrectly and that she intended to decline participation in SERS. Ms. Wilson is requesting to decline participation in SERS.

After review and discussion, a motion was made by Chairman Iglarsh to approve Ms. Wilson's request to decline participation in SERS, seconded by Vice Chairperson Morris. All were in favor.

Scott Fike – Occupational Disability – 12 Month Waiver

Scott Fike works as an Equipment Operator Labor for Toll Highway Authority. He last worked on July 18, 2017. Mr. Fike began a service-connected leave of absence on July 19, 2017 due to an injury which occurred while working.

He has requested a written appeal to the Executive Committee to waive the 12-month filing limitation. He was paid TTD benefits for this time period. Enclosed is his letter of appeal.

After review and discussion, Chairman Iglarsh moved to approve Mr. Fike's request to waive the 12-month filing limitation, seconded by Vice-Chairperson Morris. All were in favor.

Orlando Allen, Jr. – Occupational Disability – 90-day Waiver

Orlando Allen, Jr works as a Correctional Officer for Department of Corrections. He last worked on December 17, 2018. Mr. Allen began a medical leave on January 4, 2019. He has requested a written appeal to the Executive Committee to have the 90-day filing limitation waived.

After review and discussion, Chairman Iglarsh moved to approve Mr. Allen's request to waive the 90-day filing limitation, seconded by Vice-Chairperson Morris. All were in favor.

Vicki Bowerman – Non-Occupational Disability – 90 Day Waiver

Vicki Bowerman works as a registered nurse II for DHS. She last worked on February 1, 2019. She began a medical leave of absence on February 3, 2019 and returned to work on March 16, 2019.

She has requested a written appeal to the Executive Committee so that the 90-day filing limitation can be waived. She indicates that her doctor was out of the county and did not return the form in a timely matter. She also was confused on the social security forms.

The member's request was denied in accordance with Chapter 40 Pensions 5/14-124(5).

After review and discussion, Vice-Chairperson Morris moved to approve Ms. Bowerman's request to waive the 90-day filing limitation, seconded by Chairman Iglarsh. All were in favor.

Deborah Stanisz – Nonoccupational Disability – 90 Day Waiver

Deborah R. Stanisz works as a court reporter III for Court Reporters. She last worked on January 4, 2019. She began a medical leave of absence on January 14, 2019. She returned turned to work on March 11, 2019.

She has requested a written appeal to the Executive Committee so that the 90-day filing limitation can be waived. She indicates that she was confused on how the disability process works.

The member's request was denied in accordance with Chapter 40 Pensions 5/14-124(5).

After review and discussion, Vice-Chairperson Morris moved to approve Ms. Stanisz' request to waive the 90-day filing limitation, seconded by Chairman Iglarsh. All were in favor.

Betty Johnson-Nevith – Re-Appeal for Survivor Annuity – Member – James Nevith

James Nevith, a state retiree, died on November 1, 2018. When Mr. Nevith retired on October 1, 2015, he completed his retirement application with a marital status of "single" and received a survivor contribution refund in the amount of \$5,864.41.

Betty Johnson and James Nevith were married on July 1, 1986 and shesurvives him.

Betty Johnson-Nevith is requesting a survivor annuity.

Of note, Ms. Nevith is a state retiree as well. She retired August 1, 2014 and completed her retirement application with a marital status of "married".

This appeal was denied at the February 2019 Executive Committee meeting.

Ms. Nevith would like to re-appeal this decision. Mr. Nevith had an overpayment with SERS so the survivor contribution refund payment was applied to the balance and not cashed by him. If the re-appeal is approved, Ms. Nevith would like a personal hearing in August.

After review and discussion, a motion was made by Chairman Iglarsh to approve Ms. Nevith's request for a re-appeal, seconded by Executive Secretary Blair. All were in favor. This matter will be scheduled for a personal hearing.

James Ciesil – Appeal to Retire Effective April 1, 2019

James Ciesil applied for a reciprocal retirement annuity with MEABF effective April 1, 2019. Once SERS received the reciprocal certification from MEABF, it was noted that MEABF was crediting Mr. Ciesil with service and earnings credit through June 30, 2019. Because of this, SERS was not able to begin his pension until July 1, 2019.

Mr. Ciesil has submitted an appeal to receive a reciprocal pension effective April 1, 2019.

After review and discussion, a motion was made by Chairman Iglarsh to deny Mr. Ciesil's request to receive a reciprocal pension effective April 1, 2019, seconded by Vice-Chairperson Morris. All were in favor.

Anganetta Terry – Appeal to Receive Independent Pension – Staff Direction

Anganetta Terry applied for a reciprocal retirement annuity with SURS effective October 1, 2018. Ms. Terry had years of concurrent service, so SURS reduced their service credit by 12.9422 years and SERS reduced by 2.0578 years.

In March 2019, SERS received an email from SURS informing us that Ms. Terry elected an independent pension with their system.

As Ms. Terry had already been paid by SERS, she was told to submit an appeal to the Executive Committee to request a non-reciprocal pension. She responded several months later that she did not want to change the pension arrangement. It was explained to her that she cannot retire independently with one system and reciprocally with the other.

After review and discussion, the committee directed staff to correct the pension to a non-reciprocal pension.

Martha Lawson – SSA Overpayment

Martha Lawson was approved for a Non-Occupational benefit from SERS effective December 14, 2017.

Ms. Lawson was approved for a retroactive Social Security disability benefit effective May 1, 2018. The retroactive benefit created an overpayment to SERS totaling \$12,438.00 from May 1, 2018 through January 31, 2019. The current balance is \$10,652.00.

SERS sent the member a notification letter on March 8, 2019 that explains the calculation of the overpayment and what was due.

As stated in the SERS Board Policy, the Overpayment Section is to deduct $\frac{1}{2}$ the gross of any benefit being paid toward an overpayment owed to SERS. The overpayment due is in accordance with 5/14-125 ILCS of the Pension Code.

Ms. Lawson has requested a payment of \$178.00 per month which would result in a payoff in 59 months (5 years). The current deduction of \$893.00 will repay the debt in 12 months.

After review and discussion, a motion was made by Executive Secretary Blair to deny Ms. Lawson's request and approve a repayment plan of \$300.00 per month, seconded by Vice-Chairperson Morris. All were in favor.

Debby Guimard – SSA Overpayment

Debby Guimard was approved for a Non-Occupational benefit from SERS effective September 27, 2014.

Ms. Guimard was approved for a retroactive Social Security disability benefit effective February 1, 2015.

The retroactive benefit created an overpayment to SERS totaling \$73,359.00 from February 1, 2015 through October 31, 2017. The current balance is \$64,938.38. Ms. Guimard submitted a cashier's check for \$50,000 but it has not yet been processed. This payment will reduce the balance to \$14,938.38.

SERS sent the member a notification letter on May 31, 2019 that explains the calculation of the overpayment and what was due.

As stated in the SERS Board Policy, the Overpayment Section is to deduct ½ the gross of any benefit being paid toward an overpayment owed to SERS. The overpayment due is in accordance with 5/14-125 ILCS of the Pension Code.

Ms. Guimard retired May 1, 2019.

Ms. Guimard has requested a payment of \$300.00 per month which would result in a payoff in 49 months (4 years). The current deduction of \$2,002.00 will repay the debt in 8 months.

After review and discussion, a motion was made by Vice Chairperson Morris to deny Ms. Guimard's request and approve a repayment plan of \$500.00 per month, seconded by Executive Secretary Blair. All were in favor.

Loretta Ivy – SSA Overpayment

Loretta Ivy was approved for a Non-Occupational benefit from SERS effective June 14, 2017.

Ms. Ivy was approved for a retroactive Social Security disability benefit effective September 1, 2017.

The retroactive benefit created an overpayment to SERS totaling \$6,990.00 from September 1, 2017 through January 31, 2018. The current balance is \$2,654.02.

SERS sent the member a notification letter on February 16, 2018 that explains the calculation of the overpayment and what was due.

As stated in the SERS Board Policy, the Overpayment Section is to deduct ½ the gross of any benefit being paid toward an overpayment owed to SERS. The overpayment due is in accordance with 5/14-125 ILCS of the Pension Code.

Ms. Ivy has requested a payment of \$200.00 per month which would result in a payoff in 14 months.

The current deduction of \$778.50 will repay the debt in 4 months. When Ms. Ivy was receiving a previous disability in 2018 before returning to work, she was allowed a repayment of \$250.00 which would repay the debt in 11 months.

After review and some discussion, Vice Chairperson Morris moved to approve Ms. Ivy's request to repay \$200.00 per month, seconded by Chairman Iglarsh. All were in favor.

Donald Koester – Eligibility to Purchase Partial Refund

Former SERS member, Donald Koester was preparing to retire from a reciprocal system in early 2019 and inquired about repaying his SERS refund in order to retire, reciprocally. Over the course of creating the estimate the member passed away, unexpectedly, and had not elected any repayment options at the time of his death.

His wife, who has been in constant contact throughout this process, both with the Service Purchase section and with the Field Services Division, is appealing to the Executive Committee to allow this service purchase to be completed.

After review and some discussion, the Committee deferred this appeal for further information.

Write-off Reinstatement – Request Reinstatement of Written-off Accounts – Ret. To Payroll

The following member account(s) were written-off in a prior fiscal year. Since then, the members have returned to an active state payroll.

We are asking the Executive Committee to reinstate the following SERS member accounts that were written off so that their written off prior service can be added to their current active service:

Brandon Rodriguez
Lauren Russell
Thomas Smith
Jodeen (Mossop) Osbourne

After review and discussion, a motion was made by Chairman Iglarsh to reinstate the member accounts, seconded by Vice Chairperson Morris. All were in favor.

Jeffrey W. Dozier – Military Service Credit – Personal Hearing – Springfield

Jeffrey Dozier made three separate military service credit purchases for a total of 19 months of SERS service credit. His last purchase was for three months of military service credit on September 25, 2018. He received an acknowledgement of his payment and establishment of the service credit on September 25, 2018.

On October 11, 2018, staff discovered that Mr. Dozier separated from State employment on

May 9, 2018, and therefore was ineligible to purchase military service credit after that date. He was notified on November 21, 2018 that he was ineligible to make the purchase and that he would be sent a refund of his payment. The refund was issued to Mr. Dozier on May 16, 2019.

Mr. Dozier is appealing the retroactive denial of his request to purchase three months of military service credit after his removal from State payroll on May 9, 2018.

After review and discussion, the case was deferred. SERS staff will contact Cook County to make sure that he needs the additional time.

Add-ons:

Lawrence Martin – Subrogation Settlement – Staff Direction

Lawrence Martin works at the Department of Transportation as a highway maintainer. On November 4, 2015 Mr. Martin was operating a dump truck. He was slowing down for a flagman who was directing traffic to stop and was struck from behind by another vehicle.

Mr. Martin was on SERS' occupational disability benefit from December 1, 2015 through September 11, 2016. Tristar stopped his TTD. Mr. Martin started on SERS' temporary benefit on October 6, 2017 and continues to receive this benefit.

SERS claimed a lien on any settlement Mr. Martin may be awarded from the third-party injury suit. The current amount of our lien is \$79,596.05 (this is the amount SERS has paid in disability benefits and retirement contributions through June 2019).

SERS received correspondence from Mr. Martin's attorney, Steven Greeley, Jr. Mr. Greeley stated the liability policy is only for \$100,000. He is proposing that this amount be split between SERS, Workers' Compensation, and the Teamsters. They are proposing to settle with SERS for \$14,910.00

Mr. Greeley is requesting SERS accept the proposed settlement amount and return a Release of Lien/Subrogation for the amount indicated.

After review and discussion, Chairman Iglarsh made a motion for SERS to accept the proposed settlement and return a Release of Lien/Subrogation for the amount indicated, seconded by Vice-Chairperson Morris. All were in favor.

Linda Barron – Non-Occupational Disability – 90 Day Filing Limitation

Linda Barron works as an Office Coordinator for the Department of Healthcare and Family Services. Ms. Barron last worked on February 15, 2019. She began a medical leave of absence on February 25, 2019.

Ms. Barron has requested a written appeal to the Executive Committee to waive the 90 day filing limitation. Medical information has been obtained.

After review and discussion, Chairman Iglarsh moved to approve Ms. Barron's request to waive the 90 day filing limitation, seconded by Vice-Chairperson Morris. All were in favor.

Rosalind Leonard-Coleman – Re-Appeal Request

Rosalind Leonard-Coleman was denied her request to re-purchase interest free contributions that were refunded to her in May of 2007 at the May 2019 Executive Committee meeting.

Ms. Leonard-Coleman is requesting a re-appeal.

After review and discussion of the information submitted, the committee found there was no new information that had not already been previously considered. Based on the lack of new information, Executive Secretary Blair moved to deny the request for re-appeal, seconded by Chairman Iglarsh. All were in favor.

Lana Keen – Write-off of Member Account

Lana Keen's member account was written-off in a prior fiscal year. Since then, the member has contacted us and requested a termination refund of her applicable SERS contributions.

We are asking the Executive Committee to reinstate the member account that was written-off so that the resignation refund can be processed.

After review and discussion, a motion was made by Executive Secretary Blair to approve the request to reinstate the member account, seconded by Chairman Iglarsh. All were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 1:27 p.m.

The next meeting of the Executive Committee is scheduled for August 8, 2019, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary