

Meeting Minutes - August 13, 2013

Call to Order - the meeting was called to order at 9:12 a.m. in room 101 at City Hall, 1420 Miner Street, Des Plaines, Illinois.

Roll Call - Chairman Chiaro and Trustees Muehlenbeck, Rotkvich, Neil and Treantefelis were present. No one was absent. Also present were pensioners Wendall Whitted and Mike Lambeau, Finance Director Dorothy Wisniewski, Investment Consultant Tom McShane 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 June 11, 2013. All voted in favor of the motion.

Approval of Disbursements - The Board reviewed Warrant List #40 indicating expenditures in the amount of \$44,077.12. There was a motion by Chairman Chiaro, seconded by Trustee Rotkvich to approve payment of the disbursements noted on Warrant List #40. 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 June 30, 2013. The total fund balance was \$57,396,347 comprised of \$18,227,770 in fixed income; \$32,444,080 in equity; \$1,383,850 in illiquid assets; and \$5,339,160 in cash and equivalent investments. The Board reviewed current cash flow needs and the current investment allocations and determined that no changes were necessary.

Tom McShane also discussed the services provided by Chicago Clearing Corporation in pursuing class action securities settlements for investors like the Board. The services are provided for no up-front fees, rather CCC will retain 20% of the sums collected as their fee. McShane was asked to obtain a sample contract and provide it to Attorney Cribaro-Mello for review.

Board's Attorney Report - Attorney Cribaro-Mello updated the Board regarding the Appellate Court ruling, affirming the Board in the

Hicks matter. The Board was also advised that Hicks has filed a petition for leave to appeal to the Illinois Supreme Court.

Attorney Cribaro-Mello discussed the recent court decision in Gutraj v. Board of Trustees of the Village of Grayslake Police Pension Fund.

Attorney Cribaro-Mello reviewed the information received in response to the Investment Consultant Requests for Information, sent to the candidates selected by the Board and returned by June 20, 2013. Three of the four candidates requested provided responses to the RFI questionnaire. The responses were reviewed and discussed based on a detailed summary provided. The Board evaluated the responses to each question contained in the RFI. Items and information that particularly distinguished the respondents included the number and size of other Article 3 and 4 funds represented, the amount of insurance maintained for purposes of fiduciary and professional liability, whether the firm could serve as a fund custodian, the investment consultant fees and how investment manager fees were paid.

Giving full consideration to all respondents, the Board discussed whether it would be prudent to make any changes with respect to investment consulting services at this time.

Having considered all of the responses as required by 5/1-113.5(a-5) a motion was made by Trustee Muehlenbeck, seconded by Trustee Neil that the Board should not make any changes to its investment consultant at this time. A roll call vote was taken and all members voted in favor of the motion. Attorney Cribaro-Mello was directed to provide notice and thanks to the RFI respondents.

Old Business - The Board discussed that it was in the process of recalculating the pension calculation for Commander Mike Kozak. Kozak is a deferred pensioner as he is not yet 50 years old and because his rank and salary changed several times during his last year of service, the board's accountants have not been able to calculate his pension so that his final pension salary agrees with the City's personnel records concerning Kozak's changes in rank.

New Business -

- The Board was advised of the resignations of two officers, Parkhill and Cozzens. Both officers have been notified of their right to request a refund of contributions made to the fund.
- Lauterbach & Amen contract renewal - the board reviewed the contract provided by Lauterbach & Amen for continued fund accounting and services through 2018. The Board discussed the increase in Lauterbach & Amen fees over the last ten years (approximately 32%). While there was a general consensus that the fee increases exceeded the market, the Board agreed that the services and assistance provided by Lauterbach & Amen were commensurate with the fees. A Motion was made by Trustee Treantefelis, seconded by Trustee Muehlenbeck, to accept the renewal contract for Lauterbach & Amen for services through 2018. A roll call vote was taken and all members voted in favor of the motion.
- The Board reviewed a new service proposal provided by Lauterbach & Amen to prepare benefits summaries for all fund members. Because the summaries do not provided any information that cannot be obtained by entering information into the Department of Insurance Benefits Calculator, it was determined that no action was necessary on the proposal at this time.
- The Board reviewed a request to contribute \$300 to the Coalition for Qualified Plans who will be requesting an updated Plan Determination Letter from the IRS for Article 3 and Article 4, to ensure the pension code complies with IRS qualified plan requirements. A Motion was made by Trustee Rotkvich, seconded by Trustee Neil to authorize the contribution of \$300 to obtain an updated IRS determination letter. A roll call vote was taken and all members voted in favor of the motion.
- The Board reviewed the 12/31/12 Actuarial Report provided by Illinois Department of Insurance. The report suggests that the minimum funding requirement for the City is \$4,051,096. A Motion was made by Trustee Neil, seconded by Trustee Treantefelis, to request the City Council fund the police pension in the amount recommended by the 1001. The motion passed by unanimous vote.

Approval of Lauterbach & Amen balance sheets for May and June, 2013 - A motion was made by Trustee Muehlenbeck, seconded by Trustee Rotkvich to approve the balance sheets prepared by Lauterbach & Amen for May and June 2013. A roll call vote was taken and all members voted in favor of the Motion.

Public Comment - None.

Executive Session - None.

Adjournment - A motion was made by Chairman Chiaro, seconded by Trustee Neil, to adjourn the meeting at 11 :05 a.m. The motion passed unanimously.

The meeting adjourned at 11 :05 a.m.