

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES  
DES PLAINES FIREFIGHTERS' PENSION FUND  
FEBRUARY 5, 2013**

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, February 5, 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 8:37 a.m.

**ROLL CALL**

Upon roll call the following answered:

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

Absent: None

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

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

**APPROVAL OF PRIOR MEETING MINUTES**

The Board reviewed the prior meeting minutes as presented in the board meeting packet. A motion was made by Trustee Pekoe and seconded by Trustee Birger to approve the November 6, 2012 regular meeting minutes as written. Motion carried unanimously by voice vote.

A six-month review of the Closed Session minutes was conducted by the Board. The Board Attorney reviewed the closed session minutes. The Board agreed to release the 05/01/2012 closed session minutes. All other closed session minutes, including 11/03/2009 and 11/06/2012, will remain confidential at this time.

**INVESTMENT REPORT**

Mr. McShane distributed the Performance Report for the fourth quarter of 2012 and reviewed it with the Board commenting on the Capital Market Overview included in the report. As of December 31, 2012 the Fund was up 1.95% for the quarter and up 10.97% year-to-date outperforming the custom benchmark at 1.84% for the quarter and 11.01% year-to-date. The end of period market value was \$60,847,710. Asset allocations for the period were: equities 53.03% and total fixed income 46.97%, target allocations are currently equities 60% and fixed income 40%.

Mr. McShane discussed the impact that fixed income duration has and stated that McDonnell is currently at 5.75 years and Spare is at 5.14 years. The Board reviewed the tactical asset allocation weightings presented in the investment report. The Board discussed the cash flow status and Mr. McShane stated his recommendations. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to move \$1 million from McDonnell and \$1 million from the Spare fixed income accounts and invest \$500,000 into the Cash account, \$500,000 into the Lazard Emerging Markets Fund, and \$1 million into the SG Capital Small Cap Growth Fund.

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

NAYS: None

ABSENT: None

The revised Investment Policy Statement was presented to the Board and the following amendments were noted: the Equity target is 60%, the Fixed Income target is 40%, the Board Attorney's information was updated, the custodian name was changed to Morgan Stanley, and the investment assumption is 7%. A motion was made by Trustee Birger and seconded by Trustee Vallee to adopt the revised Investment Policy Statement as presented.

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

NAYS: None

ABSENT: None

Mr. McShane will finalize the Investment Policy Statement and send a copy to Ms. Davis who will forward a copy to the Illinois Department of Insurance (IDOI) to be filed with their office.

The Board discussed certain verbiage regarding an ADR issue. Mr. McShane and the Board Attorney will prepare permissible funds and a position for the Board to be in compliance with the IDOI at the next meeting.

### **ACCOUNTANT'S REPORT**

The Board reviewed the financial summary as presented in the board meeting packet. The summary stated for the twelve months ended December 31, 2012, additions were from employer contributions of \$3,655,294.78, employee contributions of \$839,357.27, and net investment income of \$6,141,750.49. Deductions were from administration costs of \$83, 131.50 and pension benefit payments and refunds of \$5,539,540.93. The result was a net increase of \$5,013,730.11. Net assets held at the end of the period were \$60,824,328.91. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to accept the December 31, 2012 financial report as presented. Motion carried unanimously by voice vote.

### **APPROVAL OF DISBURSEMENTS**

The Board reviewed the Warrant List as presented in the board meeting packet. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to approve Warrant List #1 - 2013 listing the check payables for the quarter totaling \$123,015.52. (See detail attached)

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

NAYS: None

ABSENT: None

There were no additional bills or reimbursements presented for Board approval.

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

The Board distributed copies of the Municipal Compliance Report and 12/31/2011 L&A Actuarial Valuation for the Trustees' binders.

The Board briefly discussed that the IRS 2010 Tax memo issue had been resolved with the assistance of L&A.

The Board reviewed the trustee training summary presented in the board meeting packet. The Board Attorney submitted additional certification hours for all board members. Ms. Davis will update the trustee training summary to reflect that all board members have completed the training requirements.

The Board discussed upcoming training opportunities. Trustee Rice will be attending an IPPFA Regional seminar on February 27, 2013.

The Board noted the following informational items: IRS mileage rate increased to \$0.565, all Affidavits of Continued Eligibility have been received from pensioners, and the active member file contents summary was reviewed.

The Board discussed the duplicate 1999 through 2005 bank and investment statements and work papers, which were used by L&A to prepare the monthly financial reports for the Fund. These documents have been determined to be beyond the required retention period and L&A was authorized to destroy the records.

### **NEW BUSINESS**

The Board discussed the purchase of a new Pension Fund computer and multifunction printer. A motion was made by Trustee Pekoe and seconded by Trustee Chiaro to authorize the purchase of a new Pension Fund Computer and a multifunction printer for a cost not to exceed \$3500.

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

NAYS: None

ABSENT: None

The Board discussed the Investment Consultant Request For Proposal (RFP) procedures being coordinated with the Police and Fire Pension Funds. The Board Attorney is assisting with the procedures. The Board requested that all inquiries and proposals be sent directly to the Board Attorney to facilitate the process. A motion was

made by Trustee Vallee and seconded by Trustee Birger to direct the Board Attorney to provide a list of five investment consultant service providers at the next meeting for the Board's consideration. Motion carried by unanimous voice vote.

The Board deferred the renewal of the Fiduciary Liability Insurance policy until the next meeting to obtain the annual premium amount.

The Board acknowledged the 12/05/2012 death of pensioner, Patrice Hintz, benefits have ceased.

The 2013 annual pensioner increases were distributed and reviewed by the Board. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to approve the 2013 annual pensioner increases as presented; the amount of the increase is \$11,854.14 bringing current benefits to \$484,145.41, the annualized amount will be \$5,809,744.92.

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

The Board discussed the new member applications received. A motion was made by Trustee Vallee and seconded by Trustee Pekoe to accept new members: Edward J. Wilson Jr., Daniel Garhan and Patrick Tennant all with a 01/02/2013 date of hire and Tier 2 status. Motion carried by unanimous voice vote.

The Board discussed obtaining a reference sheet that clearly states the Tier 1 and Tier 2 benefits for Pension Fund and City officials to use. Various sources were discussed where this information could be found, but no completely correct version was currently known. The Board directed the Board Attorney to update the Fire Guide to Retirement Plan so it can be placed on the Fire Pension webpage.

The Board discussed the approval of a contribution refund request from Frank Kubas. A motion was made by Trustee Vallee and seconded by Trustee Pekoe to approve the \$44,173.01 pre-tax contribution refund for Frank Kubas; 20% will be withheld from his distribution for federal tax withholding.

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

The Board discussed the approval of a contribution refund request from Nick Mardirosian. A motion was made by Trustee Vallee and seconded by Trustee Pekoe to approve the \$34,521.24 pre-tax contribution refund for Nick Mardirosian; 20% will be withheld from his distributions for federal tax withholding.

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

The Board discussed preparation for election procedures for Active member, Jeff Vallee, whose term is expiring. The election will be conducted at the Fire Department and results will be provided at the next meeting. Trustee Vallee indicated that he is interested in continuing to serve on the Board if nominated.

The Board discussed seeking re-appointments for both Susan Pekoe and Nicholas Chiaro. Since this is an election year, this item will remain on hold until the new mayor is seated.

Statements of Economic Interest were discussed with the Board. The Board member list was filed with Cook County on 12/19/2012, statements will be issued by the County in March and statements are due by May 1<sup>st</sup>.

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

The Board Attorney briefly updated the Board regarding Wayne Hoffman's administrative review.

The Board Attorney discussed the cancellation of Michael King's December 2012 disability hearing. She stated that the City of Des Plaines has filed a Motion to Intervene. It is expected that another hearing date will be set at the next quarterly Pension Board meeting. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve the City of Des Plaines' motion to intervene in the Pension Board's disability hearing for Michael King. Motion carried unanimously by voice vote.

The Board Attorney noted that there is currently no legislation regarding Article 3 or 4. A recent court case involving an Appellate court ruling was discussed.

Trustee Vallee left the meeting at 10:31 a.m.

**ADJOURNMENT**

A motion was made by Trustee Pekoe and seconded by Trustee Chiaro to adjourn the meeting at 10:35 a.m. Motion carried unanimously by voice vote.

Respectfully submitted,

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William Rice, President

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Jeff Vallee, Secretary

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

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