

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES  
DES PLAINES FIREFIGHTERS' PENSION FUND  
February 3, 2015**

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, February 3, 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 8:45 a.m.

**ROLL CALL**

Upon roll call the following answered:

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

Absent: Trustee Nick Chiaro

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

**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 Pekoe to approve the November 4, 2014 regular meeting minutes as written. Motion carried by unanimous voice vote.

**NEW BUSINESS**

The Board reviewed the annual pension increases presented in the Board meeting packet. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to approve the statutory cost of living increases, as prepared by L&A (see attached).

AYES: Trustees Rice, Vallee, Pekoe, and Birger

NAYS: None

ABSENT: Trustee Chiaro

The Board acknowledged the death of pensioner Norbert Gorchocinski on 12/24/2014; his surviving spouse is Carol Gorchocinski.

The Board discussed surviving spouse benefits to Carol Gorchocinski. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve surviving spouse benefits to Carol Gorchocinski, effective 12/25/2014, in the amount of \$3,470.56 monthly.

AYES: Trustees Rice, Vallee, Pekoe, and Birger

NAYS: None

ABSENT: Trustee Chiaro

*Ms. Davis joined the meeting at 8:50 a.m.*

**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 0.98%; Fixed Income 34.67%; Equity 64.34%. Target allocations are Cash & Cash Equivalents 2.00%; Fixed Income 38.00%; Equity 60.00%. Mr. McShane discussed his recommendations to rebalance the asset allocations.

- A motion was made by Trustee Birger and seconded by Trustee Vallee to take \$1 million from the TCW Large Cap Value account and invest the proceeds into the Cash account to cover pension benefits and expenses for the quarter.

AYES: Trustees Rice, Vallee, Pekoe, and Birger

NAYS: None

ABSENT: Trustee Chiaro

- A motion was made by Trustee Pekoe and seconded by Trustee Birger to take an additional \$1 million from the TCW Large Cap Value account and invest the proceeds into the Harding Loevner International Equity account.

AYES: Trustees Rice, Vallee, Pekoe, and Birger

NAYS: None

ABSENT: Trustee Chiaro

As of 12/31/2014 the portfolio rate of return was 2.57% for the quarter, 6.29% year-to-date/one year, 10.10% for 3 years, and 6.05% since inception (12/01/2005). The benchmarks for the same periods reported 1.72% for the quarter, 5.76% year-to-date/one year, 9.22% for three years, and 5.74% since inception. The end of period market value was \$70,273,478.58.

Mr. McShane distributed the Manager Search, Large Cap Value and reviewed it with the Board. Based on the data presented, it is the recommendation of MSSB/Graystone Consulting to stay with Great Lakes Large Cap Value manager. The Board agreed that the long term data showed that Great Lakes has outperformed the benchmark and that it is only in the last five years that they have underperformed.

*Mr. McShane was excused and left the meeting at 10:00 a.m.*

### **CLOSED SESSION MINUTES**

The Board conducted a review of the closed session minutes. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to keep the closed session minutes confidential at this time. Motion carried by unanimous voice vote.

The Board discussed the destruction of the audio recording of the 05/07/2013 closed session. A motion was made by Trustee Pekoe and seconded by Trustee Birger to approve the destruction of the 05/07/2013 closed session audio recording. Motion carried by unanimous voice vote.

### **ACCOUNTANT'S REPORT**

The Board reviewed the monthly financial summary presented in the Board meeting packet. For the twelve months ended 12/31/2014, the net position held in trust for pension benefits was \$70,388,970.70. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to accept the 12/31/2014 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 Pekoe and seconded by Trustee Vallee to approve 2015 Warrant List #1, which states the vendor expenses paid for the quarter were \$41,641.83 (see attached).

AYES: Trustees Rice, Vallee, Pekoe, and Birger

NAYS: None

ABSENT: Trustee Chiaro

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

- Trustee Training Summary – the Board reviewed the summary and agreed to complete their training requirements.
- Statements of Economic Interest (SEI) – the Trustees were filed with the County on 01/28/2015; the County will email the SEI to the Board in March, and must be completed by May 1, 2015.
- New IRS mileage rate – the Board was informed that the new mileage rate for 2015 is \$0.575 per mile.

### **NEW BUSINESS...continued**

The Board discussed seeking reappointments and election procedures. The following is the only Trustee whose term will end on 04/30/2015: Retired member – Paul Birger. Mr. Birger indicated that he desires to continue on

the Board, if nominated. L&A was directed to assist with the elections procedures. A follow up report on the results of the Retired member election will be discussed at the next meeting.

The Board discussed the L&A engagement letter presented in the Board meeting packet. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to approve the L&A engagement letter for the years ending December 31, 2015, 2016 and 2017, for the services and fees presented. In connection with this agreement, the Fund authorizes L&A to automatically debit the Fund's disbursement account at Harris Bank upon the completion of services, for the cost agreed upon in the engagement letter.

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

The Board discussed the 05/01/2015 renewal of the Fiduciary Liability Insurance policies. The Board agreed to table this item for approval until the renewal invoices are received, which is expected before the next meeting.

The Board noted the following updates that were just received:

- Death of pensioner Kenneth Baumann on 01/29/2015 – the Fund will follow up to determine if there is a qualified surviving spouse. *Post Meeting Note: it was confirmed with the Baumann family that there was no surviving spouse (Mr. Baumann was divorced); pension benefits have ceased.*
- Retirement application – Firefighter Frank M. Graham submitted his retirement application, effective 02/19/2015. The Board will address the approval and details of his benefit calculation at the next meeting.

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

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

- Update on Wayne Hoffman's appeal – the Supreme Court upheld the mandate from the Appellate Court for a Line of Duty Disability pension benefit. The Workers' Compensation decision is not final, the City's appeal is still in process. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to approve a 65% Line of Duty Disability pension to Wayne Hoffman, effective 02/01/2015. Attorney Cribaro-Mello will consult with L&A to determine the benefit calculation and any offset/retro payment for approval at the next meeting.

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

*Treasurer Wisniewski left the meeting at 10:28 a.m.*

- Update on new court decisions involving pension funds – legal updates were discussed.
- Update on Michael King Administrative Review – on going litigation.

#### **CLOSED SESSION**

A motion was made by Trustee Birger and seconded by Trustee Vallee to go into closed session at 10:33 am  
A motion was made by Trustee Birger and seconded by Trustee Vallee to go back into open session at 10:51 am

The next regularly scheduled meeting is on May 5, 2015, at 8:30 a.m. and will be held in Room 407.

#### **ADJOURNMENT**

A motion was made by Trustee Vallee and seconded by Trustee Birger to adjourn the meeting at 11:00 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.*