

Meeting Minutes - June 9, 2009

A regular meeting of the Board of Trustees of THE DES PLAINES POLICE PENSION BOARD was held on Tuesday, June 9, 2009 at 11:00AM at the Law Offices of Robbins, Schwartz, Nicholas, Lifton & Taylor, Ltd., 55 W. Monroe St., Suite 800, Chicago, IL 60603, 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 11:06AM.

ROLL CALL

Upon roll call the following answered:

Present: President Nicholas Chiaro, Vice Pres. Robert Muehlenbeck, Secretary Larry Marks, Trustee Daniel Niemann

Absent: Trustee Robert Neil, Finance Dir., Dorothy Wisniewski

Also Present: Wendall Whitted, Nathan Gaskill of Lauterbach and Amen, Tom McShane of Smith Barney, Attorneys Joseph Perkoski & Camille Cribaro-Mello of RSNL&T, Ken Grossman of SC Capital Management, LLC, Becky Davis of Lauterbach and Amen

APPROVAL OF MINUTES

A motion by Muehlenbeck to approve as presented, the minutes from the April 14, 2009 meeting, seconded by Marks. Motion unanimously carried.

APPROVAL OF DISBURSEMENTS

The Board reviewed the disbursements as identified in the June 9, 2009 warrant list #15 in a total amount of \$25,143.04. **Motion by Marks, seconded by Niemann, to approve the disbursements as identified in the June 9, 2009 warrant list #15 in a total amount of \$25,143.04. A roll call vote taken: Ayes: Chiaro, Muehlenbeck, Marks, Niemann (4). Nays: None (0). Motion unanimously carried: 4-0.**

BOARD ATTORNEY'S REPORT

Attorney Cribaro-Mello provided the Board with the following legal updates:

New Law - Public Act 096-0006, effective April 3, 2009 – Amends the Illinois Governmental Ethics Act and the Illinois Pension code: The Pension Code is amended to require all Board members to attend at least 8 hours of ethics training per year, including training on ethics, fiduciary duty, investment issues and any other topics that the Board deems important to the administration of the pension fund.

Pending Legislation – HB 0549 – Amends the Public Safety Employee Benefits Act to define “catastrophic injury” as a grievous or serious injury or impairment of a nature that is sufficient to permanently preclude the injured employee from performing any gainful work. It provides that the employer may, at its expense, require any employee seeking benefits under the Act to submit to examination by up to 3 licensed physicians. The determination of whether a catastrophic injury has occurred shall be made by the employer’s designee and subject to review under the administrative review law. The bill was sent to the House Rules Committee.

HB 895 and HB 2540 – Amends Article 3 to allow officers with a line of duty pension to receive 3% increase upon reaching age 50 and each January thereafter, provided the officer had 14 years of service prior to disability. HB 2540 would allow 3% increase to all line of duty annuitants who apply. HB 895 and HB 2540 have passed the House and are in the Senate sub-committee on pensions.

HB 958 – Amends Article 3 to require pension boards to provide 48 hours notice of pension board meetings to Mayor or Town President (consistent with Open Meetings Act). If no notice is given, any action taken at a Board meeting would be invalid. The bill was sent to the House Rules Committee.

HB 0965 – Amends Article 3 to allow an annuitant to re-enter the service for a total of 2 years to fill positions vacated because persons are serving on active duty in the military, naval or air forces

of the State or Federal government without impairing his or her pension benefits. The bill was sent to the House Rules Committee.

SB 0250 – Amends Article 3 to allow the municipality to appear, as a matter of right, in any proceeding involving a participant or beneficiary that might result in a final administrative decision by the pension board. This bill is pending a second reading in the Senate. Chiaro stated that the Board welcomes the City's participation.

SB 1292 – Amends the Pension Code to require each retirement system to establish a policy to increase the racial, ethnic and gender diversity of its fiduciaries. The bill passed the Senate; the House made two amendments and it is pending in the House Rules Committee. The Board Attorney indicated that this could be included in the Rules and Regs.

SB 1625 – Amends Article 3 and 4, and would apply to officers entering service after the effective date of Act (1/1/10). Pension benefits would be based on "Qualified salary" vs. salary attached to rank. Qualified salary means the average earnings received by the officer over a 48 month (4 year) period during the last 120 months (10 years) of service in which officer's earnings were highest. This bill has been sent to the Senate sub-committee. Perkosky stated that the Unions would be petitioning this for a "grandfather" provision to avoid diminishing of pay.

SB 2011 – Amends Article 3 to require a pension fund with reserves in an amount less than the accrued liabilities of the fund, to designate in its annual report to the city council, the amount needed annually to insure the accumulation of the reserve to the level of the fund's accrued liabilities over a period of 40 years. This bill passed the Senate and is in the House Rules Committee.

Discussion: Board Attorneys spoke regarding a rule change; requiring pre-approval of expenses before for travel and education classes taken; and whether or not out of state conferences qualify. Perkoski stated that RSNL&T is putting together a program to meet the required training on Ethics, etc. as per the legal update; reassuring the Board that there is no higher power required

approving the programs, just the Board itself. The Board Attorneys will also determine the parameters in regards to 8 hours of Ethics training and 16 hours of continuing education. Clarification regarding SB 2011 – restarting the 40 year amortization of unfunded liability in 2009 will be reported back if the Senate Bill passes. The Board Attorneys will report back on this and SB 2212 Pension Fund Examinations. Gaskill stated that the Audits will be done every 3 years even though the State has reduced IDOI's funds to do so. Therefore, IDOI may be hiring an outside company to do the Audits.

Perkoski stated upon review of PA 95-0279, effective 1/1/08, all adopted children have the same rights as naturally born children, regardless of when the adoption occurred. Therefore, if a pensioner dies, to the extent that the pensioner has any children natural or adopted, all the children are eligible up to age 18 for survivor's benefits so long as there is no surviving spouse. This law is effective as of 1/1/08, so it would apply to any pensioner who has died from that date going forward. So long as the children were legally adopted at any time prior to death, they would be considered survivors under the pension code. With respect to John Stephens, his minor, adopted children would be eligible for his survivor's pension, to the extent that he no longer has a spouse. Copies of his divorce papers are needed. Whitted stated that he will follow up with Stephens as well as the other concerned annuitant Joe Kozenczak.

NEW BUSINESS

a. Death of Retired Officer Roland "Lefty" Harz: The Board recorded the death of retired Officer Roland "Lefty" Harz – DOH 5/1/1953, Retired on 7/15/1977, DOD 4/28/2009. No surviving spouse.

b. Death of Retired Officer Jack Muhs: The Board recorded the death of retired Officer Jack Muhs – DOH 10/18/1965, Retired on 10/25/1997, DOD 4/30/2009. Surviving spouse: Phyllis Muhs.

c. Retirement of Canine Officer Michael Mellenthin: DOH 4/2/1984, Retired on 5/31/2009 with benefits in the amount of \$4,430.73 per month.

d. Resignation of David Shrewsbury: DOH 9/22/2008, voluntary resignation on 4/24/2009.

e. Mandatory Ethics Training for Trustees – covered in Board Attorney's Report.

f. Travel Rule Change – TABLED for further clarification from Board Attorney.

APPROVAL OF LAUTERBACH AND AMEN BALANCE SHEETS FOR MARCH & APRIL, 2009

The Board discussed the Lauterbach and Amen balance sheets for March and April, 2009. **Motion by Muehlenbeck, seconded by Marks, to approve the Lauterbach and Amen Balance Sheets for March and April, 2009. A roll call vote taken: Ayes: Chiaro, Muehlenbeck, Marks, Niemann (4). Nays: None (0). Motion unanimously carried: 4-0.**

FINANCIAL REPORT

Investment Advisor, Thomas McShane, provided the Board with reports including the Des Plaines Police Pension Fund Portfolio Update dated June, 2009. A copy of the portfolio statement for the trailing twelve months ending May 31, 2009 was provided to the Board. The Total Fund balance as of May 31, 2009 is \$43,508,100, which is up approximately 5% from March, 2009.

McShane stated that the market is coming out of the doldrums and risk is more attractive now; economic indicators are less worse; emerging markets are soaring and recommends that these be discussed at the next meeting including some candidates in that area. McShane reported that allocations continue monthly as previously recommended.

Ken Grossman from SC Capital Management, LLC provided the Board with a Client Review report dated June 9, 2009 and discussed the Firm's highlights, performance record, portfolio holdings as of 5/31/09 and portfolio highlights for the 1st quarter 2009. Grossman also stated the Firm's investment objectives and strategies.

ADJOURNMENT

Motion by Marks and seconded by Niemann to adjourn the meeting at 12:42PM. Motion unanimously carried.

Nicholas Chiaro, President