

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

May 13, 2014

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, May 13, 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 8:33 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; Allison Barrett (arrived later), Derek Flessner and Becky Davis of Lauterbach & Amen, LLP (L&A); Treasurer Dorothy Wisniewski; Thomas McShane of Graystone/MSSB; Ken Grossman of SG Capital Management, LLC (arrive 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 Pekoe to approve the February 4, 2014 regular meeting minutes as written.

AYES: Trustees Rice, Vallee, Birger and Pekoe

NAYS: None

ABSENT: Trustee Chiaro

ACCOUNTANT'S REPORT

The Board agreed to hold discussion regarding the processing of pension checks until later in the meeting.

Mr. Flessner discussed the draft IDOI Annual Statement. Trustee Birger discussed the interrogatory questions and requested amendments to item A05c 1-3; Mr. Flessner will make the corrections as discussed. A motion was made by Trustee Birger and seconded by Trustee Pekoe to approve the draft IDOI Annual Statement, as amended. Motion carried by unanimous voice vote.

Mr. Flessner will file the final IDOI Annual Statement and submit the Certification Form to the Board President, Secretary and Treasurer for execution.

The Board reviewed the financial summary presented in the board meeting packet. For the three months ended March 31, 2014, the net position held in trust for pension benefits was \$69,020,965.81. A motion was made by Trustee Pekoe and seconded by Trustee Birger to accept the March 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 Birger to approve 2014 Warrant List #2 stating the expenses paid for the quarter totaled \$37,625.31 (see attached).

AYES: Trustees Rice, Vallee, Birger and Pekoe

NAYS: None

ABSENT: Trustee Chiaro

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 the attorney certified 2013 training certificates, as soon as possible.

The Board noted the following:

- Pension file updates are being received and are on-going.
- All Trustees confirmed that they have completed their Statements of Economic Interest.
- L&A will prepare and mail the annual Affidavits of Continued Eligibility to pensioners in June.
- The memorial page on the Pension Fund's website was corrected and updated.

NEW BUSINESS

Treasurer Wisniewski discussed a question from the auditors regarding the processing of pension checks, and indicated that the issue was resolved. The Board reviewed the Treasurer's resolution presented in the board meeting packet. Ms. Barrett stated that the resolution was prepared by two Article 3 & 4 Pension Fund Attorneys, and that the resolution had been approved by the IDOI to resolve compliance findings regarding the Treasurer's signing of Pension Fund checks. Treasurer Wisniewski and Attorney Cribaro-Mello discussed the resolution and Ms. Barrett answered their questions. The Board directed L&A to prepare a final resolution for the Fund and submit it to the Board Attorney and Treasurer for their approval. The Board will address its approval of the resolution at the next meeting.

Treasurer Wisniewski indicated that the audit is scheduled to be completed by May 31st. Copies of the final audit will be distributed to the Fund upon its completion.

The Board discussed the annual IDOI Compliance fee invoice, which will be mailed to the Fund in May and payment is due by the end of June. A motion was made by Trustee Birger and seconded by Trustee Pekoe to approve payment of the IDOI Compliance fee invoice upon receipt, not to exceed \$8,000.

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

The Board discussed the completion of Randall Trost's reciprocity request to combine his creditable service with North Maine Fire of one year, 11 months, and 20 days (July 28, 1986 through July 17, 1988), under 40 ILCS 5/4-109.3. He has paid both Funds (North Maine Fire and Des Plaines Fire) all the monies due under statute and an additional 1% is being withheld directly from his paycheck by the City of Des Plaines. A motion was made by Trustee Vallee and seconded by Trustee Pekoe to approve the reciprocity request by Randall Trost.

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

The Board reviewed the retro and new benefit calculation for Colin Carroll, which was due to the settlement of the labor contract (retro to 01/01/2013), and presented in the board meeting packet. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to approve the \$1,344.46 retro payment to Colin Carroll, and the adjustment of his benefit calculation based on the applicable salary of \$91,515.00; his monthly pension amount is \$5,449.59 until his first increase in May of 2014.

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

Mr. Grossman joined the meeting at 9:03 a.m.

The Board reviewed the invoices received for the May 1st renewal of the Fiduciary Liability Insurance and Executive Risk Package policies for the 2014 – 2015 period. A motion was made by Trustee Vallee and seconded by Trustee Pekoe to approve payment to renew the policies for another year, at a cost of \$8,499.00 for the Fiduciary Liability policy and \$3,835.00 for the Executive Risk Package.

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

The Board discussed the election results for active member William Rice, who ran unopposed. A motion was made by Trustee Birger and seconded by Trustee Vallee to certify the election results re-electing William Rice by acclamation to another three year term, ending 04/30/2017. Motion carried by unanimous voice vote.

The Board conducted the annual Board Officer elections for the positions of President and Secretary. A motion was made by Trustee Birger and seconded by Trustee Pekoe to retain the same Board Officers, as follows: President – William Rice, Secretary – Jeff Vallee. Motion carried by unanimous voice vote.

INVESTMENT REPORT

Mr. McShane introduced Mr. Grossman to the Board and distributed SG Capital Management's *Client Review* to the Board. Mr. Grossman discussed the firm's overview, new employees, long term and current performance. The firm is very close to peak assets and plans to hard close the Small-Cap strategies when they reach \$600 - \$700 million. Mr. Grossman answered the Board's questions.

Mr. Grossman was excused and left the meeting at 9:35 a.m.

Mr. Trost left the meeting at 9:41 a.m.

Mr. McShane distributed the quarterly investment report and reviewed it with the Board. As of March 31, 2014 the portfolio rate of return was up 1.64% for the quarter, 10.22% for one year, 8.45% for 3 years, and 6.04% since inception (01/01/2006). The portfolio returns exceeded the benchmarks which reported 1.55%, 9.14%, 8.45% and 5.71%, respectively. The end of period market value was \$69,057,362.30. Asset allocations for the period were: cash & cash equivalents 1.65%, fixed income 36.36% and equities 61.99%. Current target allocations are: cash & cash equivalents 2.00%, fixed income 38% and equities 60%. Mr. McShane noted that no changes are recommended at this time, and recommended that a discussion about updating the asset allocations for Mid and Small Cap could be considered for the next meeting.

Mr. McShane discussed the cash flow for the Fund and made his recommendation to the Board. A motion was made by Trustee Birger and seconded by Trustee Pekoe to increase the monthly funding amount to \$540,000; these funds will be deposited into the Harris Bank account to cover pension benefits and Fund expenses.

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

Mr. McShane discussed the Large Cap allocation and made his recommendation to the Board. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to transfer \$1 million from the Russell 1000 Growth Index fund and transfer \$1 million from Great Lakes Large Cap Value fund, and invest those proceeds into the Harding Loevner – International Equity account.

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

Mr. McShane reviewed the cash flow needs of the Fund for the next quarter and made his recommendation to the Board. A motion was made by Trustee Pekoe and seconded by Trustee Vallee to take \$750,000 from each of the fixed income managers: McDonnell and Spare, and add those proceeds to the cash management account to cover pension benefit payments and Fund expenses, as needed.

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

Mr. McShane indicated that there are no changes needed to the investment policy statement at this time.

A motion was made by Trustee Vallee and seconded by Trustee Birger to accept the investment report as presented. Motion carried by unanimous voice vote.

Mr. McShane was excused and left the meeting at 10:03 a.m.

ATTORNEY'S REPORT

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

- Update on Wayne Hoffman's appeal – in process; court appearance scheduled for 06/14/2014.

Trustee Vallee was excused and left the meeting at 10:10 a.m.

- Update on Michael King Administrative Review – in process.
- Update on Michael Carey disability re-certification – the medical report stating Mr. Carey is still disabled is in route through the U.S. Post Office mail; Mr. Carey stated that there will be no fee to the Fund because his medical insurance will cover the office examination.
- Update on new court decisions – the Board discussed recent court decisions.

CLOSED SESSION – none needed

The next regularly scheduled meeting is on August 5, 2014, at 8:30 a.m.

ADJOURNMENT

A motion was made by Trustee Pekoe and seconded by Trustee Birger to adjourn the meeting at 10:22 a.m. Motion carried by unanimous voice vote.

Respectfully submitted,

Jeff Vallee, Pension Board Secretary

Date approved: 8/5/2014

Minutes prepared by Becky Davis, Pension Services Administrator.