

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

May 3, 2016

A regular meeting of the Board of Trustees of the Des Plaines Firefighters' Pension Fund was held on Tuesday, May 3, 2016 at 8:30 am, at City Hall located at 407 Miner Street in Room 101, Des Plaines, IL, in Room 101, pursuant to notice, to conduct regular business.

CALL TO ORDER: President Rice called the meeting to order at 8:33 am.

ROLL CALL

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

ABSENT: None

ALSO PRESENT: Wendall Whitted, Retired DesPlaines Police Officer; Attorney Laura Goodloe, Puchalski Goodloe Marzullo, LLP; Treasurer, Dorothy Wisniewski; Thomas McShane, MSSB/Graystone Consulting; Derek Flessner and Lisa Barnaby, Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MINUTES: *February 2, 2016 Regular Meeting:* The Board reviewed the minutes of the February 2, 2016 regular meeting. A motion was made by Trustee Vallee and seconded by Trustee Birger to approve the minutes as written. Motion carried unanimously by voice vote.

February 2, 2016 Closed Session: The Board reviewed the minutes of the February 2, 2016 closed session. A motion was made by Trustee Birger and seconded by Trustee Chiaro to approve the minutes as written. Motion carried unanimously by voice vote.

March 4, 2016 Special Meeting: The Board reviewed the minutes of the March 4, 2016 Special meeting. A motion was made by Trustee Chiaro and seconded by Trustee Vallee to approve the minutes as written. Motion carried unanimously by voice vote.

ACCOUNTANT'S REPORT: *DOI Annual Statement:* The DOI Annual Statement has been prepared and interrogatories were sent to the Board members. Upon receipt of the final audit, L&A will verify the financials and the final Annual Statement will be filed with the DOI. The Certification Form can now be filed electronically and is due to be filed with the DOI by June 30, 2016.

DOI Siren / Security Administrator Authorization Form: President Rice discussed the DOI Siren contained in the Board packet. The Board is now required to file their Independent CPA Audit Report with the Division within six (6) months of the close of the fiscal year and directed L&A to handle this filing on behalf of the pension fund. A motion was made by Trustee Chiaro and seconded by Trustee Birger to approve Secretary Vallee as DOI Security Administrator on behalf of the pension fund. Motion carried unanimously by voice vote.

Monthly Financial Report: The Board reviewed the Monthly Financial Report for the month ended 03/31/2016, prepared by L&A. As of 03/31/2016, the net position held in trust for pension benefits is \$69,674,544.11. The net change in position for the three months ending 03/31/2016 is \$1,729,452.33. A motion was made by Trustee Chiaro and seconded by Trustee Birger to accept the Monthly Financial Report as presented. Motion carried unanimously by voice vote.

PRESENTATION AND APPROVAL OF BILLS: *Vendor Checks Report:* The Board reviewed the Vendor Checks Report contained in the L&A Monthly Financial Report, for total expenses in the amount of \$152,259.06, for the period 01/01/2015 – 03/31/2016. A motion was made by Trustee Chiaro and seconded by Trustee Birger to approve the disbursements shown on the Vendor Checks Report as presented. Motion carried by roll call vote.

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

NAYS: None

ABSENT: None

Additional Bills, if any: None.

INVESTMENT REPORT: *Quarterly Investment Report – Potential purchase and/or sale of securities, re-balancing of asset allocations and hiring/termination of investment managers:* Mr. McShane distributed the Quarterly Performance Report for the period ended 03/31/2016 and discussed it with the Board. As of 03/31/2016, the ending market value of the fund is \$69,690,316. The total return is 1.48% for the 1st quarter and year-to date; 4.88% for last 3 years, 5.94% for the last 5 years and 5.30% since inception (12/01/2005). The portfolio allocation is 3.87% Cash & Cash Equivalent; 35.57% Fixed Income; and 60.56% Equity.

COMMUNICATIONS OR REPORTS: *Trustee Training:* The Board discussed the Trustee Training Summary and 2016 trustee training opportunities. Trustee Rozovics will be selecting a date to complete his New Trustee Training in the near future.

Certify 2016 Election Results: The Board discussed the election results for the active member position. Jeff Vallee ran unopposed and was elected by acclamation for a term expiring 4/30/2019. The Board thanked Jeff for his continued service on the Pension Board.

Replacement for resigned Trustee Susan Pekoe: The Board noted that Jeffery Rozovics was appointed by the Mayor on April 18, 2016 to serve as the replacement appointee. He will serve a one year term.

Annual Board Officer Elections for President and Secretary: A motion was made by Trustee Birger and seconded by Trustee Chiaro to keep the same officer slate: Trustee Rice – President and Trustee Vallee – Secretary. Motion carried unanimously by voice vote.

Statements of Economic Interest: All Trustees reported that they have completed the filing of their Statements of Economic Interest by May 1, 2016. Trustees Vallee and Chiaro will provide L&A with their filing confirmations for recordkeeping.

ADMISSIONS/WITHDRAWALS FROM FUND: *Application for Membership – Robert Vaccarello:*
The Board acknowledged receipt of an Application for Membership to the Pension Fund for Robert Vaccarello. His date of hire is 04/04/16, and he has Tier 2 status. A motion was made by Trustee Birger and seconded by Trustee Vallee to accept Robert Vaccarello into the Pension Fund. Motion carried unanimously by roll call vote.

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

NAYS: None

ABSENT: None

APPLICATION FOR RETIREMENT AND DISABILITY BENEFITS: There are no retirement applications at this time.

The Board has received a new disability application from Eric Chipman. Attorney Goodloe is in the process of issuing subpoenas for medical records, Workers' Compensation records, etc. A follow-up will be provided at the next regular meeting.

OLD BUSINESS: None.

NEW BUSINESS: *Discuss and review Board insurance policies and possible action:* The Board discussed renewal of fiduciary liability insurance and executive risk insurance. ULICO and Chubb declined to offer quotes due to the pension fund's pending litigation. Attorney Goodloe recommended the Board renew their insurance through Mesirow Financial at this time. A motion was made by Trustee Chiaro and seconded by Trustee Vallee to approve renewal of AIG fiduciary liability insurance policy through Mesirow Financial in the amount of \$9,292 and the executive risk insurance policy in an amount not to exceed \$4,410. Motion carried by roll call vote.

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

NAYS: None

ABSENT: None

ATTORNEY'S REPORT: *Annual Independent Medical Examination (IME) – Michael Carey:*
Attorney Goodloe indicated that former counsel had not communicated to Mr. Carey that he is due for his annual IME. Ms. Goodloe will coordinate with Mr. Carey in the scheduling of his IME. A follow-up will be provided at the next regular meeting.

Michael King Remand Hearing Update: Attorney Goodloe discussed this matter with the Board and stated that she intends to communicate with legal counsel representing the various parties, in an attempt to obtain further clarification on this matter and the scope of the remand proceeding. The Board was in agreement with this strategy and Ms. Goodloe stated that she hopes to have more information/update sometime in June.

Wayne Hoffmann Case – update and possible action: Attorney Goodloe discussed the matter with the Board. Ms. Goodloe has been in settlement negotiations with Attorney O'Connell, who was seeking attorneys' fees and interest on the retro amount due. A motion was made by Trustee Valle and seconded by Trustee Chiro to approve payment for settlement of this matter in an amount not to exceed \$60,000. Motion carried by roll call vote.

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

Legal Update: Attorney Goodloe discussed Senate Bill 3317 regarding pension fund consolidation with the Board.

Attorney Goodloe discussed the best ways to handle disability recipients' annual IMEs. A motion was made by Trustee Vallee and seconded by Trustee Birger to establish a schedule that on even years, disability recipients will be allowed to utilize their own personal physicians, and on odd years, IME's will be required. Motion carried by unanimous voice vote. The Board directed Attorney Goodloe to draft up the appropriate language regarding this matter, to be included in the Pension Fund's Rules and Regulations.

Pension Fund's Rules and Regulations: The Board discussed the Pension Fund's Rules and Regulations. A motion was made by Trustee Vallee and seconded by Trustee Chiaro to direct attorney Goodloe to review and amend the Rules and Regulations for review at the next regular meeting. Motion carried unanimously by voice vote.

DOI Annual Compliance Fee: The Board discussed the DOI Annual Compliance fee invoice. A motion was made by Trustee Chiaro and seconded by Trustee Vallee to authorize the payment of the DOI Compliance fee invoice upon receipt, at a cost not to exceed \$8,000. Motion carried by roll call vote.

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

Attorney Goodloe informed the Trustees that she will not be available for the August 2, 2016 meeting. The Trustees agreed to reschedule the August 2, 2016 meeting to Monday, August 8, 2016 at 8:30 am, in Room 101.

ADJOURNMENT: A motion was made by Trustee Vallee and seconded by Trustee Rozovics to adjourn the meeting at 10:30 am. Motion carried by unanimous voice vote.

Respectfully submitted,  Date approved: 8-8-16
William Rice, Pension Board President

The next regular meeting of the Des Plaines Firefighters' Pension Fund will be held on Monday, August 8, 2016 at 8:30 am in Room 101.

Minutes prepared by Lisa Barnaby, Pension Services Administrator