

## Meeting Minutes - June 14, 2005

The meeting of the Des Plaines Police Pension Board was called to order by Chairman Chiaro at 10:45 a.m. at the offices of the board attorneys, 20 North Clark Street, Suite 900, Chicago, Illinois.

**Roll Call.** Present – Trustees Marks, Muehlenbeck, Salas and Chairman Chiaro (4). Absent: Trustee Freeman (1). Also present were board attorney Mathias Delort, his associate Aaron Allen, annuitant Wendall Whitted, recording secretary Tina Whitted, and Board Financial Advisor Thomas McShane.

**Approval of Minutes.** Motion by Muehlenbeck, seconded by Marks, to approve the minutes of the April 12, 2005 meeting. Motion carried by unanimous voice vote.

**Disbursements.** The board reviewed the proposed disbursements. It was explained that the cell phone rates are now lower because the board has qualified for a government rate. Scanning software was also purchased, and it was used to scan all relevant records, including those of historic interest. Once the scanning is complete, disks will be kept off-site, given to the board attorney, and deposited in the Illinois State Archives in Springfield. Motion by Muehlenbeck, seconded by Salas, to pay the disbursements as listed, totaling \$20,495.30. Ayes: Trustees Marks, Muehlenbeck, Salas and Chairman Chiaro (4). Absent: Trustee Freeman (1). Motion carried.

### **Attorney's Report.**

**SARKIS Case.** Attorney Delort distributed copies of the decision issued on June 7, 2005 by Judge Nowicki. The judge affirmed the board's decision regarding which incident caused the disabling injury, but reversed the board's finding that the injury was not in the performance of an act of duty. The net result is that the officer was awarded a 65%, rather than 50% pension. Attorney

Delort explained that the deadline to file a Notice of Appeal is July 7, 2005. He has not yet heard whether the City will appeal, but assumes that it will. Board members commented that the issues in the case were important and unresolved by established case law. Motion by Muehlenbeck, seconded by Salas, to appeal the circuit court decision in the case. Ayes: Trustees Marks, Muehlenbeck, Salas and Chairman Chiaro (4). Absent: Trustee Freeman (1). Motion carried.

**Martin Transfer of Service Credit.** Attorney Delort reported that there have been significant changes in the Cicero Police Pension Board following the April elections. The new Cicero board chairman has assured us that he will provide all information required. However, Officer Martin has requested that his application be placed "on hold" because he may return to the Cicero force. Accordingly, the board placed the application on file pending further direction by Officer Martin.

**Recent Legislation.** Attorney Delort explained several bills which have passed both houses of the Illinois General Assembly and which await approval by the Governor. These included House Bill 373, allowing the transfer of IMRF time to police pensions; House Bill 1403, changing the membership of firefighters pension boards, and Senate Bill 23, requiring pension fund managers to obtain certifications from companies regarding their investments in Sudan.

### **Old Business.**

**Appointment of Pension Board Member.** The board reviewed correspondence from Mayor Arredia appointing Gaston Freeman to another term as a public member of the pension board. The board discussed recent communications with the city administration regarding whether the mayor could appoint a non-resident as a public member. Attorney Delort reported that the Pension Code did not prohibit such appointments, and that he had

obtained a letter from the Division of Insurance some years ago verifying that fact. The City had thought such appointments could not be made, based on incorrect information in the *Illinois Municipal Handbook* published by the Illinois Municipal League. Attorney Delort corresponded with the author of the book, who verified the information was incorrect and who stated that it would be corrected in a later edition. The board awaited word from Mayor Arredia regarding reappointment of Trustee Muehlenbeck.

**Scanning of Board Records.** It was reported that Det. Tovar has scanned photographs of all former Des Plaines police officers for display on the web site. The board reviewed the need for additional equipment. Motion by Muehlenbeck, seconded by Salas, to authorize the expenditure of up to \$400.00 for the purchase of internal and external drives. Ayes: Trustees Marks, Muehlenbeck, Salas and Chairman Chiaro (4). Absent: Trustee Freeman (1). Motion carried.

**Board Record Archiving/ Web Site.** The board reviewed the fixed asset list prepared by the board staff, which was placed on file. The board also reviewed news articles regarding pension administration which had been recently published. The board also reviewed printouts showing the various pages of the board's web site, which is now up and running. Access to the web site is by password. Photographs of the trustees and other board participants will be posted on the web site.

**Certificates of Disability.** The board reviewed annual certificates of disability for eight (8) officers under the age of 50. Each certificate showed that the officer was still disabled. The certificates were ordered to be placed on file.

**Accountant Reports.** The board reviewed monthly reports from Lauterbach & Amen for March and April, 2005. Motion by Salas, seconded by Muehlenbeck, to approve the reports as submitted,

subject to audit. Motion carried by unanimous voice vote. The board also reviewed excerpts from the City's upcoming audit which were provided by Finance Director Egeberg. These materials showed the assets on hand, tax levies received, and other pertinent information.

**Financial Report.** Thomas McShane of Wachovia Securities reported on financial activities for the past few months. Currently, the fund has \$44,044,565 on hand, 4% in cash, 53% in fixed income investments, and 43% in equities.

McShane recommended that cash reserves be reduced to a level sufficient to meet recurring needs, and that excess cash be actively reinvested. He also recommended that the board move money from value funds into growth funds to be more aggressive. Chiaro asked about the performance of TCW and Fayeze. McShane responded that Fayeze has done well despite being a conservative fund and that TCW complemented the performance of Fayeze during market fluctuations. He was very pleased with the performance of both managers.

McShane stated that the economic climate favored foreign investment as it was a driving force in the American economy. Motion by Chiaro, seconded by Salas, to reallocate investments as recommended by McShane in his June 13, 2005 "Asset Allocation Review", approximately as follows:

\$320,000 to Fayeze from Lord Abbott

\$320,000 to TCW from Lord Abbott

\$500,000 to American Euro Pacific Foreign Investment Fund from Lord Abbott

\$880,000 to McDonnell from cash

Ayes: Trustees Marks, Muehlenbeck, Salas and Chairman Chiaro (4).

Absent: Trustee Freeman (1). Motion carried.

The board also reviewed McShane's report on the running balances over the last twelve months. Chiaro asked for McShane's view on McDonnell's performance. McShane stated that it was a very difficult financial environment for McDonnell and that he was surprised that McDonnell did as well as it did.

**Adjournment.** Motion by Salas, seconded by Marks, to adjourn at 12:02 p.m. Motion carried by unanimous voice vote.

Approved:

Nick Chiaro

Chairman