

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

August 6, 2024

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Tuesday, August 6, 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
Karen Brown, Supervisor, Disability Section
Casey Evans, Chief Internal Auditor
Jessica Blood, Recording Secretary
Aaron Evans, Attorney, Sorling Northrup
David Morris, SERS Retiree
Gwen Dowling, Claimant

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on July 11, 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 July 2024 was presented. Following a brief discussion, the Routine Claims Report for July 2024 as prepared by staff was received by the Committee.

Old Business

Brenda Curtis – Appeal Denial of Nonoccupational Disability Benefits – Personal Hearing – Deferred

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, along with the stress of taking care of her elderly mother. She also reported job stressors that impacted her performance.

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.

During Ms. Curtis' presentation of her claim, she noted that she had additional medical documentation to submit, and the Committee decided to defer a decision pending receipt of such documentation.

After reviewing the additional documentation that Ms. Curtis provided at their July 2024 meeting, the Committee decided to refer her case to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2024-6, to deny Ms. Curtis' appeal. After some discussion, Chairperson Becker moved to adopt Recommendation No. 2024-6. The motion was seconded by Executive Secretary Blair 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 at their June 2024 meeting, the Committee decided to continue to defer a decision on the case pending discovery of Ms. Petrites' assets.

Executive Secretary Blair informed the Committee that there were no updates regarding the case at their July 2024 meeting, and a decision was again deferred.

Executive Secretary Blair stated that Ms. Petrites' case would again be deferred due to no further updates.

New Business

Secretary Blair motioned to enter closed session in accordance with Sections 120/2(c)(1) and 120/2(c)(14) of the Open Meetings Act. Chairperson Becker seconded the motion, which passed in the following manner:

Chairperson Becker - Yes

Trustee Black - Yes

Secretary Blair - Yes

The Committee then resumed the open meeting and began discussing the appeal of Rachel Clark.

Rachel Clark – Appeal to Process COLA Buyout Payment – PPP Loan Recipient Investigation – Personal Hearing via Teleconference – 9:00 a.m.

Rachel Clark retired effective October 1, 2023, from the Department of Human Services. She also elected the COLA buyout payment. Ms. Clark received a PPP loan in the amount of \$20,832 that was approved by Prestamos CDFI on May 15, 2021.

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).

SERS has suspended the processing of buyout payments for any member who received a PPP loan until more information about these investigations 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 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.

Ms. Clark has requested a personal hearing to appeal the decision to suspend her payment and she summarized her reasoning on the following pages.

After unsuccessfully attempting to contact Ms. Clark for her personal hearing, the Committee deferred a decision on the case.

Gwen Dowling – Appeal Termination of Temporary Disability Benefits – Personal Hearing via Teleconference – 9:45 a.m.

Gwen Dowling works as an Assistant Local Office Administrator for the Department of Human Services. She suffered a work-related injury on August 25, 2017, and a second injury on May 20, 2019, after tripping and falling. She received TTD benefits from Workers' Compensation (WC) and an occupational benefit from SERS.

In November 2023 Ms. Dowling was found to be at Maximum Medical Improvement and was released to work full duty. Ms. Dowling did not return to work and is appealing the termination of her TTD benefits.

She applied for a temporary disability benefit while she appealed her WC termination. Her case was sent to SERS' medical consultants for review. The MMRO reviewer determined that Ms. Dowling was not mentally or physically incapacitated from performing her job duties as an Office Administrator.

It was discovered by looking at the Gallagher Bassett website that Ms. Dowling received a WC settlement, which was signed May 8, 2024. This settlement required her to resign from her agency and they noted she was unable to return to work, but also stated this was a disputed settlement.

Ms. Dowling is requesting a personal telephone appeal of her denial for temporary disability benefits. However, because she has received a WC settlement, she would be ineligible for temporary benefits.

The question now is whether she is eligible for a future occupational disability benefit. She is currently 58.8 years of age and could potentially draw an occupational benefit from SERS until age 65. The medical consultant has found her not disabled, but a WC settlement has found her unable to return to work and made her resign her position. The settlement found her to have a 17% loss of the use of person as a whole, but then settled on a disputed basis.

Ms. Dowling requests a personal hearing by telephone to appeal the termination of her disability benefit.

After hearing Ms. Dowling present her case, the Committee decided to defer a decision pending receipt of additional medical documentation.

April Brown – Appeal Denial of Temporary Disability Benefits

On March 31, 2024, April Brown began a leave of absence as she experienced an injury while working as a sergeant at the Pinckneyville Correctional Center. She applied for Workers' Compensation benefits and SERS occupational disability benefits. Her application for Workers' Compensation benefits was denied on April 22, 2024, which effectively disqualified her for occupational disability benefits payable from SERS.

Ms. Brown then applied for temporary disability benefits and the medical information she supplied was reviewed by SERS' consulting physician. The consulting physician opined that there was lack of medical evidence to support that the member is incapacitated to perform her duties as a correctional sergeant.

Ms. Brown is appealing the denial.

After reviewing the information provided, the Committee decided to defer a decision on Ms. Brown's case pending review of recently received medical documentation and consultation with MMRO.

Gregory Moore – Appeal of Retroactive SSA Award Overpayment

Gregory Moore began receiving nonoccupational disability benefits effective September 12, 2021. On April 22, 2024, SERS was notified that Mr. Moore had been awarded Social Security disability benefits (SSDI) effective April 1, 2022, which created an overpayment of SERS disability benefits.

Mr. Moore is appealing for relief on the repayment of his overpayment. Given the size of Mr. Moore's overpayment, coupled with the amount he receives from SERS after the SSA offset, his full gross SERS nonoccupational disability payment is subject to offset until the overpayment is settled. It appears that no deductions are currently applied to his monthly payment. Assuming Mr. Moore remains eligible for nonoccupational benefits, he is scheduled to receive his first automatic annual increase (AAI) on October 1, 2025, and because it would be his first increase to his nonoccupational disability benefit, such increase would total 7%.

Assuming Mr. Moore remains eligible for nonoccupational benefits, who would "age off" the benefit on June 1, 2028, see 40 ILCS 5/14-124(b). It should also be mentioned that Mr. Moore is eligible to begin his retirement annuity on August 1, 2024.

After reviewing the facts provided and some discussion, Chairperson Becker moved to deny Mr. Moore's appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Hilda Whittington – Appeal Denial of Nonoccupational Disability Benefits

Hilda Whittington initially retired effective November 1, 2013, but returned to active service on November 22, 2016. Ms. Whittington served as a legal advisor for the Office of the Secretary of State but left the payroll during the first pay period of March 2024 and applied for nonoccupational disability benefits.

The medical report Ms. Whittington supplied was reviewed by SERS' consulting physician, who opined that "there is a lack of medical evidence to support that the member is mentally physically incapacitated to perform their duties as a Legal Advisor I." Her claim was subsequently denied.

Ms. Whittington is appealing the denial.

It should be mentioned that Ms. Whittington supplied over 4,400 pages of medical service-related information that appears to include all documents related to her healthcare history for the last 12 years. Such information was not presented to the Committee as it is neither useful nor related to her condition for which she seeks disability benefit coverage.

Following a discussion of the facts provided, Executive Secretary Blair moved to deny Ms. Whittington's appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

John Sievers – Appeal to Process COLA Buyout Payment – PPP Loan Recipient Investigation

John Sievers retired effective May 1, 2024, from the Department of Corrections. He also elected the COLA buyout payment. Mr. Sievers received two PPP loans, and each loan totaled \$20,832.00. The first loan was approved by Liberty SBF Holdings on March 28, 2021, and the second loan was approved by the State Bank of Texas on May 14, 2021.

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).

SERS has suspended the processing of buyout payments for any member who received a PPP until more information about these investigations 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 provides that:

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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.

Mr. Sievers is appealing the decision to suspend his COLA buyout payment.

After reviewing the case and some discussion, Executive Secretary Blair moved to deny Mr. Sievers' appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Whitney Lee – Request to Reappeal Denial of Repayment Plan Reduction

On December 14, 2023, the Executive Committee unanimously denied Whitney Lee's appeal to reduce her monthly repayment plan amount. Ms. Lee is requesting a reappeal of that denial and has provided some additional documentation to support her claim.

After reviewing the additional documentation provided and determining it was not sufficient to support her case, Executive Secretary Blair moved to deny Ms. Lee's request for a reappeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Vera Rollins – Appeal Suspension of Nonoccupational Disability Benefits – Gainful Employment

Vera Rollins is an inactive Correctional Counselor who began receiving nonoccupational disability benefits on September 11, 2021. Her benefits were suspended because SERS contends that Ms. Rollins became "gainfully employed" during the second quarter of 2023.

Through an anonymous tip, SERS discovered that Ms. Rollins and her husband created a food truck business known as Taco Tuesday Everyday, LLC in Salem, IL. The business was registered with the Secretary of State in September 2022, but Ms. Rollins states that the business did not officially begin until April 2023. Her spouse, Kurtis Rollins, is a former SERS member who received a termination refund on September 11, 2023.

Ms. Rollins did not disclose this potential gainful employment with the certifications she returned to SERS in July 2023 and January 2024, as she indicated that she was not employed. At SERS request, Ms. Rollins provided her personal income tax documents for 2022 and 2023. She mentioned that she and her husband had not filed business income taxes for 2023. She stated that she is a co-owner of the business but performs no services because she is home schooling her children.

Analysis of her personal income statements demonstrates that she exceeded the gainful employment threshold for the final 3 quarters of 2023, assuming that half of the gross income from the business is assigned to her, with the other half being assigned to her husband. A FOIA response from Marion County, Illinois revealed that she is the

company's Certified Food Protection Manager and has completed Allergen Awareness Training. Additionally, she signed off on several Food Establishment Inspection Reports along with the initial Food Establishment Permit Application and its renewal. The Secretary of State registered business portal indicates that she and her husband are the two LLC managers.

Following a review of the information presented, Chairperson Becker moved to deny Ms. Rollins' appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

John Thorkilsen – Appeal of Retroactive SSA Award Overpayment

Mr. Thorkilsen was awarded Social Security disability benefits with his entitlement beginning May 1, 2021. This award created an overpayment of SERS benefits from May 1, 2021, through April 30, 2024, which is a total of 36 months.

Mr. Thorkilsen is requesting a written hearing and is appealing his entire overpayment. He included a copy of his award notice and indicates that he is not going to receive a large lump sum of past due benefits.

According to his Notice of Award, SSA is reducing his benefit by the amount of his monthly SERS benefit before offset. They indicate in this award that he is receiving Workers' Compensation benefits, and therefore are reducing his SSA disability benefit.

Mr. Thorkilsen was represented by an attorney from Midwest Disability, which is the company SERS uses to represent our members. Midwest Disability was contacted about this issue, and their lead attorney Tony Manella stated he would get this taken care of with SSA.

A follow-up email was sent to Mr. Manella on July 26, 2024. As of today's meeting, SERS has not received a response.

After discussing the information provided, Executive Secretary Blair moved to deny Mr. Thorkilsen's appeal. The motion was seconded by Chairperson Becker and passed unanimously.

Lisa Williams Hall – Appeal to Process COLA Buyout Payment – PPP Loan Recipient Investigation

Lisa Williams Hall retired effective August 1, 2023, from the Illinois Department of Corrections. She also elected the COLA buyout payment. Ms. Williams Hall received a PPP loan in the amount of \$20,833 that was approved by BSD Capital, LLC on May 22, 2021.

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).

SERS has suspended the processing of buyout payments for any member who received a PPP until more information about these investigations 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 provides that:

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Ms. Williams Hall is appealing the decision to suspend her COLA buyout payment.

After a review of the case and some discussion, Executive Secretary Blair moved to deny Ms. Williams Hall's appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Terrence Heffron – Appeal to Revoke Reciprocal Retirement

Terrence Heffron retired effective June 1, 2023. Mr. Heffron initially intended to retire reciprocally with IMRF, and his initial proportional SERS monthly annuity totaled \$1,448.33. When SERS recalculated his proportional annuity to assign his back wages to the pay periods in which they earned, it was also determined that his IMRF annuity totaled \$2,184.76 as that was the amount of his "money purchase" benefit calculation.

With a reciprocal retirement, Mr. Heffron's combined annuities between IMRF and SERS exceed the maximum amount prescribed by 40 ILCS 5/20-124, which causes both proportional annuities to be reduced. Specifically, his SERS monthly proportional annuity would be reduced from \$1,460.84 to \$1,250.38, and his IMRF annuity proportional annuity would be reduced from \$2,184.76 to \$1,870.00.

Mr. Heffron is appealing to revoke his initial intention to retire reciprocally, and to retire independently.

After discussing the facts of the case, the Committee decided to defer a decision pending further research and communication with IMRF.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:51 a.m.

The next meeting of the Executive Committee is scheduled for September 12, 2024, in

the System's Springfield office.

Marvin Becker, Chairperson

Arnold Black, Vice-Chairperson

Timothy Blair, Executive Secretary