

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

June 13, 2024

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, June 13, 2024, at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

Marvin Becker, Chairperson
Arnold Black, Vice-Chairperson
Timothy Blair, Executive Secretary

Others Present:

Jeff Houch, Associate Executive Secretary
Samantha Goetz, General Counsel
Jessica Blood, Recording Secretary
Aaron Evans, Attorney, Sorling Northrup
David Morris, SERS Retiree
Tammy Laurenzana, Claimant
Brenda Curtis, Claimant

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on May 9, 2024, were presented by Chairperson Becker for approval. Copies of the minutes were previously emailed to Committee members for review. Executive Secretary Blair moved to approve the minutes as submitted. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Routine Claims Report

The Routine Claims Report for May 2024 was presented. Following a brief discussion, the Routine Claims Report for May 2024 as prepared by staff was received by the Committee.

Old Business

Ronald Faltin – Appeal Termination of Nonoccupational Disability Benefit and Overpayment of Benefits – Exceeded Earnings Limitation – Deferred

Ronald Faltin began receiving nonoccupational disability benefits from SERS effective

December 2, 2021. During the 2nd quarter of 2023, Mr. Faltin exceeded the gainful activity earnings limitation by \$372. On August 23, 2023 (during the 3rd quarter of 2023) he signed an earnings limitation agreement, paid the excess earnings to SERS, and resumed receiving nonoccupational disability benefits through November of 2023.

Mr. Faltin's payments were stopped effective December 1, 2023 because it was discovered that he exceeded the gainful activity earnings limitation for the 3rd Quarter of 2023 by \$1,118.55.

Title 80, Section 1540.85 b) of the Illinois Administrative Code provides that everything paid by SERS to Mr. Faltin after September 1, 2023, is overpaid. His current overpayment amount is \$6,204.96.

Mr. Faltin is appealing the overpayment and termination of his benefits.

After discussing the facts of Mr. Faltin's appeal at their March, April and May 2024 meetings, the Committee decided to defer a decision pending further research into Mr. Faltin's overpayment and agency earnings limitation policy.

Mr. Houch presented additional earnings documentation for Mr. Faltin to the Committee. After reviewing the documentation provided and some discussion, Executive Secretary Blair moved to deny Ms. Faltin's appeal and offer reinstatement of his nonoccupational disability benefits retroactively to December 1, 2023, on the condition that he signs an additional earnings limitation agreement and that his benefits are offset by the amount his outside wages exceeded the gainful activity limitation. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Christina Petrites – Settlement Offer – Deceased Mbr: Stanley Petrites

Stanley Petrites was the eligible survivor of SERS retiree Virginia A. Petrites. Virginia died November 19, 2011, and Stanley became eligible for a monthly survivor annuity on December 1, 2011.

Stanley Petrites was living in Indiana and died on December 1, 2015. His death was not reported to SERS, and he was not found on a monthly death match list until May 10, 2022, after SERS switched vendors to Lexis-Nexis.

On May 13, 2022, SERS suspended the survivor benefit of Mr. Petrites and researched the situation. Christina Petrites, daughter of Stanley Petrites, became POA for Stanley on September 2, 2015, and SERS received the POA on September 25, 2015. After the death of Stanley Petrites, Christina did not report the death and made several changes on behalf of Stanley, including a switch to hard copy checks from direct deposit, submitting affidavits for lost checks and submitting a change of address form.

After the death of Stanley Petrites, Christina Petrites received and cashed checks in the amount of \$97,478.36. SERS has recovered \$1,371.46 for a remaining balance of

\$96,106.90. The Illinois Attorney General's Office is representing SERS in trying to recover these funds from Christina Petrites. Her attorney has offered that Christina is able to pay \$20,000 to settle the claim.

After discussing the facts of the case at their May 2024 meeting, the Committee decided to defer a decision pending research into Ms. Petrites' assets.

After discussing a brief update from the Attorney General's office, the Committee decided to continue to defer a decision on the case pending discovery of Ms. Petrites' assets.

Discussion – Elected Active Trustee Eligibility - Recommendation

During the recent process to fill three vacancies for active member trustees and one vacancy for retire trustee, only three active members and one retired member met the qualifications to be on the ballot and were declared the winners of the seats, effective July 16, 2024.

SERS was recently notified that one of the active trustees whose term begins July 16, 2024, has taken a leave of absence from her state position effective April 1st, and is working full-time for AFSCME Council 31. According to statute, the four active trustees must be active participants of the system with at least 8 years of creditable service to be elected by the contributing members of the system. Promulgated rules define "contributing member" as any member of the system, as defined in 40 ILCS 5/14-103.06 of the Code, who is currently contributing to the System.

Administrative Rules specify that if a candidate becomes ineligible for office before the election, which is held during the entire month of May, the Board will notify the candidate of the ineligibility and remove the candidate's name from the ballot. While there is no election due to the limited number of candidates, SERS was notified of this candidate's change in status prior to May 1 and would not have included her on the ballot.

Pursuant to the relevant laws and rules, a state employee who is no longer an active contributing member is ineligible to serve as a Contributing Member Trustee. The Board adopted a policy in 2016 that specifies how the Board is to appoint a qualifying member to fill a vacancy in an active trustee position.

After discussing the issue at their May 2024 meeting, the Committee decided to refer the matter to external counsel for a recommendation.

Attorney Evans presented a memorandum detailing the statutory requirements for elected active members of the SERS Board of Trustees. Following some discussion regarding the document presented, Executive Secretary Blair moved to recommend to the Board of Trustees that the member in question is no longer eligible to serve as an active elected trustee. Chairperson Becker seconded the motion, which passed unanimously.

New Business

Tammy Laurenzana – Appeal Suspension of Nonoccupational Disability Benefits – Personal Hearing – Springfield – 9:00 a.m.

Tammy Laurenzana works as an Office Coordinator for the Department of Healthcare and Family Services. She last worked on September 5, 2023. She began a medical leave of absence on September 11, 2023, due to various medical conditions.

Ms. Laurenzana has received nonoccupational disability benefits since October 2023. Upon certification, the Examiner questioned whether she had experienced medical improvement and requested that the member submit additional medical evidence, which she did.

Ms. Laurenzana was then referred to MMRO for an Independent Medical Examination. The IME report surmised that while the member had not reached maximum medical improvement, none of her conditions were currently disabling. The MMRO report found no disabling diagnosis and SERS suspended her benefits April 30, 2024.

Ms. Laurenzana requested a personal hearing at the Springfield office. She was instructed to submit additional information that may support her claim. As of today's meeting, nothing additional had been received.

After hearing Ms. Laurenzana present her appeal, the Committee decided to refer to external counsel for a recommendation.

Brenda Curtis – Appeal Denial of Nonoccupational Disability Benefits – Personal Hearing – Springfield – 9:45 a.m.

Brenda Curtis works as a Daycare Licensing Representative II. She last worked on October 27, 2023. She began a medical leave of absence December 26, 2023, due to past and current trauma of family losses, along with the stress of taking care of her elderly mother. She also reported job stressors that impacted her ability to concentrate.

Ms. Curtis applied for nonoccupational disability benefits. Additional medical records were requested, and Ms. Curtis submitted records from July 2022 through March 2024. Her case was then sent to MMRO for review. MMRO's report, dated April 12, 2024, concluded Ms. Curtis was not mentally incapacitated from performing her job duties.

Ms. Curtis requested a personal hearing at the Springfield office and has submitted additional documentation to support her claim.

After hearing Ms. Curtis present her claim, the Committee decided to defer a decision pending receipt of further medical documentation.

Joanne Clements – Appeal for Repayment Plan for Overpayment of Retirement Benefits – Estate of Sandra Lilja

Sandra Lilja was a retired annuitant who passed away on April 5, 2022. Her estate was eligible to receive the payment for April 2022, but the System erroneously issued payments through February 16, 2024, which created an overpayment of \$20,308.26. The System notified the bank of the overpaid funds, but the bank only returned \$2,847.08 as there were insufficient funds to repay the overpayment in full.

SERS notified Ms. Lilja's estate about the overpayment and the estate's liability to SERS for the overpayment. Joanne Clements, the estate representative, is appealing for a repayment plan of \$100 per month and cites her personal financial limitations as the basis of her appeal. Additionally, her appeal omits the details of what happened to the overpaid benefits.

After discussing the facts presented, Executive Secretary Blair moved to approve Ms. Clements' appeal on the condition that she signs a settlement agreement with SERS. The motion was seconded by Chairperson Becker and passed unanimously.

Discussion – Paycheck Protection Program Loan Recipients and Buyout Payments

The Office of the Illinois Attorney General (OAG) has acknowledged that almost 300 former employees are under investigation for fraudulently obtaining loans under the Federal "Paycheck Protection Program" (PPP). It is our understanding that only former employees who received such a loan of \$20,000 or greater are under investigation, and 10 former employees have been charged.

Some of the employers are not cooperating with SERS' investigation efforts to identify former employees who were dismissed for involvement in such activities. Because of these dynamics, SERS has suspended the processing of all "buyout payment" claims of employees who received a PPP loan until more information involving this issue becomes available.

40 ILCS 5/14-149 provides that "none of the benefits herein provided for shall be paid to any person who is convicted of any felony relating to or arising out of or in connection with his service as an employee." Title 80, Section 1540.395 k) of the Illinois Administrative Code provides that:

For cases in which a member is charged with a felony related to, arising out of, or in connection with his or her service as an employee and elects an accelerated pension benefit payment, the adjudication process related to the charges must be completed before the accelerated pension benefit payment is vouchered. If the member is convicted and sentenced of a felony related to, arising out of, or in connection with his or her service as an employee, the payment shall not be vouchered.

Staff have been put in a tough position on this issue given these dynamics, and there

are a few members who received a PPP loan under \$20,000, have elected buyout payment, and are not being investigated by the OAG. Staff requests the committee's guidance on how to treat the buyout payments for such members.

After discussing the information presented, the Committee decided to defer staff direction pending further communications with the OEIG and the Attorney General's Office.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:33 a.m.

The next meeting of the Executive Committee is scheduled for July 11, 2024, in the System's Springfield office.

Marvin Becker, Chairperson

Arnold Black, Vice-Chairperson

Timothy Blair, Executive Secretary