

Meeting Minutes - December 13, 2005

The meeting of the Des Plaines Police Pension Board was called to order by Chairman Chiaro at 9:05 a.m. in Room 101 of City Hall.

Roll Call. Present – Trustees Freeman, Marks, Muehlenbeck, Salas and Chairman Chiaro (5). Also present were board attorney Mathias Delort and his associate Susan Glover; Deputy Chief Terry McAllister; annuitants James Roel and Wendall Whitted; and Board Financial Advisor Thomas McShane.

Approval of Minutes. Motion by Salas, seconded by Marks, to approve the minutes of the October 18, 2005 meeting. Motion carried by unanimous voice vote.

Disbursements. The board reviewed the proposed disbursements. Motion by Salas, seconded by Marks, to pay the disbursements as listed, totaling \$35,280.22. Ayes: Trustees Freeman, Marks, Muehlenbeck, Salas and Chairman Chiaro (5). Nays: None. Motion carried.

Attorney's Report.

Sarkis Disability Case. Attorney Delort reported that the appeal of the Sarkis disability case is pending before the Illinois Appellate Court. The current schedule has the City filing its brief on January 3, 2006 (the board's brief has already been filed); Sarkis' reply brief on February 7, 2006, and the City's and Board's replies on February 21, 2006. After all briefs are filed, the case will be submitted to a panel of judges for possible argument and decision. Neither the argument nor the decision might be forthcoming for some months after the last brief is filed.

Martin Transfer of Service Credit. It was noted that Officer Martin now plans to become employed by the Bolingbrook Police Department as of January, 2006. However, his payment plan for his current transfer will not run its course before his departure for

Bolingbrook. He has been advised that he must pay his remaining balance due, or the transfer will not be effective. He needs to establish his service time with Des Plaines by a full payment before he can transfer that credit, in turn, to Bolingbrook. Lauterbach & Amen is aware of the situation. Cicero has not yet sent its funds for the first transfer. Attorney Glover spoke with Sgt. Lelis of Cicero last week and understands that Cicero's money should be forthcoming shortly.

Recent Cases.

Attorney Delort reported that the *Marconi* case, involving the constitutionality of the three-doctor certification of disability requirement, has been accepted for review by the Illinois supreme court. He also reported on the *Bassett* case involving refunds for convicted felons, which held that the officer is entitled to a refund of his contributions no matter how much he had received in benefits before being convicted. Finally, he explained the ruling in a recent case brought by Franklin Park firefighters to collect past due tax proceeds for their pension fund. He was asked about the likelihood of legislation changing police pension benefits. He responded that nothing was likely for awhile, as 2006 is an election year and the legislative session has been cut short by a month, leaving little time for anything but emergency measures.

Communications from Finance Director. The board noted, with approval, reports from City Finance Director James Egeberg which showed that the police pension board had spent considerably less to manage its funds than did the firefighters' pension fund. The fire board will meet soon to consider hiring a new investment manager.

Resignations. The resignation of an officer was noted as follows, and ordered to be placed on file:

Kevin Zelk, Date of Birth: 2/27/83, Dates of Service: 4/5/05 - 11/7/05.

Meeting Schedule. Motion by Marks, seconded by Salas, to adopt the 2006 annual schedule of meetings, with the amendment that the June meeting will be at 11 a.m. rather than 9 a.m. Motion carried by unanimous voice vote.

Pension Increases. The board reviewed a schedule of annual required pension increases prepared by Lauterbach & Amen. Motion by Marks, seconded by Freeman, to adopt the increases as listed and order payments in accord with the schedule, with the exception of William Lanham, recently deceased. Motion carried by unanimous voice vote.

IMRF Service Transfers. Attorney Glover gave a presentation on new legislation allowing officers to transfer service credit to/from IMRF. Officers must apply by this benefit by the end of the year. The board has a template letter which can be used by the officers. Only eight years or less of IMRF can be transferred, and it is not necessarily transferred day-for-day because of the difference in benefit levels between the two funds. There is an open question as to whether an officer with more than 8 years of IMRF credit can transfer any of that credit.

Under DOI regulations, the board has 14 days after receipt of the transfer request to confirm it. The pension board must request the actuary to compute the "true cost". Because of the large volume of requests, it is unlikely that IMRF will accomplish the transfers before summer, 2006. The officer cannot decide whether he wishes to complete the transfer until he receives the actuarially-computed figures. However, after the numbers are available, the officer has 30 days to declare his intent. There is a payment plan available but interest will accrue on unpaid amounts. There are no DOI regulations yet regarding police transfers to IMRF. It appears that about 5 - 7 Des Plaines officers are eligible for this program.

Rules and Regulations. Attorney Delort presented amendments to the following rules for the board's consideration. These rules are largely updated to comply with new legislation.

- Rule 312 retired officer concealed firearms - with form
- Rule 203 updates rules regarding web site posting of meetings
- Rule 204 updates rules regarding web site posting of minutes
- Rule 309 QILDRO implementation
- Rule 311 updates direct deposit procedures

Motion by Chiaro, seconded by Marks, to adopt the rules and accompanying forms as presented, excepting the Rule 312 form, which will not be adopted. Motion carried by unanimous voice vote. It was noted that, in lieu of printing a large quantity of rules and forms, they will be posted on the board's web site and be available in that format to all beneficiaries and participants.

Roskowiak Disability Application. It was noted that medical reports for this officer had just been received and were being reviewed by the board attorney.

Accountant Reports. The board reviewed monthly reports from Lauterbach & Amen for October and November, 2005. Motion by Marks, seconded by Freeman, to approve the reports as submitted, subject to audit. Motion carried by unanimous voice vote.

Miscellaneous Reports. Trustees reviewed a published article which promoted trustees' attendance at professional development seminars. Chairman Chiaro reminded trustees that they should take advantage of these opportunities.

Financial Report. Thomas McShane of Wachovia Securities reported on financial activities for the third quarter of 2005. The Federal Reserve Board is expected to raise interest rates by another quarter of a percent this week. The fund is up about 2% in the last few months due to movement in the fixed income and equity market. McShane recently conducted a due diligence visit at McDonnell in Oak Brook. McDonnell is bullish on the market. The fund balance as of November was \$43,738,341. McShane would like to meet with the Investment Committee in January and consider replacing TCW as a small cap manager and also look at replacement managers.

Trustee Freeman asked who monitors the City's compliance with its tax levy obligations to the pension fund. McShane stated that he does so, along with others, and that the City was quite cooperative with respect to these obligations.

Adjournment. On motion duly made, seconded, and unanimously carried, the meeting was adjourned at 10:30 a.m.

Approved:

Nick Chiaro

Chairman