

Meeting Minutes - August 9, 2011

A regular meeting of the Board of Trustees of THE DES PLAINES POLICE PENSION BOARD was held on Tuesday, August 9, 2011 at 9:00 AM at City Hall located at 1420 Miner Street, in Room 101, Des Plaines, IL 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 9:02 AM.

ROLL CALL

Upon roll call the following answered:

Present: President Nicholas Chiaro, Vice President Robert Muehlenbeck, Trustee Jeff Rotkvich

Absent: Secretary Robert Neil, Trustee Daniel Niemann

Also Present: Retired Officers Wendall Whitted and James Roel, Board Attorney Camille Cribaro-Mello of RSNL&T, Tom McShane of Graystone Consulting-MSSB, Becky Davis of Lauterbach & Amen, LLP (L&A), Retired Officer Michael Lambeau (arrived later)

APPROVAL OF PRIOR MEETING MINUTES

The Board reviewed the June 14, 2011 minutes as presented in the board meeting packet. **A motion by Rotkvich to approve the June 14, 2011 regular meeting minutes as presented, second by Muehlenbeck. Motion unanimously carried.**

APPROVAL OF DISBURSEMENTS

The Board reviewed the disbursements on Warrant list #28 as presented in the board meeting packet. **A motion by Rotkvich to approve the disbursements as listed on Warrant List #28 totaling \$16,497.49, second by Chiaro. Roll Call Vote: Muehlenbeck - aye, Chiaro - aye, Rotkvich - aye. Motion unanimously carried.**

The Board agreed to move the Investment Report up to accommodate Investment Advisor McShane's pressing meeting schedule.

FINANCIAL REPORT

Review of Fund's Portfolio / Asset Allocation: Investment Advisor McShane distributed and reviewed with the Board (1) the Performance Report for the Second Quarter of 2011 as of June 30, 2011, (2) a Portfolio Review as of August 8, 2011 and (3) an Estimated Rate of Return Analysis. McShane discussed the current state of the economy and market, noting the state of uncertainty and lack of confidence reflected in the market performance. As of June 30, 2011 Total Fund balance was \$54,325,606 (see Exhibit A); up 0.51% for the QTD and up 3.39% YTD. Asset Allocations as of 06/30/11 - Equities at 50.43% and Fixed Income/Cash at 49.57%. As of August 8, 2011 Total Fund balance was \$50,462,407; down 6.5% for the QTD (06/30/11 - 08/08/11) and down 3.3% YTD (12/31/10 - 08/08/11); Asset Allocations as of 08/08/11 - Equities at 43.3% and Fixed Income/Cash at 56.7%.

Cash flow Analysis: The Board discussed and reviewed the Estimated Rate of Return Analysis; McShane recommended to hold for now to determine what the Feds will do; possible special meeting may be needed later (may combine with Hicks disability hearing); the Board agreed there is no need to make any snap judgment changes at this time; only recommendations at this time are to terminate underperforming managers to reduce costs. The Board discussed underperforming Wells Large Cap Growth and then Messner (Mid Cap portion) on watch - to be reviewed at the next meeting. **A motion by Muehlenbeck to terminate Wells Large Cap Growth due to poor investment performance and invest those funds into the S&P 500 Index Fund - Large Cap Core, second by Rotkvich. Roll Call Vote: Muehlenbeck - aye, Chiaro - aye, Rotkvich - aye. Motion unanimously carried.** The Board also reviewed the Strategic and Intermediate - Term Return and Volatility Assumptions (Tab 3, pg 6 of the 06/30/11 Performance report) to provide information for the investment rate of return assumption for the actuarial report.

McShane was excused and left the meeting at 9:47 AM

BOARD ATTORNEY'S REPORT

Legal Update: Board Attorney Cribaro-Mello discussed the passing of the Civil Union Act which became law on 06/01/2011 and pertains to all of Illinois, Civil Union will be treated the same as married, documentation required.

Review of New Court Decisions: Cribaro-Mello reported that the SB512 is coming back in the Veto Session which currently does not affect Article 3 & 4 pension funds, will adjust COLA to reduce benefits, constitutional challenges anticipated. Depending on how the courts handle this and the results – it may affect Article 3 & 4, but should not be a concern anytime soon.

Cribaro-Mello also briefly discussed the following: (1) hearing status for Eleanor Ventimigla's claim for benefits which is scheduled for 10/11/2011; (2) disability hearing for Hicks is tentatively scheduled for a special meeting on 09/13/2011 at 9:00 AM and an 11:00 AM hearing; (3) reworking of the board member signature line in the New Pensioners Packet – to be further discussed with Allison Barrett of L&A; (4) Konieczny QILDRO in progress; (5) RSNL&T attorney fees will not go up this year; (6) IDOI will not be providing the State Actuarial Valuation as they have in the past; recommending the Board engage an independent Actuary to fulfill due diligence and provide the Tax Levy recommendation requirement to the City. The Board considered engaging L&A for Actuarial Services, to provide a sample report and proposal; the Board is looking for a couple of assumption scenarios to be provided. **A motion by Chiaro to engage L&A and provide an Actuarial Report as soon as possible, not to exceed a cost of \$2,500, second by Rotkvich. Roll Call Vote: Muehlenbeck – aye, Chiaro – aye, Rotkvich – aye. Motion unanimously carried.** Davis will follow up at L&A to request the proposal and actuarial report for the Board.

Retired Officer Michael Lambeau arrived and joined the meeting at 10:13 AM

OLD BUSINESS

Status of Application for Disability from Sergeant Matt Hicks: The Board previously discussed this item under Board's Attorney Report (item # 2).

Status of Hearing for Eleanor Ventimigla / Claim for Benefits: The Board previously discussed this item under Board's Attorney Report (item # 1).

QILDRO Request Update: The Board previously discussed this item under Board's Attorney Report (item # 4).

NEW BUSINESS

Application for Membership from Officer Michael Schild: The Board acknowledged acceptance of Officer Michael Schild into the pension fund; date of hire: 07/08/2011.

Application for Membership from Officer Juan Molina: The Board acknowledged acceptance of Officer Juan Molina into the pension fund; date of hire 07/08/2011.

Application for Retirement from Deputy Chief Richard Rozkuszka: The Board reviewed the pension calculation from L&A as provided in the board meeting packet. **A motion by Rotkvich to approve and accept the retirement calculations for Deputy Chief Richard Rozkuszka as provided by L&A stating his entry date of 06/28/1982, retirement date of 08/15/2011, effective date of pension 08/16/2011 with 29 years of creditable service earned, applicable salary of \$125,707.00, amount of originally granted monthly pension \$7,594.80, amount of annual pension \$91,137.60, second by Muehlenbeck. Roll Call Vote: Muehlenbeck – aye, Chiaro – aye, Rotkvich – aye. Motion unanimously carried.**

APPROVAL OF LAUTERBACH AND AMEN BALANCE SHEETS –
May & June 2011

The Board distributed and reviewed the May and June 2011 monthly financial reports from L&A. **A motion by Rotkvich to approve the May and June 2011 monthly financial reports from L&A, second by Muehlenbeck. Motion unanimously carried.**

The Board reviewed additional topics provided in the board meeting packet and discussed pension conversions and retirement scenarios with tax free benefits; IRS granted a mileage increase to .555 cents per mile from July 1 – December 31, 2011; Trustee Training: Trustees Dan Niemann and Jeff Rotkvich may be attending the IPPFA Fall Conference; Rotkvich has completed the 32 hour Certified Training Program.

EXECUTIVE SESSION – none needed

ADJOURNMENT

A motion by Muehlenbeck to adjourn the meeting at 10:38 AM, second by Chiaro. Motion unanimously carried.