



DES PLAINES FIREFIGHTERS' PENSION FUND

405 S. River Road ■ Des Plaines, Illinois 60016

William Rice
President

Jeff Vallee
Secretary

Paul Birger
Trustee

Nicholas Chiaro
Trustee

Jeffery Rozovics
Trustee

MINUTES OF A REGULAR MEETING OF THE DES PLAINES FIREFIGHTERS' PENSION FUND BOARD OF TRUSTEES FEBRUARY 4, 2020

A regular meeting of the Des Plaines Firefighters' Pension Fund Board of Trustees was held on Tuesday, February 4, 2020 at 8:30 a.m. in City Hall in Room 101 located at 1420 Miner Street, Des Plaines, Illinois 60016, pursuant to notice.

CALL TO ORDER: Trustee Rice called the meeting to order at 8:34 a.m.

ROLL CALL:

PRESENT: Trustees Bill Rice, Jeff Vallee, Paul Birger, Nicholas Chiaro and Jeffery Rozovics

ABSENT: None

ALSO PRESENT: Attorney Laura Goodloe, Puchalski Goodloe Marzullo, LLP (PGM); Thomas McShane, Graystone Consulting; Michelle Rice and Molly Weslow, Lauterbach & Amen, LLP (L&A); Treasurer Dorothy Wisniewski, City of Des Plaines

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MEETING MINUTES: *November 12, 2019 Regular Meeting:* The Board reviewed the November 12, 2019 regular meeting minutes. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve the November 12, 2019 regular meeting minutes as written. Motion carried unanimously by voice vote.

Semi-Annual Review of Closed Session Meeting Minutes: The Board discussed the closed session meeting minutes and will not release them at this time due to pending matters.

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report:* The Board was provided the Monthly Financial Report for the twelve-month period ending December 31, 2019 prepared by L&A. As of December 31, 2019, the net position held in trust for pension benefits is \$84,329,417.58 for a change in position of \$12,331,017.56. The Board also was provided the Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report and Payroll Journal. A motion was made by Trustee Chiaro and seconded by Trustee Vallee to accept the Monthly Financial Report as prepared. Motion carried unanimously by voice vote.

Presentation and Approval of Bills: The Board reviewed the Vendor Check Report for the period October 1, 2019 through December 31, 2019 for total disbursements of \$415,265.67. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve the disbursements shown on the Vendor Check Report in the amount of \$415,265.67. Motion carried by roll call vote.

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

NAYS: None

ABSENT: None

Additional Bills, if any: There were no additional bills presented for approval.

INVESTMENT REPORT – GRAYSTONE CONSULTING: *Potential Purchase and/or Sale of Securities:*

The Board discussed increasing the monthly transfer amount from \$710,000 to \$745,000 to the Harris Bank account on a monthly basis for the purpose of paying pension benefits and expenses. A motion was made by Trustee Vallee and seconded by Trustee Birger to increase the monthly transfer amount as stated. Motion carried by roll call vote.

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

The Board discussed the transfer of \$100,000 from TCW Value to the cash account for the purpose of funding January 2020 benefit payments. A motion was made by Trustee Birger and seconded by Trustee Rozovics to retroactively approve the transfer as discussed. Motion carried by roll call vote.

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

The Board discussed rebalancing the portfolio. A motion was made by Trustee Vallee and seconded by Trustee Birger to transfer \$2,200,000 from the International Index and reallocate the proceeds as follows: \$1,100,000 to JP Morgan Emerging Markets and \$1,100,000 to American New World Emerging Markets, based on the recommendation of Graystone Consulting. Motion carried by roll call vote.

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

The Board discussed active management and better returns within the International Equity. A motion was made by Trustee Birger and seconded by Trustee Rozovics to transfer the remaining balance in the International Index and reallocate the proceeds to Harding Loevner, based on the recommendation of Graystone Consulting. Motion carried by roll call vote.

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

Quarterly Performance Report: Mr. McShane presented the Quarterly Performance Report for the period ending December 31, 2019. As of December 31, 2019, the quarter-to-date net return is 6.05% and the ending market value is \$84,353,938.65. The current asset allocation is as follows: fixed income at 32.51%, equities at 66.72% and cash management at 0.77%. Mr. McShane reviewed the recent transactions and discussed cash flow needs for the upcoming quarter.

Allocations and Hiring/Termination of Investment Managers: The Board discussed recent underperformance. A motion was made by Trustee Chiaro and seconded by Trustee Vallee to terminate TCW Value and reallocate the proceeds to Great Lakes Value Manager, based on the recommendation of Graystone Consulting. Motion carried by roll call vote.

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

The Board reviewed changes in recent portfolio management. A motion was made by Trustee Vallee and seconded by Trustee Rozovics to terminate Jennison Large Cap Growth Manger and reallocate the proceeds as follows: \$1,200,000 to cash and the balance to the Vanguard S&P 500 Index Mutual Fund. Motion carried by roll call vote.

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

The Board discussed the Exchange Large Cap Value Index Fund. A motion was made by Trustee Birger and seconded by Trustee Rozovics to terminate the Exchange Large Cap Value Index Fund and reallocate the proceeds to the Vanguard S&P 500 Index Mutual Fund, based on the recommendation of Graystone Consulting. Motion carried by roll call vote.

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

Review/Update Investment Policy, if needed: The Board discussed the Investment Policy and determined no changes are required at this time.

COMMUNICATIONS AND REPORTS: *Affidavits of Continued Eligibility:* L&A informed the Board that due to recently implemented requirements mandated by the IDOI, spousal data will be necessary in order to file the IDOI Annual Statement. L&A recommended issuing Affidavits of Continued Eligibility to all pensioners with the December payroll cycle, to coincide with the fiscal year-end and ensure adequate time to compile the necessary data.

Statements of Economic Interest: The Board noted that the List of Filers was due to the County by February 1, 2020. Statements of Economic Interest will be sent to all registered filers who will need to respond by the deadline of May 1, 2020.

2020 IRS Mileage Rate: The Board noted that the IRS standard business mileage rate used for reimbursement decreased to \$0.575 per mile effective January 1, 2020.

Trustee Rice apprised the Board that the Governor issued a list with the members on the interim consolidated Board and noted that the new Fire Chief, Dan Anderson for Des Plaines Fire Department will not partake in the Des Plaines Firefighters' Pension Fund.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM THE FUND: *Application for Membership – Benny Baltazar:* The Board reviewed the Application for Membership submitted by Benny Baltazar. A motion was made by Trustee Vallee and seconded by Trustee Birger to accept Benny Baltazar into the Des Plaines Firefighters' Pension Fund effective January 2, 2020 as a Tier II participant. Motion carried unanimously by voice vote.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: *Approve Regular Retirement Benefit – Scott Peirson:* The Board reviewed the regular retirement benefit calculation for Scott Peirson prepared by L&A. Battalion Chief Peirson had an entry date of March 9, 1987, retirement date of January 22, 2020, effective date of pension of January 23, 2020, 55 years of age at date of retirement, 32 years and 10 months of creditable service, applicable salary of \$134,484.41, applicable pension percentage of 75%, amount of originally granted monthly pension of \$8,405.28 and amount of originally granted annual pension of \$100,863.36. A motion was made by Trustee Birger and seconded by Trustee Rozovics to approve Scott Peirson's regular retirement benefit calculated by L&A. Motion carried by roll call vote.

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

Approve Regular Retirement Benefit – Anthony Zulfer: The Board reviewed the regular retirement benefit calculation for Anthony Zulfer prepared by L&A. Firefighter Zulfer had an entry date of January 11, 2020, retirement date of March 16, 2020, effective date of pension of March 17, 2020, 54 years of age at date of retirement, 30 years and 2 months of creditable service, applicable salary of \$110,123, applicable pension percentage of 75%, amount of originally granted monthly pension of \$6,882.69 and amount of originally granted

annual pension of \$82,592.28. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve Anthony Zulfer's regular retirement benefit calculated by L&A. Motion carried by roll call vote.

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

OLD BUSINESS: There was no old business to discuss.

NEW BUSINESS: *Approve Annual Cost of Living Adjustments (COLAs) for Pensioners:* The Board reviewed the 2020 Cost of Living Adjustments (see attached) calculated by L&A. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to approve the 2020 Cost of Living Adjustments as required by statute and calculated by L&A. Motion carried by roll call vote.

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

Review Trustee Term Expirations and Election Procedures: The Board noted that the active member term currently held by Trustee Rice is expiring in April 2020. Trustee Rice expressed his interest to remain on the Board if nominated. The Board will conduct an election for one of the two active member Trustee positions.

IDOI Annual Statement: The Board noted that the IDOI Annual Statement is in process and the final report will be sent to the Board for review upon completion.

The Board noted that an IDOI Compliance Examination has been received and all requested documentation has been submitted. Updates will be provided to the Board as they become available.

TRUSTEE TRAINING UPDATE: The Board discussed upcoming training opportunities and were reminded to submit any certificates of completion to L&A for recordkeeping.

Approval of Trustee Training Registration Fees and Reimbursable Expenses: There were no trustee training registrations or reimbursable expenses presented for approval.

ATTORNEY'S REPORT – PUCHALSKI GOODLOE MARZULLO, LLP: *Review and Discuss Recent Legislation Changes to the Illinois Pension Code:* Attorney Goodloe provided an overview on recent legislation and investment consolidation. All questions were answered by Attorney Goodloe.

Annual Independent Medical Examination – Michael Carey: Attorney Goodloe informed the Board that Michael Carey attended his annual independent medical examination and it was determined that he remains disabled. Michael Carey's disability benefit will continue and he is no longer subject to annual independent medical examinations due to reaching age 50.

Status of Remand – Michael King: Attorney Goodloe apprised the Board that she has reached out to Michael King's legal counsel regarding rescheduling the deposition of Dr. Butler, but no response has been received to date. Further discussion will be held at the next regular meeting.

Status of Carroll Disability Pension Claim: Attorney Goodloe informed the Board that she is awaiting a second signed medical authorization to be received by Ian Carroll before a deposition of Dr. McFaul can be scheduled. Further discussion will be held at the next regular meeting.

CLOSED SESSION, IF NEEDED: There was no need for closed session.

ADJOURNMENT: A motion was made by Trustee Birger and seconded by Trustee Vallee to adjourn the meeting at 10:03 a.m. Motion carried unanimously by voice vote.

The next regular meeting is scheduled for May 5, 2020 at 8:30 a.m.

Board President or Secretary

Minutes approved by the Board on _____

Minutes prepared by Michelle Rice, Pension Services Administrator, Lauterbach & Amen, LLP