

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

August 5, 2014

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, August 5, 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, Trustee Susan Pekoe and Trustee Nick Chiaro

Absent: None

Also Present: Board Attorney Camille Cribaro-Mello of Sanchez Daniels & Hoffman LLP; Thomas McShane of Graystone/MSSB; Retired Police Officer Wendall Whitted; Allison Barrett and Becky Davis of Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT – There was no public 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 May 13, 2014 regular meeting minutes as written.

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

NAYS: None

ABSENT: None

The Board conducted a review of the closed session minutes, and agreed that the 11/03/2009, 11/06/2012, 09/20/2013 and 12/11/2013 closed session minutes should remain confidential at this time.

The Board discussed the destruction of specific closed session audio recordings. A motion was made by Trustee Pekoe and seconded by Trustee Birger to approve the destruction of the following audio recordings: 11/03/2009, 08/02/2011, 05/01/2012, and 11/06/2012. Motion carried by unanimous voice vote.

ACCOUNTANT'S REPORT

The Board noted that the 12/31/2013 IDOI Annual Statement was completed, and the Certification Form was sent to the IDOI on 06/11/2014.

The Board reviewed the financial summary presented in the Board meeting packet. For the six months ended 06/30/2014, the net position held in trust for pension benefits was \$70,040,589.75. A motion was made by Trustee Pekoe and seconded by Trustee Birger to accept the 06/30/2014 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 #3, which states the total expenses paid for the quarter were \$40,194.95 (see attached).

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

NAYS: None

ABSENT: None

INFORMATIONAL ITEMS OR UNFINISHED BUSINESS

- Trustee Training Summary - Attorney Cribaro Mello distributed the attorney certified 2013 training certificates for each Trustee. The Board discussed several training opportunities available, and the Trustees were reminded to complete the 16 hours of continued education before 12/31/2014, and submit their training certificates to Ms. Davis for recordkeeping.

- Review and update membership files – L&A will prepare the active member letters for distribution before the end of the year.
- Annual Affidavits of Continued Eligibility – Ms. Davis reported that the affidavits are still being received and that a report on the results will be provided at the next meeting.
- Review and possible approval of the Treasurer's resolution – The Board reviewed the Treasurer's Resolution presented in the Board meeting packet. A few corrections were noted. A motion was made by Trustee Vallee and seconded by Trustee Pekoe to approve the resolution delegating the Treasurer's signatory authority for the Des Plaines Firefighters' Pension Fund, as amended. Motion carried by unanimous voice vote.
- FOIA request completed – The Board discussed the recent FOIA request that was completed in a timely manner.

NEW BUSINESS

Trustee Rice asked the Board if there were any registration fees and/or reimbursement of training expenses needed at this time, and hearing none there was no action taken.

The Board discussed the review the 12/31/2013 DOI actuarial report and the tax levy recommendation to the City. Per the report, the suggested amount of employer contributions to arrive at the annual requirements of the Fund, as prescribed by Section 4-118 of the Illinois Pension Code, was \$4,221,047. A motion was made by Trustee Chiaro and seconded by Trustee Pekoe to authorize the Board President to review the actuarial reports and submit the higher amount to the City on the Board's behalf. Motion carried by unanimous voice vote.

The Board acknowledged the death of Charles Davis's wife (pensioner) on 04/30/2014.

INVESTMENT REPORT

Mr. McShane distributed the quarterly investment report and reviewed it with the Board. As of June 30, 2014 the portfolio rate of return was up 3.37% for the quarter, 5.07% year-to-date, 15.09% for one year, 9.30% for 3 years, and 6.27% since inception (01/01/2006). The benchmarks for the same periods reported 3.67% for the quarter, 5.28% year-to-date, 14.39% for one year, 8.11% for three years, and 5.99% since inception. The end of period market value was \$70,109,443.26. Asset allocations for the period were: cash & cash equivalents 1.96%, fixed income 34.26% and equities 63.78%. Current target allocations are: cash & cash equivalents 2.00%, fixed income 38% and equities 60%. Mr. McShane recommended the following to the Board to rebalance the asset allocations:

- A motion was made by Trustee Vallee and seconded by Trustee Pekoe to take \$400,000 from the Large Cap Equity - iShares Russell 1000 Growth Index Fund and reinvest the proceeds into the REIT – Nuveen/First American – Real Estate Fund.
AYES: Trustees Rice, Vallee, Birger, Pekoe and Chiaro
NAYS: None
ABSENT: None
- A motion was made by Trustee Pekoe and seconded by Trustee Vallee to take \$700,000 from Large Cap Equity – TCW – Large Cap Value and reinvest the proceeds into the Developed International – iShares – MSCI EAFE Index Fund.
AYES: Trustees Rice, Vallee, Birger, Pekoe and Chiaro
NAYS: None
ABSENT: None

Mr. McShane reviewed the manager performance and discussed Great Lakes Large Cap Value, Jennison – Large Cap Growth and Harding Loevner – International Equity share class exchange.

Mr. McShane reviewed the investment policy statement with the Board and noted some possible changes. Trustee Rice requested that Mr. McShane review the changes with the Attorney Cribaro Mello. Further discussion regarding the revised investment policy statement will be addresses at the next meeting.

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

ATTORNEY'S REPORT

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

- Update on Wayne Hoffman's appeal – in process; waiting for court's decision whether or not to grant oral arguments. It is possible that a special meeting may need to be held regarding this appeal. Further discussion about this matter will be addressed at the next meeting.

The power in the building went out temporarily at 9:46 a.m. and came back on shortly thereafter.

- Update on Michael King Administrative Review – in process. Further discussion about this matter will be addressed at the next meeting.
- Update on new court decisions – recent court cases and decisions were discussed.

CLOSED SESSION – none needed

Trustee Rice noted that he may not be available for the next meeting and confirmed with the other Trustees that there would be a quorum.

The next regularly scheduled meeting is on November 4, 2014, at 8:30 a.m. and will be held in Room 303.

ADJOURNMENT

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

Respectfully submitted,

William Rice, Pension Board President

Date approved: _____

Minutes prepared by Becky Davis, Pension Services Administrator.