

# **MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES DES PLAINES FIREFIGHTERS' PENSION FUND**

**May 7, 2013**

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, May 7, 2013 at 8:30 a.m., at City Hall located at 1420 Miner Street in Room 101, pursuant to notice, to conduct regular business.

## **CALL TO ORDER BY PRESIDING OFFICER**

President Bill Rice called the meeting to order at 8:40 a.m.

## **ROLL CALL**

Upon roll call the following answered:

Present: President Bill Rice, Secretary Jeff Vallee, Trustee Nick Chiaro and Trustee Paul Birger

Absent: Trustee Susan Pekoe

Also Present: Board Attorney Camille Cribaro-Mello of Sanchez Daniels & Hoffman LLP; Asst. Finance Director Ilana Bromber; Becky Davis of Lauterbach & Amen, LLP (L&A); and retired police officer Wendall Whitted (arrived at 9:23 a.m.)

**PUBLIC COMMENT** – There was no public comment made.

## **APPROVAL OF PRIOR MEETING MINUTES**

The Board reviewed the prior meeting minutes presented in the board meeting packet. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to approve the February 5, 2013 regular meeting minutes as written. Motion carried by unanimous voice vote.

## **INVESTMENT REPORT**

Mr. McShane distributed the quarterly investments report and reviewed it with the Board. As of March 31, 2013 the Fund was up 4.18% for the quarter, outperforming the custom benchmark at 3.35%. The end of period market value was \$63,602,999. Asset allocations for the period were: equities 57.07% and total fixed income 42.93%, target allocations are currently equities 60% and fixed income 40%. No changes were recommended at this time. The Board noted an item for the next agenda, to address what direction should be given to fixed income managers, McDonnell and Spare Kaplan, regarding bond duration.

Mr. McShane discussed American Deposit Receipts (ADRs) with the Board, the Illinois Department of Insurance (IDOI) opinion on the subject, and the mutual funds the portfolio owns. After no further discussion, a motion was made by Trustee Birger and seconded by Trustee Vallee to accept the investment report as presented. Motion carried by unanimous voice vote.

## **ACCOUNTANT'S REPORT**

The Board reviewed the financial summary presented in the board meeting packet. For the three months ended March 31, 2013, there was an increase of \$2,798,884.47, and the net assets held at the end of period for pension benefits was \$63,620,783.54. A motion was made by Trustee Vallee and seconded by Trustee Birger to accept the March 31, 2013 financial report as presented. Motion carried by unanimous voice vote.

## **APPROVAL OF DISBURSEMENTS**

The Board reviewed the Warrant List and detailed Vendor Checks report presented in the board meeting packet. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve Warrant List #2 - 2013 listing the check payables for the quarter totaling \$33,469.42 (see attached detail).

AYES: Trustees Rice, Vallee, Birger and Chiaro

NAYS: None

ABSENT: Trustee Pekoe

## **INFORMATIONAL ITEMS OR UNFINISHED BUSINESS**

The Board discussed a check from First Clearing, LLC in the amount of \$3,249 that was received and deposited into the Harris Bank account. Trustee Rice was recently informed that funds had been left behind from an old account that had not been closed.

The Board reviewed the trustee training summary presented in the board meeting packet. The Board was reminded to complete their training requirements and submit certificates upon completion. Trustee Vallee is the Freedom of Information Act (FOIA) and Open Meetings Act (OMA) designee and will complete the required online training as soon as possible. Trustee Rice is the FOIA and OMA backup designee.

The Board noted that active member pension files are being monitored, and that L&A will prepare file update letters to be distributed in June. Trustee Vallee and Ms. Davis will work together to clarify wording in the letter on how the members should respond if there are no changes.

The Board noted that affidavits of continued eligibility will be prepared by L&A and mailed out in June with the pensioners' direct deposit slips. L&A will also send the affidavits out via the last known email address, when available.

The Board indicated that all members have completed their Statements of Economic Interest to the county.

The Board discussed the new Pension Fund computer and multifunction printer that was purchased through the City. The cost did not to exceed \$3,500, as the Board approved; however, a final invoice has not yet been received.

The Board discussed the Investment Consultant Request for Proposal (RFP). Ms. Cribaro-Mello stated that competitive responses should be forthcoming, and an update will follow at the next meeting.

#### **NEW BUSINESS**

The Board discussed the IDOI annual compliance fee invoice that will be received in May and payment is due by 06/30/2013. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve payment of the IDOI compliance fee invoice upon receipt.

AYES: Trustees Rice, Vallee, Birger and Chiaro  
NAYS: None  
ABSENT: Trustee Pekoe

The Board discussed the renewal of the \$2,000,000 limited liability Fiduciary Liability Insurance (FLI) policy. This year the premium was increased due to a reported claim (Hoffman). Last year's annual premium was \$6,878, and this year the premium is currently \$7,910. Mr. Timothy Bowen of Mesirow indicated that, assuming there is no significant payout regarding Hoffman, the annual premium will return to the pre-claim cost. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve payment of the annual premium of \$7,910 to renew the Fiduciary Liability Insurance, subject to further clarification by the Board attorney.

AYES: Trustees Rice, Vallee, Birger and Chiaro  
NAYS: None  
ABSENT: Trustee Pekoe

The Board discussed the renewal of the Executive Risk Package (ERP) endorsement. The last premium paid was \$2,624 to synchronize the two policies (ERP and FLI) to a May 1<sup>st</sup> policy period. The ERP invoice is in process, but no invoice for the 05/01/2013 – 05/01/2014 policy period has been received. A motion was made by Trustee Valle and seconded by Trustee Chiaro to authorize payment of the Executive Risk Package endorsement annual premium at a cost not to exceed \$4,000, subject to clarification by the Board attorney.

AYES: Trustees Rice, Vallee, Birger and Chiaro  
NAYS: None  
ABSENT: Trustee Pekoe

The Board reviewed the pension calculation worksheet for Engineer Colin Carroll. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to approve the retirement benefit calculations for Mr. Carroll as follows: entry date of 09/04/1984, retirement date of 04/16/2013, effective date 04/17/2013, at the age of 59,

with 28 years and 7 months of creditable service earned, and at 71.46% of his applicable salary of \$89,546.00. Mr. Colin Carroll will receive a monthly benefit of \$5,332.34 until his first increase in May 2014.

AYES: Trustees Rice, Vallee, Birger and Chiaro  
NAYS: None  
ABSENT: Trustee Pekoe

The Board acknowledged the 04/21/2013 death of retiree Richard F. Burg, and pension benefits to his surviving spouse, Elisabeth A. Burg. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to continue surviving spouse benefits to Elisabeth A. Burg, effective 04/22/2013, at a monthly amount of \$3,266.73.

AYES: Trustees Rice, Vallee, Birger and Chiaro  
NAYS: None  
ABSENT: Trustee Pekoe

The Board acknowledged the 04/17/2013 death of retiree James Pratt, and pension benefits to his surviving spouse, Joanne Pratt. The Board approved Joanne Pratt as a qualified surviving spouse and for payment of benefits to continue. L&A is in the process of preparing the pension calculation worksheet and will be reported at the next meeting.

The Board noted that two firefighters, Eric Willis and Jeff Cielocha, have resigned and requested contribution refunds. L&A prepared the contribution refund paperwork and sent it to the Pension Fund to be distributed to the two men. There has been no further action.

The Board discussed certification of the election results for active member, Jeff Vallee. A motion was made by Trustee Birger and seconded by Trustee Chiaro to certify the election results, re-electing Jeff Vallee by acclamation to another three year term ending April 30, 2016. Motion carried by unanimous voice vote.

The Board indicated that the mayor has re-appointed Susan Pekoe and Nicholas Chiaro to the Fire Pension Board for another 3 year term ending April 30, 2016.

The Board discussed the Chicago Clearing – securities fraud monitoring and claims recovery service offered at the most recent trustee training seminar. Mr. McShane will work with Ms. Cribaro-Mello to obtain further information and a review of their contract at the next meeting.

A check for \$25 was received for a subpoena fee regarding Kenneth Baumann. The check was submitted to L&A to deposit into the Harris Bank account.

An updated Pension Benefits Summary page was prepared by Ms. Cribaro-Mello to update the Pension Fund webpage. The form summarized the Tier 1 and Tier 2 benefits, and it was suggested that the form be available via link to facilitate printing of the document. Ms. Davis will contact the webmaster and communicate the Board's request.

#### **ATTORNEY'S REPORT**

The Board attorney briefly mentioned Wayne Hoffman's administrative review and recommended that the Board hold a closed session to discuss the matter further.

The Board attorney briefly discussed the pending disability for Michael King. Ms. Cribaro-Mello indicated that, pending the completion of the doctors' depositions and transcripts, it is possible that Mr. King's hearing could be held at or around the next Board meeting. The Board's next meeting is August 6<sup>th</sup>, and considering that additional space may be needed due to the City's intervention, Trustee Rice will need to follow up with room availability to determine the date. The possible dates to consider were July 29<sup>th</sup>, August 2<sup>nd</sup> or the following week.

Mr. McShane was excused and left the meeting at 10:09 a.m.

Trustee Birger left the meeting at 10:10 a.m. due to a family emergency.

Ms. Cribaro-Mello discussed legal updates and recent court cases with the Board.

The Board briefly discussed the possible usage of IPADs for board meeting packets and WIFI access. No further action was taken.

The Board discussed going into closed session. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to go into closed session, to discuss the Hoffman case, citing 5 ILSC 120/2 [c] exception 11 - Litigation that is probable or imminent.

AYES: Trustees Rice, Vallee and Chiaro

NAYS: None

ABSENT: Trustees Birger and Pekoe

Mr. Whitted and Ms. Bromber left the meeting at 10:25 a.m.

### **CLOSED SESSION**

Closed session began at 10:26 a.m.

Closed session ended at 10:41 a.m.

A motion was made by Trustee Vallee and seconded by Trustee Chiaro to go out of Closed Session and into Open Session at 10:41 a.m. No action was taken during closed session. Motion carried by voice vote.

### **ADJOURNMENT**

A motion was made by Trustee Chiaro and seconded by Trustee Vallee to adjourn the meeting at 10:41 a.m. Motion carried by voice vote.

Respectfully submitted,

\_\_\_\_\_ Date approved: \_\_\_\_\_  
William Rice, President

*Minutes prepared by Becky Davis, Pension Services Administrator.*