

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
DES PLAINES FIREFIGHTERS' PENSION FUND
May 5, 2015**

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, May 5, 2015 at 8:30 a.m., at City Hall located at 1420 Miner Street in Room 407, pursuant to notice, to conduct regular business.

CALL TO ORDER BY PRESIDING OFFICER

President Bill Rice called the meeting to order at 8:33 a.m.

ROLL CALL

Upon roll call the following answered:

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

Absent: Trustees Nick Chiaro and Susan Pekoe

Also Present: Thomas McShane of MSSB/Graystone Consulting; Treasurer Dorothy Wisniewski; Lisa Barnaby and Becky Davis of Lauterbach & Amen, LLP (L&A); Board Attorney Camille Cribaro-Mello of Sanchez Daniels & Hoffman LLP (arrived later)

PUBLIC COMMENT – There was no public comment.

APPROVAL OF PRIOR MEETING MINUTES

The Board reviewed the prior meeting minutes presented in the Board meeting packet.

- A motion was made by Trustee Birger and seconded by Trustee Vallee to approve the February 3, 2015 regular meeting minutes as written. Motion carried by unanimous voice vote.
- A motion was made by Trustee Vallee and seconded by Trustee Birger to approve the 02/03/2015 closed session minutes as written. Motion carried by unanimous voice vote.

ACCOUNTANT'S REPORT

Treasurer Wisniewski indicated that the annual audit report is expected to be completed by the end of May, and that the GASB 67 report, with solvency test, has been completed.

The Board reviewed the draft 12/31/2015 DOI Annual Statement and agreed that there were no corrections needed. The Board reviewed the Interrogatory questions and identified some corrections which were presented to L&A. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve the draft DOI Annual Statement and Interrogatories, as amended. Motion carried by unanimous voice vote.

A final DOI Annual Statement will be distributed upon completion and the Certification Form will be presented to the Board for its execution.

Attorney Cribaro-Mello joined the meeting at 8:55 a.m.

The Board reviewed the monthly financial summary presented in the Board meeting packet. For the three months ended 03/31/2015, the net position held in trust for pension benefits was \$72,570,639.65. A motion was made by Trustee Vallee and seconded by Trustee Birger to accept the 03/31/2015 financial report, as presented. Motion carried by unanimous voice vote.

The Board reviewed the Warrant List presented in the Board meeting packet. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve 2015 Warrant List #2, stating the expenses paid for the quarter were \$44,610.12 (see attached).

AYES: Trustees Rice, Vallee and Birger

NAYS: None

ABSENT: Trustees Chiaro and Pekoe

INVESTMENT REPORT

Mr. McShane distributed the quarterly investment report and reviewed it with the Board. Mr. McShane discussed the Capital Markets Overview, the Outlook for 2015 and the current asset allocation targets. The current asset allocations are: Cash & Cash Equivalents 3.33%; Fixed Income 34.13%; Equity 62.53%. Target allocations are Cash & Cash Equivalents 2.00%; Fixed Income 38.00%; Equity 60.00%. As of 03/31/2015 the portfolio rate of return was 2.05% for the quarter/year-to-date, 6.71% for one year, 8.63% for 3 years, and 6.11% since inception (12/01/2005). The benchmarks for the same periods reported 2.22% for the quarter/year-to-date, 6.46% for one year, 7.88% for three years, and 5.84% since inception. The end of period market value was \$72,453,615.48.

Mr. McShane noted that cash flow is in good shape for the quarter. The manager performance was reviewed and no changes were recommended. Asset allocations were discussed and Mr. McShane presented his recommendation to the Board.

- A motion was made by Trustee Birger and seconded by Trustee Vallee to move \$1 million from REITs (Nuveen/First American – Real Estate Fund) and invest those proceeds into Developed International (Harding Loevner – International Equity).
AYES: Trustees Rice, Vallee and Birger
NAYS: None
ABSENT: Trustees Chiaro and Pekoe
- 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.

The Board agreed that there were no changes to the investment policy statement needed at this time.

INFORMATIONAL ITEMS OR UNFINISHED BUSINESS

- Trustee Training Summary: The Board Attorney distributed the 2014 attorney certified training certificates.
- FOIA/OMA designee to complete online training: A motion was made by Trustee Vallee and seconded by Trustee Birger to retain Trustee Vallee as the FOIA and OMA designee, and Trustee Rice as his backup. Motion carried by unanimous voice vote. Trustees Vallee and Rice agreed to complete the online training as soon as possible.
- Statements of Economic Interest (SEI): All Trustees confirmed that they have or will have their SEI completed.
- New L&A payroll software program: L&A presented a notice to announce that they will be converting to a new pension benefits software program. This conversion will be in process from March through September 2015, and noted the changes and improvements the pensioners will receive.

NEW BUSINESS

The Board discussed the election results for the retired member position. Paul Birger ran unopposed and was elected by acclamation. A motion was made by Trustee Vallee and seconded by Trustee Birger to certify the election results electing Paul Birger to the Board of Trustees, by acclamation, for a three year term ending 04/30/2018. Motion carried by unanimous voice vote.

The Board discussed the Board Officer elections for the positions of President and Secretary.

- A motion was made by Trustee Vallee and seconded by Trustee Birger to elect William Rice as President; there were no other nominations. Motion carried by unanimous voice vote.
- A motion was made by Trustee Birger and seconded by Trustee Rice to elect Jeff Vallee as Secretary; there were no other nominations. Motion carried by unanimous voice vote.

The Board discussed a recent FOIA request that was completed in a timely manner.

The Board discussed the renewal of the Fiduciary Liability and Executive Risk Package, due on 05/01/2015.

A motion was made by Trustee Birger and seconded by Trustee Vallee to approve the annual renewal of the Fiduciary Liability insurance at a cost of \$8,499.00, and the Executive Risk Package at a cost of \$3,835.00.

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

The Board discussed the retirement benefit calculation for Firefighter Frank Graham. A motion was made by Trustee Vallee and seconded Trustee Birger to approve the benefit calculation for FF Frank Graham, prepared by L&A, as follows: his date of entry was 08/18/1986, his date of retirement was 02/19/2015, the effective date of his retirement is 02/20/2015; at the age of 51 years old, with 28 years and 6 months of creditable service earned; at 71.25% of his \$92,103.00 applicable salary, the amount of his originally granted monthly pension is \$5,468.62, until his first increase in September 2018.

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

The Board discussed the retirement benefit calculation for Division Chief Jeffrey Schuck. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve the benefit calculation for DC Jeffrey Schuck, prepared by L&A, as follows: his date of entry was 02/04/1985, his date of retirement was 03/13/2015, the effective date of his retirement is 03/14/2015; at the age of 56 years old, with 30 years and 1 month of creditable service earned; at 75% of his \$124,871.00 applicable salary, the amount of his originally granted monthly pension is \$7,804.44, until his first increase in April 2016.

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

The Board discussed the duty disability benefit calculation for Firefighter Wayne T. Hoffmann. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve the benefit calculation for FF Wayne Hoffmann, prepared by L&A, as follows: his date of entry was 09/30/1996, his disability date was 03/31/2011, the effective date of his pension is 02/01/2015; at the age of 55 years old, with 14 years and 6 months of creditable service earned; at 65% of his \$86,860.00 applicable salary, the amount of his originally granted monthly pension is \$4,704.92, until his first increase in January 2017.

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

The Board discussed the annual DOI Compliance fee invoice. A motion was made by Trustee Vallee and seconded by Trustee Birger to authorize the payment of the DOI Compliance fee invoice upon receipt, at a cost not to exceed \$8,000.

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

The Board discussed the member workshops being offered by L&A. The Board agreed to hold two workshops, the dates are to be determined (it is estimated that the workshops will be held in the fall of 2015); a venue is being considered (possibly Prairie Lakes Community Center on Thacker Street in Des Plaines), possible dates will be worked out with the venue and L&A. The two workshops will be held on two different shift days to cover the active members. L&A was asked to confirm if the workshop will be a PowerPoint presentation, if it will be available as a handout for each attendee, and if the venue needs to provide any media equipment. A motion was made by Trustee Vallee and seconded by Trustee Birger to engage L&A to host two member workshops to include active and retired members and their spouses, refreshments would be simple (such as coffee and donuts).

AYES: Trustees Rice, Vallee and Birger

NAYS: None
ABSENT: Trustees Chiaro and Pekoe

ATTORNEY'S REPORT

Attorney Cribaro-Mello discussed the following topics with the Board:

Update on new court decisions involving pension funds: There were no new court decisions at this time.

The Board discussed the following items: The City of Des Plaines' new PEDA/WC/TTD policy, the potential for HR to share medical records to assist with disability applications, PEDA benefits and accrued time off, light duty opportunities being provided by the City. Potential disability applications for Chris Moran and Russ Olish are in process, medical examinations are to be set by the next meeting, and discussion regarding the method for selecting doctors was discussed. A motion was made by Trustee Vallee and seconded by Trustee Birger to authorize Attorney Cribaro-Mello to select the doctors for FFs Moran and Olish to complete their independent medical examinations. Motion carried by unanimous voice vote.

*The Board took a break at 10:29 a.m. and Treasurer Wisniewski and Mr. McShane left the meeting.
The Board reconvened at 10:37 a.m.*

Present: President Bill Rice, Secretary Jeff Vallee, and Trustee Paul Birger
Absent: Trustees Nick Chiaro and Susan Pekoe
Also Present: Lisa Barnaby and Becky Davis of Lauterbach & Amen, LLP (L&A); Board Attorney Camille Cribaro-Mello of Sanchez Daniels & Hoffman LLP

A motion was made by Trustee Rice and seconded by Trustee Birger to go into closed session, pursuant to 5 ILCS 120 / 2 (c) (11) of the Open meetings Act, based on the finding that the Wayne Hoffman and Michael King matters are of probable or imminent litigation.

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

CLOSED SESSION – began at 10:37 a.m. and ended at 11:39 a.m.

A motion was made by Trustee Vallee and seconded by Trustee Birger to go back into open session. Motion carried by unanimous voice vote.

- Wayne Hoffman's appeal: A motion was made by Trustee Vallee and seconded by Trustee Birger to direct Attorney Cribaro-Mello to prepare and file a lien regarding Wayne Hoffman's worker's compensation offset amount. Motion carried by unanimous voice vote.
- Michael King Administrative Review: A motion was made by Trustee Vallee and seconded by Trustee Birger to direct Attorney Cribaro-Mello to request briefs on the admissibility of discovery depositions from King's attorney and from the City. Motion carried by unanimous voice vote.

The next regularly scheduled meeting is on August 4, 2015, at 8:30 a.m., and will be held in Room 101.

For the next agenda, the Board noted the following items for action at the next meeting:

- Newly hired Firefighters to be accepted into the Fund.
- The November meeting may need to be rescheduled.

ADJOURNMENT

A motion was made by Trustee Birger and seconded by Trustee Vallee to adjourn the meeting at 11:44 a.m. Motion carried by unanimous voice vote.

Respectfully submitted, _____ Date approved: _____

William Rice, Pension Board President

Minutes prepared by Becky Davis, Pension Services Administrator.