

Meeting Minutes - December 14, 2010

A Regular Meeting of the Board of Trustees of THE DES PLAINES POLICE PENSION BOARD was held on Tuesday, December 14, 2010 at 9:00 AM at City Hall located at 1420 Miner Street, in Room 101, Des Plaines, IL pursuant to notice, a copy of which is attached to their minutes.

CALL TO ORDER BY PRESIDING OFFICER

President Nicholas Chiaro called the meeting to order at 9:08 AM.

ROLL CALL

Upon roll call the following answered:

Present: President Nicholas Chiaro, Trustee Daniel Niemann, Trustee Robert Neil

Absent: Vice Pres. Robert Muehlenbeck, Trustee Jeff Rotkvich

Also Present: Annuitants Wendall Whitted and James Roel and Annuitant Joe Kozenczak (arrived at 9:39 AM), Tom McShane of Graystone Consulting/MSSB, Board Attorney Camille Cribaro-Mello of RSNL&T, Dorothy Wisniewski Treasurer, Becky Davis of Lauterbach and Amen.

APPROVAL OF PRIOR MEETING MINUTES

The Board reviewed the October 12, 2010 minutes as presented in the board meeting packet. A motion by Neil to approve the October 12, 2010 regular meeting minutes as presented, second by Niemann. Motion unanimously carried.

APPROVAL OF DISBURSEMENTS

The Board reviewed the disbursements on Warrant list #24 as presented in the board meeting packet. A motion by Niemann to approve the disbursements as listed on the December 14, 2010 Warrant List #24 totaling \$15,018.00, second by Neil. Roll Call

Vote: Neil aye, Niemann aye, Chiaro - aye. Motion unanimously carried.

BOARD ATTORNEYS REPORT

Legal Update: The Board reviewed SB 3538 as presented in the board meeting packet The Senate voted 46-4-2 to send to the Governor; the House has already approved this police and firefighter pension reform legislation by a vote of 95-18 on 11/30/2010. If enacted into law, the bill will affect both the Chicago and downstate police and firefighter pension funds; the board reviewed the Benefits (New Hires eff: 01/01/2011) and Funding Changes. The Board discussed new legislation affects on actuarial valuation reports; expanded investment authority, COGFA Studies. Investment Advisor McShane requested clarification from Board Attorney Cribaro-Mello to research (1) the Corporate Bonds issue and determine if it relates specifically to Fixed Income or Equity accounts; since it makes a difference for the 1st quarter review of the Investment Policy Statement. McShane requested Board Attorneys opinion in writing based on the Governors signing of the bill and if there are any amendments to the bill; and, (2) Previous Law related to Equity Investments is there an allowance for foreign stocks or only US stocks?

Annuitant Joe Kozenczak joined the board meeting at 9:39 AM

The Board further discussed The Sirens Legislative Update PA 096-1260/SB 3022 presented in the board meeting packet Article 3 Police Officers may receive up to 24 months credit for military service served prior to employment by a municipality. Lauterbach and Amen's (L&A) research with the DOI has determined (1) that the decision to accept reserve time and the application of reserve time is left up to each pension board and its attorneys; procedures to be implemented should be documented; the Board can defer this decision until an application with reserve time is received; and (2) remittance of payment from the member: lump sum or periodic payments and if so, can they be made via paycheck deductions? Is there a timeframe in which the full balance must be paid? The Siren the DOI has stated that the Pension Fund should make the rules on

the manner in which the police officer is to pay the appropriate amount for the purchase of military service to the pension fund. These rules, once determined by the Board and its attorneys should again be documented. L&A will include an election form with the options available to the applicant which should be discussed with the Board and both the member and a Board Trustee will need to sign the election form to ensure procedural agreement and consent.

The following applications have been applied for in a timely fashion: Michael S. Chapman -application dated 08/20/2010, submitted to L&A 09/07/2010; Carlo Ereno - application dated 11/24/2010, Matthew R. Hicks - application dated 09/01/2010, submitted to L&A 09/07/2010; John D. Hutson - application dated 08/27/2010, submitted to L&A 09/02/2010; Samuel J. Lopez - application dated 09/20/2010, submitted to L&A 09/21/2010; John P. Marquardt - application dated 08/20/2010, submitted to L&A 08/24/2010; Christopher J. Mierzwa application dated 08/17/2010, submitted to L&A 09/02/2010.

Pension Fund extending funding is still in question; the requested Board Attorney to clarify Survivors Annuity changes, conditions for payment. Common/Civil Union laws impact were also discussed. A handout was reviewed by the Board in the board meeting packet in regard to Fiduciary Liability Insurance. Joe K Kozenczak left the board meeting at approximately 10:00 AM.

Review of New Court Decisions: None at this time.

Officer R. Niemann Disability Hearing Update: Board Attorney Cribaro-Mello stated that IMEs are ready; looking at 2011 dates for hearing.

Wolf overpayment was discussed; submitted too late to be an agenda item today; it has been a Board decision to not change his monthly benefits TABLED until next meeting. Per Statute, 2011 COLA increases submitted by L&A were approved by the Board.

OLD BUSINESS - none

NEW BUSINESS

Request to Purchase Creditable Time for Military Service: The Board discussed this earlier under the BOARDS ATTORNEY REPORT.

Approval of 2011 Pension Board Meeting Dates: A motion by Niemann to accept the following 2011 board meeting dates as presented in the board meeting packet: February 8th, April 12th, June 14th, August 9th October 11th and December 13th; all meetings at 9:00 AM same location except for the June 14th meeting which will be held at the Law Offices of Robbins, Schwartz, Nicholas in Chicago at 11:00 AM, second by Neil. Motion carried.

Approval of 2009 Municipal Compliance Report: The Board reviewed and discussed the Municipal Compliance Report as presented in the board meeting packet. A motion by Niemann to approve the Municipal Compliance Report as presented by L&A, to be submitted to the City Manager with a copy of the Investment Policy Statement, second by Neil. Motion carried.

APPROVAL OF LAUTERBACH AND AMEN BALANCE SHEETS -
September and October 2010

The Board distributed and reviewed copies of the September and October 2010 monthly financial reports from L&A. A motion by Neil to approve the September and October 2010 monthly financial report from L&A, second by Neimann. Motion carried.

FINANCIAL REPORT

Review of Funds Portfolio / Asset Allocation: Investment Advisor, McShane, presented and reviewed with the Board the Performance Review Report for the Period Ending November 30, 2010. A copy of which is attached (see Exhibit A). Total Fund balance was \$50,765,653 as of 11/30/2010. Tactical Asset allocations were discussed and recommended for further review at the next board meeting in February 2011. Investment Advisor McShane recommended that the Board look at the Year End Allocations and make the plan in compliance with state statutes, especially with new state legislation laws; rebalance the portfolio to 45% Equity at Year End, December 31, 2010, not withstanding the market fluctuations.

Cash flow Analysis: McShane presented his recommendations. A motion by Chiaro to follow Investment Advisor McShane's recommendation and move \$500,000 from the S&P 500 Index Fund to the Lazard Emerging Markets fund, second by Neil. Roll Call Vote: Neil aye, Chiaro aye, Niemann aye. Motion unanimously carried.

Treasurer Wisniewski discussed with the Board a standard IPS form available that should incorporate the new legislation. Wisniewski will follow up at the next board meeting. Wisniewski also discussed with the Board the Budget Summary as presented in the board meeting packet. A motion by Chiaro to go into Executive Session at 10:52 AM for the purpose to discuss recertification matters of a 1997 disability, second by Neil. Roll Call Vote: Neil aye, Chiaro aye, Niemann aye. Motion unanimously carried.

EXECUTIVE SESSION

Opened at 10:52 AM

Closed at 11:22 AM

A motion by Chiaro to go back into Open Session at 11:22 AM, no action taken by the Board during Closed Session, second by Neil. Motion carried.

ADJOURNMENT

A motion by Neil to adjourn the meeting at 11:22AM, second by Niemann. Motion unanimously carried.

Respectfully submitted and minutes prepared by PSA, Becky Davis
on December 22, 2010.

Approved by the Board of Trustees on _____.

Nicholas Chiaro, President