

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

**February 4, 2014**

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, February 4, 2014 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 8:35 a.m.

## **ROLL CALL**

Upon roll call the following answered:

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

Absent: None

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

**PUBLIC COMMENT** – There was no public present and no 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 September 20, 2013 special meeting minutes as written.

AYES: Trustees Rice, Vallee, Birger, Pekoe and Chiaro

NAYS: None

ABSENT: None

- A motion was made by Trustee Birger and seconded by Trustee Pekoe to approve the November 5, 2013 regular meeting minutes as written. Motion carried by unanimous voice vote.
- A motion was made by Trustee Vallee and seconded by Trustee Pekoe to approve the December 11, 2013 special meeting minutes as written. Motion carried by unanimous voice vote.

The Board reviewed the closed session minutes. A motion was made by Trustee Birger and seconded by Trustee Vallee to release the May 7, 2013 closed session minutes, based upon a finding that they are no longer confidential. Motion carried by unanimous voice vote.

## **ACCOUNTANT'S REPORT**

The Board discussed the resolution notice that was received from the IRS. No further action is required.

The Board distributed copies of the signed L&A engagement letter for its records. The engagement letter was approved during the last regular meeting.

The Board reviewed the financial summary presented in the board meeting packet. For the twelve months ended December 31, 2013, the net position held in trust for pension benefits was \$67,298,390.93. A motion was made by Trustee Birger and seconded by Trustee Pekoe to accept the December 31, 2013 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 2014 Warrant List #1 stating the expenses paid for the quarter totaled \$34,295.18 (see attached).

AYES: Trustees Rice, Vallee, Birger, Pekoe and Chiaro

NAYS: None

ABSENT: None

### **INFORMATIONAL ITEMS OR UNFINISHED BUSINESS**

The Board reviewed the Trustee Training Summary presented in the board meeting packet. Attorney Cribaro Mello stated that she will prepare and distribute 2013 certifications at the next meeting.

*Mr. Kolbusz arrived and joined the meeting at 8:46 a.m.*

The Board discussed the 2014 available trustee training opportunities.

The Board noted that active member file update letters were prepared by L&A and distributed.

The Board noted that Paul Miller's reciprocity request (Highwood Fire) is paid in full, and confirmed that he is currently paying the additional 1% contribution deduction.

The Board discussed the update to the Board's forms, noted by Attorney Cribaro Mello in the previous minutes. Attorney Cribaro Mello will review the forms and follow up at a later meeting. No further action is required at this time.

The Board discussed the identification of the Trustees to Cook County was completed on 01/02/2014. The Statements of Economic Interest (SEI) will be emailed to the trustees in March and are due to be completed by May 1<sup>st</sup>. The Board will follow up at the next meeting to determine if all SEIs have been submitted to Cook County.

### **INVESTMENT REPORT**

Mr. Kolbusz distributed the quarterly investment report and reviewed it with the Board. As of December 31, 2013 the Fund was up 5.17% for the quarter and up 12.97% year-to-date. Both returns exceeded the benchmarks which reported 4.27% and 10.95%, respectively. The end of period market value was \$67,343,282.92. The total fund was up 8.87% for the three year mark, and 9.65% for the five year mark. Asset allocations for the period were: fixed income 37.51% and equities 62.49%. Target allocations are currently fixed income 40% and equities 60%. The Board discussed the current fixed income duration and the poor bond market performance. The Board indicated that more discussion will follow regarding Harding Loevner - International Equity and Lazard – Emerging Markets accounts. Mr. Kolbusz noted that MSSB's 2014 forecast is to be ready for higher rates and higher volatility. Global equity targets were discussed; no changes were recommended at this time. Cash flow was discussed and noted that in December 2013, \$320,000 was moved from the iShares Growth to the Harris Bank account for expenses, and in January 2014, \$508,201 was moved from McDonnell Fixed Income account to the Harris Bank account for expenses. Tax payments are expected to be received in March.

The Board reviewed the investment policy statement and agreed to follow up with this item at the next meeting when Mr. McShane can be present.

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.

### **NEW BUSINESS**

The Board acknowledged the 12/20/2013 death of Ermano Gualano and addressed surviving spouse benefits to his wife, Mary. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to approve surviving spouse benefit payments to Mary Gualano in the amount of \$2,390.63, effective 12/21/2013, as prepared by L&A.

AYES: Trustees Rice, Vallee, Birger, Pekoe and Chiaro

NAYS: None

ABSENT: None

The Board acknowledged the 01/22/2014 death of William O'Shaughnessy and addressed surviving spouse benefits to his wife, Eleanor. A motion was made by Trustee Pekoe and seconded by Trustee Birger to approve surviving spouse benefit payments to Eleanor O'Shaughnessy in the amount of \$2,905.41, effective 01/23/2014, as prepared by L&A.

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

The Board reviewed the 2014 statutory pension increases. A motion was made by Trustee Pekoe and seconded by Trustee Birger to approve the 2014 statutory increases, as prepared by L&A.

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

The Board reviewed the 05/01/2014 renewal for the Fiduciary Liability Insurance and Executive Risk Package policies for the 2014 – 2015 period. The Board agreed to wait until the next meeting so that the invoice would be available for review and approval.

The Board discussed preparation for election procedures. The active member Trustee term currently held by William Rice is expiring on 04/30/2014, so elections must be held for this position. Mr. Rice desires to continue on the Board, if nominated. Trustee Vallee will conduct the election procedures and will report the results at the next meeting.

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

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

Wayne Hoffman's disability case – is still in process.

Michael King disability – the Board determined that Mr. King was not disabled and presented the Decision and Order for the Board to execute. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve and execute the Decision and Order for Michael King. Motion carried by unanimous voice vote.

Update on new case law and pension legislation - there is currently no legal updates regarding new court decisions or legislation for Article 3 or 4 Pension Funds at this time.

**CLOSED SESSION** – none

The next regularly scheduled meeting is on May 13, 2014, at 8:30 a.m.

#### **ADJOURNMENT**

A motion was made by Trustee Pekoe and seconded by Trustee Birger to adjourn the meeting at 9:35 a.m. Motion carried by unanimous voice vote.

Respectfully submitted,

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William Rice, Pension Board President

Date approved: \_\_\_\_\_

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