
MINUTES OF THE PROCEEDINGS
REGULAR MEETING
OF THE
RETIREMENT BOARD OF THE POLICEMEN'S
ANNUITY & BENEFIT FUND
HELD
MONDAY – NOVEMBER 21, 2016

The regular meeting of the Retirement Board of the Policemen's Annuity and Benefit Fund was held November 21, 2016, at 9:00 A.M. at the office of the Fund, 221 N. LaSalle Street, Room 1626, Chicago, Illinois for the consideration of applications and bills, and for other such matters that came before the Board. The contents of this meeting were transcribed by Esquire Communications, Ltd. Court Reporters and are made a part of the record.

PRESENT: Trustees Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

ABSENT: Trustees Hamburger, Summers 2.

PRESIDING: President and Trustee Hauser

President Hauser called the meeting to order.

The first order of business was review of the minutes from the investment committee meeting held November 15, 2016.

It was moved by Trustee Wright, seconded by Trustee Lappe that the Board approve the minutes as submitted.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Wright 5.

Absent: Hamburger, Summers 2.

Abstain: Maloney 1.

Against: 0.

At this time, the Chief Investment Officer presented some travel requests to the Board. The CIO requested approval for two trips for due diligence purposes. Both trips are single day travel.

It was moved by Trustee Lappe, seconded by Trustee Maloney that the Board approve the travel expenses as requested by the Fund's Chief Investment Officer.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

The CIO discussed with the Trustees the Muller & Monroe portfolio and a secondary sale of the portfolio that has been offered to the Fund. There is an option to accept such offer now or defer for another year and receive an additional \$400,000. The CIO recommended acceptance of the offer now.

It was moved by Trustee Maloney, seconded by Trustee Wright that the Board accept the secondary sale offer and liquidate an investment as recommended by the Fund's CIO.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

President Hauser requested adoption of Board orders as submitted by the Board's legal counsel.

In the matter of **Robert Jasinski** the Board found that Officer Jasinski is disabled as a result of an act of duty incident, however, the injury was exacerbated by a pre-existing physical condition and therefore, his duty disability benefits are awarded at 50% of salary as defined in the Pension Act.

It was moved by Trustee Wright, seconded by Trustee Avila that the Board adopt the order on Robert Jasinski as submitted.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

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In the matter of **Shirley Johnson**, the Board found that Officer Johnson's application for a duty disability benefit is denied. However, Officer Johnson is disabled as disability is defined in the Pension Act, and is therefore entitled to an Ordinary Disability Benefit.

It was moved by Trustee Avila, seconded by Trustee Wright that the Board adopt the order on Shirley Johnson as submitted.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

The President turned the meeting over to the Recording Secretary, Trustee Maloney.

The Board Recording Secretary conducted the agenda as follows:

PAGE NO. REFERENCE

1 - 6 Incurred Expenses for the Month of November 2016.

It was moved by Trustee Avila, seconded by Trustee Wright that the Board approve the Obligations as detailed on pages 1 through 6.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

7 - 10 Refunds of Contributions; Withdrawal of Service, Widow's Annuity Accumulations; and Revised Widow's Annuity Accumulation.

It was moved by Trustee Lappe, seconded by Trustee Avila that the Board approve the Refunds as detailed on pages 7 through 10.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

11 - 12 Payment to Heirs of Deceased Annuitants

It was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the Payment to Heirs of Deceased Annuitants as detailed on pages 11 and 12.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

13 Refund of Unused Annuity Contributions

It was moved by Trustee Avila, seconded by Trustee Lappe that the Board approve the refund as detailed on page 13.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

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PAGE NO. REFERENCE

14 Refund of Annual Increase Contribution (retired with less than 20 years of service)
It was moved by Trustee Hauser, seconded by Trustee Avila that the Board approve the refund as detailed on page 14.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

15 - 17 Annuities [Summary pg. 18]
It was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the Annuities as detailed on pages 15 through 17.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

19 Annuities – Revised
It was moved by Trustee Hauser, seconded by Trustee Brown that the Board approve the revised annuities as detailed on page 19.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

20 - 21 Annuities to Widows [Summary pg. 22]
It was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the Annuities to Widows as detailed on pages 20 and 21.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

23 Annuities to Children
It was moved by Trustee Brown, seconded by Trustee Avila that the Board approve the Annuities to Children as detailed on page 23.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

PAGE NO. REFERENCE

24 Ordinary Disability Application
 a) **Spencer, Jordan**

The medical documentation on this application was reviewed by the Board members.
It was moved by Trustee Hauser, seconded by Trustee Wright that the Board grant Jordan Spencer an ordinary disability benefit.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

25 Duty Disability Application
 b) **Witczak, Christopher J.**

The medical documentation on this application was reviewed by the Board members.
It was moved by Trustee Wright, seconded by Trustee Avila that the Board grant the officer subject to a full evidentiary hearing an ordinary disability benefit without prejudice with the understanding that the Board reserves the right prior to such hearing to revisit and terminate that benefit if it is deemed warranted.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

26 - 28 Payment of Death Benefits [Summary pg. 29]

It was moved by Trustee Hauser, seconded by Trustee Brown that the Board approve the Death Benefits as detailed on pages 25 through 28.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

MISCELLANEOUS

30 GUARDIANSHIP APPOINTMENT
 Boness, Deborah

Documentation verified, *it was moved by Trustee Lappe, seconded by Trustee Brown that the Board acknowledge the court appointed guardianship as detailed on page 30.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

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PAGE NO. REFERENCE
31 REQUESTS FOR PENSION CREDIT FOR PRIOR COOK COUNTY
 SERVICE UNDER 5-214 (c)

Documentation verified, *it was moved by Trustee Lappe, seconded by Trustee Wright that the Board approve the requests to purchase prior Cook County Service as detailed on page 31.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

32 REQUESTS FOR PENSION CREDIT FOR PRIOR MILITARY
 SERVICE UNDER 5-214.3

Documentation verified, *it was moved by Trustee Avila, seconded by Trustee Brown that the Board approve the requests to purchase pension credit for prior military service as detailed on page 32.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

33 REQUESTS FOR PENSION CREDIT FOR MILITARY LEAVE UNDER **USERRA**

Documentation verified, *it was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the requests to purchase service credit for military leave of absence periods as detailed on page 33.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

General Agenda completed.

It was moved by Trustee Avila, seconded by Trustee Wright that the Board enter into executive session pursuant to Section 2 (c)(11).

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

It was moved by Trustee Lappe, seconded by Trustee Brown that the Board exit the executive session.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

Next order of Business was continuing with the Scheduled Hearings.

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HEARINGS

34 REQUEST FOR CREDIT FOR PRIOR SERVICE

Okon, Eddie

Officer Okon forwarded electronic communication to the Board that he would not be able to attend his hearing today, due to personal situation.

It was moved by Trustee Wright, seconded by Trustee Maloney that the Board continue the hearing on Officer Okon's application.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

DUTY DISABILITY STATUS REVIEWS

35 **Foley, Kathleen**

Kathleen Foley appeared before the Board, with counsel, on a status review of her duty disability benefit. After hearing testimony from Officer Foley, Donald O'Neill, Director of Human Resources of the Chicago Police Department, and reviewing the medical reports and documents submitted, *it was moved by Trustee Wright, seconded by Trustee Lappe that the Board terminate Officer Foley's disability benefit effective December 31, 2016.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

36 **Krofel, Kenneth**

Kenneth Krofel appeared before the Board, without counsel, on a status review of his duty disability benefit. Board counsel reviewed with Officer Krofel the procedures of an administrative hearing, along with his right to have an attorney present. Officer Krofel agreed to proceed without counsel. After hearing testimony from Kenneth Krofel, the Board's consulting physician, Donald O'Neill, the Director of Human Resources for the Chicago Police Department, and reviewing the medical reports and documents submitted, *it was moved by Trustee Lappe, seconded by Trustee Wright that the Board terminate Kenneth Krofel's disability benefit effective December 31, 2016.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was moved by Trustee Wright, seconded by Trustee Avila that the Board enter into executive session per 2 (c)(11).

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

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PAGE NO. REFERENCE

It was moved by Trustee Brown, seconded by Trustee Wright that the Board exit the executive session.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

DUTY DISABILITY STATUS REVIEWS, Continued

37

McClendon, Jennifer

Attorney for Jennifer McClendon appeared before the Board requesting a continuance on her status review of duty disability benefits.

It was moved by Trustee Maloney, seconded by Trustee Lappe that the Board grant the continuance requested.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

38

Rivas, Gelacio

Rivas Gelacio appeared before the Board, with counsel, on a status review of his duty disability benefit. After hearing testimony from Gelacio Rivas, Donald O'Neill, the Director of Human Resources for the Chicago Police Department, and reviewing the medical reports and documents submitted, *it was moved by Trustee Lappe, seconded by Trustee Wright that the Board terminate Gelacio Rivas' disability benefit effective December 31, 2016.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

39

DUTY DISABILITY CLAIMS

Bialek, Timothy

Timothy Bialek appeared before the Board, with counsel, on his application for a duty disability benefit. After hearing testimony from Lieutenant Bialek, the Board's consulting physician and reviewing the medical reports and documents submitted, *it was moved by Trustee Maloney, seconded by Trustee Lappe that the Board grant Lieutenant Bialek a duty disability benefit.*

ROLL CALL

For: Avila, Hauser, Lappe, Maloney, Wright 5.

Absent: Brown, Hamburger, Summers 3.

Against: 0.

It was then moved by Trustee Maloney, seconded by Trustee Wright that the Board grant the duty disability benefit at 75% of salary as defined in the Illinois Statutes.

ROLL CALL

For: Avila, Lappe, Maloney, Wright 4.

Absent: Brown, Hamburger, Summers 3.

Against: Hauser 1.

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39 DUTY DISABILITY CLAIMS, Continued

Lipman, Matthew

Matthew Lipman appeared before the Board, with counsel, on his application for a duty disability benefit. After hearing testimony from Sergeant Lipman, the Board's consulting physician and reviewing the medical reports and documents submitted, *it was moved by Trustee Wright, seconded by Trustee Lappe that the Board grant Sergeant Lipman a duty disability benefit.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was then moved by Trustee Maloney, seconded by Trustee Lappe that the Board grant the duty disability benefit at 75% of salary as defined in the Illinois Statutes.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

Sandusky, Michael

Michael Sandusky appeared before the Board, with counsel, on his application for a duty disability benefit. After hearing testimony from Officer Sandusky, the Board's consulting physician and reviewing the medical reports and documents submitted, *it was moved by Trustee Avila, seconded by Trustee Brown that the Board enter into executive session per 2 (c)(11).*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was moved by Trustee Avila, seconded by Trustee Wright that the Board exit the executive session.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was moved by Trustee Maloney, seconded by Trustee Wright that the Board grant Officer Sandusky a duty disability benefit.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was then moved by Trustee Maloney, seconded by Trustee Wright that the Board grant the duty disability benefit at 75% of salary as defined in the Illinois Statutes.

ROLL CALL

For: Maloney, Wright 2.

Absent: Hamburger, Summers 2.

Against: Avila, Brown, Hauser, Lappe 4.

MOTION FAILS

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PAGE NO. REFERENCE

It was then moved by Trustee Maloney, seconded by Trustee Wright that the Board grant the duty disability benefit at 50% of salary as defined in the Illinois Statutes.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

39 DUTY DISABILITY CLAIMS, Continued

Walker, Clay

Clay Walker appeared before the Board, with counsel, on his application for a duty disability benefit. After hearing testimony from Officer Walker and reviewing the medical reports and documents submitted, *it was moved by Trustee Lappe, seconded by Trustee Wright that the Board enter into executive session.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

It was moved by Trustee Avila, seconded by Trustee Wright that the Board exit the executive session.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

It was moved by Trustee Wright, seconded by Trustee Maloney that the Board grant Officer Walker a duty disability benefit.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

It was then moved by Trustee Maloney that the Board grant the duty disability benefit at 75% of salary.

NO SECOND; MOTION FAILS

It was moved by Trustee Lappe, seconded by Trustee Brown that the Board grant the duty disability benefit at 50% of salary as defined in the Illinois Statute.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.
Absent: Hamburger, Summers 2.
Against: 0.

The Executive Director reviewed with the Board the following matters.

- The Executive Director reviewed with the Board members the meetings schedule for 2017.

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- Next, the Executive Director requested on behalf of the RJ Jones Annuitants Assistance (RJAA) Fund that \$360,000 be transferred from the Policemen's Annuity and Benefit Fund gift reserve to the RJAA Fund to provide the \$500 gift check to widows and annuitants in receipt of a minimum annuity.

It was moved by Trustee Wright, seconded by Trustee Maloney that the Board approved the transfer of monies as requested.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

- The next item, the annual ethics training certification, as a reminder there is an annual eight-hour training requirement for the Trustees of this Fund, per Article 1, Chapter 1 of the Pension Code. Whereas Board members were requested to review and sign the certification presented so there is a record from which the appropriate documents can be filed with the Department of Insurance indicating compliance.
- The Executive Director distributed a schedule to meet with each Trustee to review the proposed 2017 operating budget for the Fund, in advance of the December 20, 2016, Board meeting.
- Additionally, a reminder that the December meeting is scheduled for Tuesday, December 20th, which is traditionally followed by the Fund's annual holiday party. The Executive Director requested a budget for the Holiday party.

It was moved by Trustee Brown, seconded by Trustee Lappe that the budget for the annual holiday party be approximately \$750.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was moved by Trustee Avila, seconded by Trustee Lappe that the Board enter into executive session.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was moved by Trustee Brown, seconded by Trustee Wright that the Board exit the executive session.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

- The Trustees reviewed recommendations of the Board's consulting physician.

*It was moved by Trustee Wright, seconded by Trustee Lappe that the Board approve an Independent Medical Evaluation for disability recipient **Juan Jacinto, Jr.***

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

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*It was moved by Trustee Lappe, seconded by Trustee Brown that the Board approve an Independent Medical Evaluation for disability recipient **Michelle Turney**.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

It was moved by Trustee Brown, seconded by Trustee Avila that the Board approve surveillance of a disability member as discussed.

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Hamburger, Summers 2.

Against: 0.

- The Executive Director discussed notices received regarding a class action suit involving the Northern Trust. Such suit, in which securities lending reinvested collateral held in the Core USA Fund, reached a final settlement of \$4,250,000, of which the Fund may be entitled to a share of the proceeds based on the relevant dates and investment values.
- As previously noted, GRS appeared before the Board at the November investment committee meeting. At that meeting, the Committee requested that GRS prepare an evaluation of the impact of a 7.25 % discount rate versus a 7.5 % discount rate. GRS has since supplied quotes for the study. In essence, GRS is proposing that they compare both the accounting and funding values of Public Act 99-0506 at both 7.5% and 7.25%. The Board approved continuation of the study and proposed fees.
- EXECUTIVE DIRECTOR'S REPORT CONCLUDED

All business concluded for this date, November 21, 2016, *it was moved by Trustee Wright, seconded by Trustee Avila that this meeting be adjourned.*

ROLL CALL

For: Avila, Hauser, Lappe, Maloney, Wright 5.

Absent: Brown, Hamburger, Summers 3.

Against: 0.