



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 BOARD OF TRUSTEES OF THE DES PLAINES FIREFIGHTERS' PENSION FUND NOVEMBER 14, 2017

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, November 14, 2017 at 8:30 a.m., at City Hall located at 1420 Miner Street in Room 101, Des Plaines, IL, pursuant to notice, to conduct regular business.

CALL TO ORDER: President Rice called the meeting to order at 8:36 a.m.

ROLL CALL:

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

ABSENT: None

ALSO PRESENT: Laura Goodloe, Puchalski Goodloe Marzullo, LLP; Thomas McShane, MSSB/Graystone Consulting; Michelle Hawkins, Lauterbach & Amen, LLP (L&A); Alan Wax, Des Plaines Fire Chief; Ken Grossman and Glen Schneider, SG Capital; Dorothy Wisniewski, City of Des Plaines

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MEETING MINUTES: *Regular Meeting Minutes – August 1, 2017:* The minutes of the August 1, 2017 regular meeting were reviewed by the Board. A motion was made by Trustee Chiaro and seconded by Trustee Birger to approve the August 1, 2017 minutes as written. Motion carried unanimously by voice vote.

Open Session Minutes – September 22, 2017: The minutes of the September 22, 2017 special meeting were reviewed by the Board. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve the September 22, 2017 minutes as written. Motion carried unanimously by voice vote.

Open Session Minutes – October 30, 2017: The minutes of the October 30, 2017 special meeting were reviewed by the Board. A motion was made by Trustee Birger and seconded by Trustee Vallee to approve the October 30, 2017 minutes as written. Motion carried by voice vote with Trustee Chiaro abstaining due to his absence from the aforementioned meeting.

Closed Session Meeting – September 22, 2017: The closed session minutes of the September 22, 2017 special meeting were reviewed by the Board. A motion was made by Trustee Rozovics and seconded by Trustee Birger to approve the September 22, 2017 closed session minutes as written and to keep them closed due to pending matters. Motion carried unanimously by voice vote.

Closed Session Meeting – October 30, 2017: The closed session minutes of the October 30, 2017 special meeting were reviewed by the Board. A motion was made by Trustee Vallee and seconded by Trustee Rozovics to approve the October 30, 2017 closed session minutes as written and to keep them closed due to pending matters. Motion carried by voice vote with Trustee Chiaro abstaining due to his absence from the aforementioned meeting.

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report:* The Board reviewed the Monthly Financial Report prepared by Lauterbach & Amen, LLP. As of October 31, 2017, the plan net assets held in trust for pension benefits is \$79,779,932.97 with a change in position of \$9,010,615.01 for the ten-month period ending October 31, 2017. The Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report and Payroll Journal were provided in the Monthly Financial Report for the Board to review. A motion was made by Trustee Birger and seconded by Trustee Rozovics to accept the Monthly Financial Report as presented. Motion carried unanimously by voice vote.

Presentation and Approval of Additional Bills: The Board reviewed the Vendor Checks Report for the period 08/01/2017 through 10/31/2017 for total disbursements of \$362,121.43. A motion was made by Trustee Vallee and seconded by Trustee Rozovics to approve the disbursements listed on the Vendor Checks Report in the amount of \$362,121.43. Motion carried by roll call vote.

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

Additional Bills, if any: The Board reviewed the following additional invoice:

- IPPFA invoice #1199 for 2018 Membership Dues in the amount of \$795

A motion was made by Trustee Vallee and seconded by Trustee Birger to approve payment of the additional invoice as presented. Motion carried by roll call vote.

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

INVESTMENT REPORT: *Small Cap Investment Presentation – SG Capital:* Ken Grossman and Glen Schneider from SG Capital discussed recent performance and future portfolio strategy with the Board.

Ken Grossman and Glen Schneider left the meeting at 9:25 a.m.

Quarterly Performance Report: [Potential purchase and/or sale of securities, re-balancing of asset allocations and hiring/termination of investment managers:] Mr. McShane presented the Quarterly Performance Report for the period ended September 30, 2017. As of 09/30/17, the ending market value of the fund is \$79,505,693. The total return is 4.15% for the third quarter; 6.78% for the last 3 years, 7.75% for the last 5 years and 6.15% since inception. The portfolio asset allocation is 36.31% Domestic Equity; 25.17% International Equity; 29.98% Domestic Fixed Income; 1.94% Alternative Investment and 6.60% Cash Equivalent. Mr. McShane noted that a performance review of the Fixed Income Managers will be conducted at the next scheduled meeting. All questions were answered by Mr. McShane.

The Board discussed combining assets held in Mid Cap Equity with Small Cap Equity. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to combine Mid Cap Equity with Small Cap Equity and to relocate the funds held in iShares Russell Mid Cap to SG Capital Small Cap Growth. Motion carried by roll call vote.

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

The Board discussed rebalancing the portfolio to be within statute guidelines. Mr. McShane advised the Board needn't rebalance at this time as they are within statute guidelines based upon the total assets held in cash.

The Board discussed increasing the monthly transfer amount from \$640,000 to \$660,000 to the checking account for the purpose of paying pension benefits. A motion was made by Trustee Vallee and seconded by Trustee Birger to increase the monthly transfer amount as stated effective with the January 2018 transfer. Motion carried by roll call vote.

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

Review Updated Investment Policy Statement: Mr. McShane reviewed the changes made to the current Investment Policy Statement with the Board. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to accept the updated Investment Policy Statement with Graystone Consulting as presented. Motion carried unanimously by voice vote.

COMMUNICATIONS OR REPORTS: *Affidavits of Continued Eligibility:* The Board noted that all 2017 Affidavits of Continued Eligibility have been received by L&A. The originals were presented to the Board for their records.

Trustee Rice apprised the Board of the 1099R coding/re-employment and HB0688 memo provided by L&A and noted that they do not affect any current Des Plaines Fire pensioners or active members.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM FUND: There were no applications for membership or withdrawals from the fund at this time.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: *Deceased Pensioner – Richard Arthur/Approval of Surviving Spouse Benefits – Arlene Arthur:* The Board noted that Richard Arthur passed away on September 1, 2017. The Board reviewed the surviving spouse benefit calculation for Arlene Arthur with an effective date of September 2, 2017 for a monthly benefit of \$5,887.99 with no additional increases. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve the surviving spouse benefits of Arlene Arthur as calculated by L&A. Motion carried by roll call vote.

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

Deceased Pensioner – Jean Freise: The Board noted that pensioner Jean Freise passed away on October 3, 2017 and her benefits have ceased.

Review/Approval of Benefit Recalculation & Retro Payment – John Foy: The Board reviewed the recalculated regular retirement benefits and retro payment calculation for John Foy. Firefighter Foy had an entry date of 05/08/95, retirement date of 05/18/17, effective date of pension of 05/19/17, 52 years of age at date of retirement, 22 years of creditable service, applicable salary of \$100,127, applicable pension percentage of 55%, amount of originally granted monthly pension of \$4,589.15 and amount of originally granted annual pension of \$55,069.80. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve John Foy's recalculated regular retirement benefit and retro payment in the amount of \$535.31 for the period May 19, 2017 – September 30, 2017 as calculated by L&A. Motion carried by roll call vote.

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

Review/Approval of Benefit Recalculation & Retro Payment – Eric Suevel: The Board reviewed the recalculated regular retirement benefits and retro payment calculation for Eric Suevel. Firefighter Suevel had an entry date of 08/18/86, retirement date of 01/06/17, effective date of pension of 01/17/17, 57 years of age at date of

retirement, 30 years and 4 months of creditable service, applicable salary of \$102,425, applicable pension percentage of 75%, amount of originally granted monthly pension of \$6,401.56 and amount of originally granted annual pension of \$76,818.72. A motion was made by Trustee Birger and seconded by Trustee Rozovics to approve Eric Suevel's recalculated regular retirement benefit and retro payment in the amount of \$1,454.65 for the period January 31, 2017 – September 30, 2017 as calculated by L&A. Motion carried by roll call vote.

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

OLD BUSINESS: *Discussion/Possible Action – Investment Contract/Services Agreement Amendment – Graystone Consulting:* The Board discussed the Investment Contract/Services Agreement Amendment with Graystone Consulting and noted that no further action is needed.

NEW BUSINESS: *Discussion/Possible Action – Lauterbach & Amen, LLP Engagement Letter:* The Board reviewed the Lauterbach & Amen three-year engagement letter. A motion was made by Trustee Chiaro and seconded by Trustee Vallee to engage L&A for three years in the annual amounts as follows: \$26,505 for the year ended 12/31/2018; \$27,310 for the year ended 12/31/2019; \$28,125 for the year ended 12/31/2020. Motion carried by roll call vote.

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

Review and Approve Actuarial Valuation and Tax Levy Request: The Board noted that the tax levy amount requested from the City of Des Plaines Board of Trustees was \$4,760,036 based on the Illinois Department of Insurance Actuarial Valuation.

Review and Approve Municipal Compliance Report: The Board reviewed the Municipal Compliance Report prepared by L&A. A motion was made by Trustee Vallee and seconded by Trustee Rozovics to adopt the MCR as prepared and to authorize signatures by the Board President and Secretary. Motion carried unanimously by voice vote.

Illinois Department of Insurance Annual Statement: The Board noted that the Illinois Department of Insurance Annual Statement was filed with the DOI by the June 30th deadline. No further action is needed.

2018 Board Meeting Dates: The Board discussed establishing the 2018 Board meeting dates as February 6, May 1, August 7, and November 13 at 8:30 a.m. located at 1420 Miner Street, in Room 101. A motion was made by Trustee Birger and seconded by Trustee Rozovics to establish the 2018 Board meeting dates as stated. Motion carried unanimously by voice vote.

TRUSTEE TRAINING UPDATE: The Board discussed recent training opportunities and was reminded to send all training certificates to L&A for recordkeeping.

ATTORNEY'S REPORT: *Status of Disability Application – Eric Chipman:* Ms. Goodloe informed the Board that the exhibits have been sent to the Board for the November 15, 2017 disability hearing for review. An update will be provided at the next regular meeting.

Status of Disability Application – Michael Shaughnessy: Ms. Goodloe noted that the City of Des Plaines intervention hearing has been scheduled for November 17, 2017. An update will be provided at the next regular meeting.

Status of Remand – Michael King: Ms. Goodloe apprised the Board that she is working on a list of witnesses and proposed hearing exhibits. An update will be provided at the next regular meeting.

Annual Independent Medical Examination – Michael Carey: Ms. Goodloe informed the Board that a medical records request has been sent for Michael Carey and his IME will be scheduled prior to the end of the year. A status update will be provided at the next regular meeting.

Annual Independent Medical Examination – Christopher Moran: Ms. Goodloe noted she has received Christopher Moran's affidavit and is in the process of collecting his medical records before his IME is scheduled. A status update will be provided at the next scheduled meeting.

Review/Approval of Pension Fund Forms: Ms. Goodloe discussed the revised Pension Fund Forms. A motion was made by Trustee Vallee and seconded by Trustee Rozovics to approve the revised Pension Fund Forms as prepared. Motion carried unanimously by voice vote.

CLOSED SESSION, IF NEEDED: There were no items to be discussed in closed session.

ADJOURNMENT: A motion was made by Trustee Vallee and seconded by Trustee Birger to adjourn the meeting at 10:37 a.m. Motion carried unanimously by voice vote.

The next regular meeting of the Des Plaines Firefighters' Pension Fund will be held on **Tuesday, February 6, 2018 at 8:30 a.m.** in Room 101.

Respectfully submitted, _____ Date approved: _____
William Rice, Pension Board President

Minutes prepared by Michelle Hawkins, Pension Services Administrator