

Meeting Minutes - June 11, 2013

Call to Order – the meeting was called to order at 10:25 a.m. at the offices of Morgan Stanley Smith Barney/Graystone /Consulting, 227 W. Monroe St., Suite 3400 Chicago, Illinois 60606.

Roll Call – Chairman Chiaro and Trustees Rotkvich, Neil and Treantefeles were present. Trustee Muehlenbeck was absent. Also present were recording secretary Tina Whitted; pensioner Wendall Whitted, Finance Director Dorothy Wisniewski, Investment Consultant Tom McShane and Courtney Pioszak, Peter Clerkin and Dominic Pappalardo of McDonnell Investments, and Board Attorney Camille Cribaro-Mello.

Approval of Minutes – There was a motion by Trustee Neil, seconded by Trustee Rotkvich to approve the minutes of the meeting from April 9, 2013. All voted in favor of the motion.

Approval of Disbursements – The Board reviewed Warrant List #39 indicating expenditures in the amount of \$28,040.72. There was a motion by Chairman Chiaro, seconded by Trustee Neil to approve payment of the disbursements noted on Warrant List #39. A roll call vote was taken and all members present voted in favor of the motion.

Board's Attorney Report - Attorney Cribaro-Mello updated the Board regarding pending matters. There still has not been a date for oral argument set with the Appellate Court in the Hicks matter. On behalf of the Board, attorney Cribaro-Mello responded to a FOIA request submitted by BrightScope seeking asset allocation information. Attorney Cribaro-Mello discussed the recent court decision in *Lelis v. Town of Cicero Police Pension Fund*. She also advised the Board that the Investment Consultant Requests for Information had been sent to the candidates selected by the Board and that responses were due on June 20, 2013.

Old Business - The election results for the active member trustee position were reviewed and ratified by the Board. Trustee Treantefeles was declared the winner, having received an overwhelming majority of votes. It was also reported that required Physician's Certificates of Continued Disability had been collected for all those required.

New Business

- With respect to the Board Officer positions, Trustee Neil made a motion, seconded by Trustee Rotkvich, to have Chairman Chiaro remain as president of the Board. The motion passed unanimously. Trustee

Rotkvich moved, seconded by Chairman Chiaro, to reappoint Trustee Muehlenbeck as Vice President and Trustee Neil as Secretary. The motion passed unanimously.

- The Board then discussed a proposal to purchase eight (8) iPads for use by the Trustees and regular meeting attendees to facilitate the distribution and review of meeting information and documents. A motion was made by Chairman Chiaro, seconded by trustee Neil, to authorize the purchase of eight (8) iPads at a cost not to exceed \$6500. A roll call vote was taken and all members present voted in favor of the motion.
- The Board acknowledged receipt of a deferred retirement application by Commander Michael Kozak. Approval of the application will be deferred to the August meeting in order to allow the Finance Director an opportunity to verify the pension calculations.
- The Board received and approved the retirement application of Officer Ronny Smith in the annual amount of \$106,276.00 (\$6,199.43/month).
- The Board accepted the application of Officer Dustin Kauth into the fund. Officer Kauth is a Tier 2 participant.

Approval of Lauterbach & Amen balance sheets for March and April, 2013 – A motion was made by Trustee Rotkvich, seconded by Trustee Neil to approve the balance sheets prepared by Lauterbach & Amen for March and April, 2013. A roll call vote was taken and all members present voted in favor of the Motion.

Investment Performance Report - Tom McShane reviewed the pension fund performance for the period ending May 31, 2013. The total fund balance was \$59,023,015 comprised of \$22,029,310 in fixed income; \$24,618,760 in U.S. equity; \$6,750,390 in international mutual funds; and \$1,193,940 in cash and other investments. The Board reviewed the current allocations and determined that no changes were necessary. McShane reviewed strategic and tactical asset allocations recommended by Graystone Consulting, discussed risk management in the portfolio. Peter Clerkin and Dominic Pappalardo of McDonnell Investments discussed options for the Board to minimize risk in the fixed income portfolio. Currently the portfolio is managed to the Barklay Government/Credit index, with a duration of 5.8. It was proposed that the Board consider changing the benchmark to the Barklay Intermediate government/Credit index, with a duration of 4.0, in order to protect from risk associated with increases in interest rates. After a lengthy discussion, and with the recommendation of McShane and concurrence of the Finance Director, Trustee Neil moved, seconded by Chairman Chiaro, to change the benchmark for the McDonnell fixed income

portfolio to the Barklay Intermediate government/Credit index and to modify the Board's investment policy to adjust the cap on corporate bond investment to no more than 75% of the fixed income portfolio. A roll call vote was taken and all members presented voted in favor of the motion.

Public Comment – None

Executive Session – None

Adjournment – A motion was made by Trustee Treantefeles, seconded by Chairman Chiaro, to adjourn the meeting at 12:05 p.m. The motion passed unanimously.

The meeting adjourned at 12:05 p.m.