

Meeting Minutes - February 8, 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, annuitant Wendall Whitted, Board Financial Advisor Thomas McShane, and various other persons who were involved in the Mukahirn hearing.

Mukahirn Disability Hearing. Chairman Chiaro called the disability hearing regarding Officer William Mukahirn to order. The hearing was transcribed by a certified court reporter. Present were attorney Britt Isaly for the City of Des Plaines, Police Chief Prandini, Deputy Chief Schneider, attorney David Smolin for Officer Mukahirn, and Officer William Mukahirn.

Attorney Delort asked attorney Smolin if Mukahirn had any objection to Delort's sitting as attorney for the pension board, in light of the fact that Delort's firm did handle some legal work for the City of Des Plaines, and the City was a party to the case. Smolin had no objection.

Chairman Chiaro reviewed various exhibits. By unanimous consent, Board Exhibits 1 - 8 were admitted into evidence, and Applicant's Exhibit 1, a traffic report, was also admitted.

Officer Mukahirn testified and was questioned by the attorneys and board members. Chief Prandini testified and was questioned by the attorneys and board members. Both sides then rested.

Motion by Salas, seconded by Marks, to go into closed session at 9:57 a.m. to deliberate on the evidence. Ayes: Trustees Freeman, Marks, Muehlenbeck, Salas and Chairman Chiaro (5). Nays: None. Motion carried, 5-0.

The board returned from closed session at 10:30 a.m.

Chairman Chiaro presented a draft decision for review by the board members. The decision awarded Mukahirn a 65% on-duty disability pension, noting that the City had not presented sufficient evidence to establish the existence of a permanent light duty position for Mukahirn. Motion by Salas, seconded by Freeman to adopt the written decision as presented. Ayes: Trustees Freeman, Marks, Muehlenbeck, Salas and Chairman Chiaro (5). Nays: None. Motion carried, 5-0.

Both attorney Smolin and attorney Isaly acknowledged receipt of final signed copies of the decision on behalf of their respective clients.

Approval of Minutes. Motion by Muehlenbeck, seconded by Marks, to approve the minutes of the October 19, 2004 meeting. Motion carried by unanimous voice vote.

Disbursements. Board members examined the proposed disbursements. Motion by Salas, seconded by Muehlenbeck, to approve the disbursements as presented, totaling \$46,237.43, including a \$29,910.30 refund to Officer Suelen. Ayes: Trustees Freeman, Marks, Muehlenbeck, Salas and Chairman Chiaro (5). Nays: None. Motion carried, 5-0.

Attorney's Report.

SARKIS CASE. Attorney Delort reported that his case is still on administrative review in the Circuit Court of Cook County. The case is being briefed and is expected to be argued in April.

City Finance Director James Egeberg entered the meeting at 10:45 a.m.

MARTIN TRANSFER OF SERVICE CREDIT. The board reviewed the status of this request. The board is still awaiting receipt of funds

from the Cicero pension board, despite several requests. Attorney Delort recommended that the board make a formal request to the Division of Insurance to cite the Cicero pension board at a formal hearing. By consensus, Delort was directed to do so.

New Business.

New Officers.

The board noted the admission of the following new active members:

<u>Name</u>	<u>Date of Birth</u>	<u>Starting Date</u>
Matthew Bowler	7/31/1981	12/30/2004
Elena Kobylanski	9/21/1980	12/30/2004
Matthew Muchow	1/1/1978	12/30/2004

Rule 311 - Change in Bank Accounts. The board reviewed a proposed new rule, Rule 311, which would require that requests to change bank accounts be accompanied by proof of identity. The rule also included a new form, Form 19, which would be used for those requests. Motion by Muehlenbeck, seconded by Salas, to adopt Rule 311 and Form 19. Motion unanimously carried by voice vote.

Resignations. The board noted receipt of the resignation of Officer Darwin Suelen. The resignation was effective December 15, 2004. Officer Suelen took a refund of his contributions, rolled over into a 401K account, which was reflected in the disbursements approved earlier in the meeting.

Bond Swap to Retire Unfunded Liability. The board reviewed information from *Illinois Public Pensions*, published by the Illinois Government Finance Officers Association, regarding the recent actions of Highland Park and Northbrook. The two municipalities

issued general obligation bonds and paid the proceeds to the pension funds to completely retire the unfunded liability. The two municipalities bought each other's bonds. The board viewed this proposal with great interest. It was noted that further information was required to determine whether future changes in state law would require additional contributions from the municipality notwithstanding the earlier lump sum payment. There will be a seminar at the Wyndham Lisle on April 22 at which this will be discussed.

Miscellaneous Matters. The board reviewed the recent case involving a Peoria police officer who requested health insurance coverage under the *Krohe* decision. The court held the officer was not qualified because he was injured before the effective date of the law.

The board has received annual affidavits of eligibility from 87 beneficiaries. Affidavits are still missing from 17 beneficiaries. It was reported that Eric Palm is continuing to develop the web site. The board will begin paying the Northwest Municipal Credit Union \$150.00/year to offset the cost of photocopying done on NMCU's equipment. The board has purchased a new copier/fax/scanner and will soon be preparing an asset list. The board is looking into scanning and copying critical files at the rate of 11 cents/page, which would cost about \$200.00 in total.

Accountant Reports. The board reviewed monthly reports from Lauterbach & Amen for November and December, 2004. Motion by Marks, seconded by Freeman, to approve the reports as submitted, subject to audit. Motion carried by unanimous voice vote.

Financial Report.

Thomas McShane of Wachovia Securities noted that the fund assets of approximately \$43,400,000 were up 5.39% vs. 4.2% for

the benchmark in the last quarter. The fund is up 9.47% vs. 6.91% for the index in the last year. The fund was led by a strong rise in the equity market. The current balance is the largest balance in the history of the fund. Chairman Chiaro noted that the results were especially good given the fund's increased outlays for benefit payments caused by early retirement incentives.

The board reviewed McShane's report of the state of the current assets and risk allocations. McShane presented a chart showing fees currently charged for investment work and proposed new fees, which were lower in some cases, due to particular investment companies holding larger amounts. The base fee for Wachovia is 9 basis points, but if trades are made through Wachovia, the fee is offset by \$1 for every \$2 in transaction fees paid on the particular trade. He noted that no new contracts were needed because no increase was being made in any particular fee.

McShane recommended certain reallocations be made so that the fund's equity portfolio would be reduced below the 45% requirement. Motion by Chiaro, seconded by Salas, to reallocate funds among accounts as recommended by McShane and set forth on the "Asset Allocation Review" dated December 31, 2004. Motion carried by unanimous voice vote.

McShane stated that the fund receives about \$25,000 every two weeks in payroll deductions.

Adjournment. Motion by Salas, seconded by Freeman, to adjourn at 11:55 a.m. Motion carried by unanimous voice vote.

Approved:

Nick Chiaro

Chairman