
MINUTES OF THE PROCEEDINGS
REGULAR MEETING
OF THE
RETIREMENT BOARD OF THE POLICEMEN'S
ANNUITY & BENEFIT FUND
HELD
FRIDAY – JULY 21, 2017

The regular meeting of the Retirement Board of the Policemen's Annuity and Benefit Fund was held July 21, 2017, 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 Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

ABSENT: 0.

PRESIDING: President Hauser

President Hauser called the meeting to order.

The Executive Director announced the mayoral appointment of Ms. Haydee Caldero, as Trustee on the Retirement Board of the Policemen's Annuity and Benefit Fund effective July 13, 2017, at Noon, and expiring November 30, 2018, to complete the unexpired term of Juan Avila, who has resigned.

First order of business is review of the Minutes of the Investment Committee meeting held July 17, 2017. As there was not a quorum at such meeting, the Committee had a two matters for Board approval.

It was recommended that the Board approve the redemption of the remaining holdings of GMO and up to \$40 million from the NTGI Russell 1000 Fund, if necessary, to fund August benefit payments.

It was moved by Trustee Maloney, seconded by Trustee Wright that the Board approve this redemption.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

Next is the recommendation that the Board approve the draft revision to the investment policy, which provides that when deemed necessary by the Fund's CIO and/or the investment consultant, investment managers will be brought in front of the Board for formal presentation.

It was moved by Trustee Maloney, seconded by Trustee Wright that the Board approve this recommendation.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

It was then moved by Trustee Maloney, seconded by Trustee Wright that the Board approve minutes of the Investment Committee meeting held July 17, 2017.

ROLL CALL

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

Absent: Summers 1.

Abstain: Hamburger 1.

Against: 0.

Next was the approval of the minutes of the Special Election Sufficiency meeting held July 13, 2017.

It was moved by Trustee Maloney, seconded by Trustee Hamburger that the Board approve the minutes as presented.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney 6.

Absent: Summers 1.

Abstain: Wright 1.

Against: 0.

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The next order of business was review and adoption of Board orders as submitted by the Board's counsel.

In the matter of **Edward Bazar**, the Board finds "Pursuant to 40 ILCS 5/5-214 and for all of the reasons stated herein, Bazar has not established entitlement to the police pension service credit for the time period December 13, 2004, through April 26, 2005, at which time he was employed as a police officer for the City of St. Petersburg. As the statutory provision of the Act does not grant police pension service credit for such service, Bazar's request for police pension service credit for all or part of the time period requested is, therefore, denied."

It was moved by Trustee Lappe, seconded by Trustee Wright that the Board approve the order on Edward Bazar as submitted.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

In the matter of **Diana Enderle**, the "Board finds that Enderle is disabled as result of an act of duty incident but that the injury was exacerbated by a preexisting physical defect or other disease. Therefore, Enderle's application for a duty disability benefit is granted in the amount of 50% of salary, as more fully defined in the Pension Act."

It was moved by Trustee Wright, seconded by Trustee Hamburger that the Board approve the order on Diana Enderle as submitted.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

In the matter of **George Moore**, the "Board finds that Moore's medical condition is not now disabling as disability is defined in the Act. Payment of Moore's duty disability benefits will therefore cease on July 31, 2017, and Moore is directed to return to the CPD for assignment."

It was moved by Trustee Brown, seconded by Trustee Wright that the Board approve the order on George Moore as submitted.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

In the matter of **Victor Vaccaro**, the "Board finds Vaccaro is disabled by reason of his apprehension and reluctance for exertion, but there is no causal connection between his current condition and suffering from a heart attack or any other disabling heart disease, Therefore, Vaccaro's application for an occupational disease disability benefit is denied, and Vaccaro is granted an ordinary disability benefit as more defined in the Pension Act."

It was moved by Trustee Wright, seconded by Trustee Hamburger that the Board approve the order on Victor Vaccaro as submitted.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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In the matter of **Ross Valenti**, the “Board finds that Valenti’s medical condition is not now disabling as disability is defined in the Act. Payment of Valenti’s duty disability benefits will therefore cease on July 31, 2017, and Valenti is directed to return to the CPD for assignment.”

It was moved by Trustee Lappe, seconded by Trustee Hamburger that the Board approve the order on Ross Valenti as submitted.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

The Fund’s CIO had two items to bring to the Board:

Relating to travel expenses; the CIO requested approval for travel expenses for the four months, September to December 2017, relating to on-site visits to managers, due diligence, industry conferences, and two annual meetings, totaling to \$1,500.

It was moved by Trustee Wright, seconded by Trustee Lappe that the Board approve the prospective expenses for the period September through December 2017.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

The seconded item from the Fund’s CIO relates to expenses for a data room relating to the retention of a broker to assist in the Fund’s consideration of a sale of the Fund’s private equity portfolio in the secondary market. The data room expense, via Intralinks, is outside of the broker’s expense, and is an online data room where the documents pertaining to the Fund’s private equity portfolio would be placed. The cost of the data room would be between \$2800 and \$3500. The CIO recommended the Fund proceed with this expense.

It was moved by Trustee Maloney, seconded by Trustee Wright that the Board approve the expense for the ‘Intralinks’ data room, as discussed.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

The Recording Secretary conducted the agenda as follows:

PAGE NO. REFERENCE

1 - 6 Incurred Expenses for the Month of July 2017.

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

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

(WHEREUPON, Trustee Summers entered the meeting)

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7 - 9 Refunds of Contributions; Withdrawal of Service and Widow's Annuity Accumulations
It was moved by Trustee Wright, seconded by Trustee Hauser that the Board approve the Refunds as detailed on pages 7 through 9.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

10 - 11 Payment to Heirs of Deceased Annuitants

It was moved by Trustee Brown, seconded by Trustee Summers that the Board approve the Payment to Heirs of Deceased Annuitants as detailed on pages 10 and 11.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

12 Refund of Unused Annuity Accumulations

It was moved by Trustee Wright, seconded by Trustee Hamburger that the Board approve the Refund as detailed on page 12.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

13 - 16 Annuities [Summary pg. 17]

It was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the Annuities as detailed on pages 13 through 16.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

18 Annuities to Widows [Summary pg. 19]

It was moved by Trustee Hauser, seconded by Trustee Summers that the Board approve the Annuities to Widows as detailed on page 18.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

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PAGE NO. REFERENCE
20 Ordinary Disability Benefit Claims

a) **Hock, Emily J.**

Based on the medical reports, it was moved by Trustee Lappe, seconded by Trustee Wright that the Board grant Emily J. Hock an ordinary disability benefit.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

b) **Jones, Andrew**

Based on the medical reports, it was moved by Trustee Wright, seconded by Trustee Brown that the Board grant Andrew Jones an ordinary disability benefit.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

21 Duty and Occupational Disease Disability Benefit Claims

c) **Panico, Michael A. ♥**

After review of the medical reports, it was moved by Trustee Hauser, seconded by Trustee Caldero that the Board grant an occupational disease disability benefit to Michael Panico.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

d) **Storey, Ricardo T. ♥**

After review of the medical reports, it was moved by Trustee Wright, seconded by Trustee Brown that the Board grant Officer Storey 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: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

22 - 23 Payment of Death Benefits [Summary pg. 24]

It was moved by Trustee Hauser, seconded by Trustee Brown that the Board approve the Death Benefits as detailed on pages 22 and 23.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

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PAGE NO. REFERENCE

LEAVES

25 REQUEST FOR PENSION CREDIT FOR LEAVE OF ABSENCE SERVICE

Documentation verified, it was moved by Trustee Wright, seconded by Trustee Lappe that the Board approve the request to purchase leave of absence service as detailed on page 25.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

MISCELLANEOUS

26 2017 REQUIRED FUNDING RESOLUTION FOR THE YEAR 2018

Documentation verified, it was moved by Trustee Wright, seconded by Trustee Hauser that the Board approve the funding resolution as detailed on page 26.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

27 REQUESTS FOR PENSION CREDIT FOR PRIOR COOK COUNTY
SERVICE UNDER 5-214 (c)

Documentation verified, it was moved by Trustee Hamburger, seconded by Trustee Wright that the Board approve the requests to purchase prior Cook County service as detailed on page 27.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

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

Documentation verified, it was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the requests to purchase prior military service as detailed on page 28.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

29 REQUEST FOR BOARD CONSIDERATION
Segura, Steven

After discussion, it was moved by Trustee Wright, seconded by Trustee Lappe, that the Board approve an additional few weeks of reserve time, which does not overlap with any other service credit.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

General Agenda completed.

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

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

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

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

PAGE NO. REFERENCE

30 REQUEST FOR PENSION CREDIT FOR PRIOR SERVICE

Colon, Orven

Officer Colon appeared before the Board without counsel. Board counsel reviewed with Officer Colon the procedures of an administrative hearing, along with his right to have an attorney present. Officer Colon agreed to proceed without legal representation. After hearing testimony and reviewing the documents submitted in this case and pursuant to 40 ILCS 5/5-214, *it was moved by Trustee Lappe, seconded by Trustee Hamburger that the Board deny Officer Colon's request to purchase pension credit for prior service.*

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

(WHEREUPON, Trustee Summers exited the meeting)

31 REQUEST FOR PENSION CREDIT FOR PRIOR SERVICE

Williams, Juwana J.

Officer Williams appeared before the Board without counsel. Board counsel reviewed with Officer Williams the procedures of an administrative hearing, along with his right to have an attorney present. Officer Williams agreed to proceed without legal representation. After hearing testimony, reviewing the documents submitted in this case and pursuant to 40 ILCS 5/5-214, *it was moved by Trustee Hamburger, seconded by Trustee Brown that the Board deny Officer Williams' request to purchase pension credit for prior service.*

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

PAGE NO. REFERENCE

DISABILITY HEARINGS

DUTY DISABILITY STATUS REVIEWS

32

Turney, Michelle L.

Sergeant Turney appeared, without counsel, before the Board on her duty disability status. After hearing testimony from Sgt. Turney, reviewing the medical records and all documents submitted *it was moved by Trustee Wright, seconded by Trustee Maloney that the Board approve the resumption of Sgt. Turney's duty disability benefits retroactive to the date the Board terminated the disability benefit.*

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Maloney, Wright 6.

Absent: Summers 1.

Against: Lappe 1.

It was moved by Trustee Hamburger, seconded by Trustee Brown that the resumed duty disability benefit be at 75% of salary as defined in the Pension Act.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Maloney, Wright 6.

Absent: Summers 1.

Against: Lappe 1.

(WHEREUPON, Trustee Summers entered the meeting)

33

DUTY AND OCCUPATIONAL DISEASE DISABILITY CLAIMS

Gilmore, Patrick J.

Patrick Gilmore appeared before the Board, with counsel, on his claim for a duty disability benefit. After hearing testimony from Officer Gilmore, the Board's consulting physician, and reviewing the identified medical reports and documents submitted, *it was moved by Trustee Wright, seconded by Trustee Hamburger that the Board enter into executive session.*

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

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

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

It was moved by Trustee Wright, seconded by Trustee Maloney that the Board award Patrick Gilmore a duty disability benefit.

ROLL CALL

For: Maloney, Wright 2.

Absent: 0.

Against: Brown, Caldero, Hamburger, Hauser, Lappe, Summers 6.

MOTION FAILS

It was then moved by Trustee Wright, seconded by Trustee Maloney, that the Board continue the ordinary disability benefit as provided for in the Pension Act.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 8.

Absent: 0.

Against: 0.

(WHEREUPON, Trustee Summers exited the meeting)

PAGE NO. REFERENCE

33 DUTY AND OCCUPATIONAL DISEASE DISABILITY CLAIMS
Witczak, Christopher J.

Christopher J. Witczak appeared before the Board, with counsel, on his claim for a duty disability benefit. After hearing testimony from Officer Witczak, and reviewing the medical reports and documents submitted, *it was moved by Trustee Wright, seconded by Trustee Brown that the Board award a duty disability benefit.*

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

It was then moved by Trustee Wright, seconded by Trustee Lappe that the Board grant the duty award at 75% of salary as defined in the Pension Act.

ROLL CALL

For: Brown, Caldero, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

(WHEREUPON, Trustee Summers entered the meeting)

President Hauser read into the record a Resolution in honor of retiring Trustee Michael K. Lappe, noting an inscribed version is forthcoming.

(WHEREUPON, Trustee Brown exited the meeting)

The Executive Director reviewed with the Board the following matters.

- The Investment Committee meeting held Monday, July 17, 2017, was Trustee Maloney's last Investment Committee meeting with the Fund. The Executive Director thanked him for his service as the investment committee chair, recording secretary for that committee, and especially assuming the role of Acting CIO for over one year. Thank you very much, Trustee Maloney.
- An update on the election for Trustee Michael Lappe's position was provided; the ballots have been mailed, there are four candidates and ballots shall be counted on August 4, 2017.
- An anonymous letter was received regarding a member on disability. It was noted that the Trustees have already terminated such member's disability benefits based upon a recent status hearing.
- Trustee Maloney will be reaching mandatory retirement September 8, 2017, so his position on the Board will be subject to election per the Illinois Statutes. In addition, Trustee Wright's term will be expiring November 30, 2017. A proposed schedule for the election to fill the two positions was distributed to the Board for review. The date of the sufficiency hearing of September 14, 2017, 11am was confirmed, along with the draft election schedule. A quorum on September 14, 2017, will be required to approve the candidate's petitions submitted and related ballots.

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- The next item is a request from a Jim Quaid, a partner at Ostrow, Reisin, Berk & Abrams, Ltd. regarding the audit of the annuitant healthcare cost reconciliation that was performed by the City, for the six months July 1, 2013, through December 31, 2013. This was not a budgeted item, as such matter continues in the Court system. Historically, the Fund has paid this firm to conduct the audit to confirm the information provided by the City. The audit is estimated at approximately \$10,000.

It was moved by Trustee Maloney, seconded by Trustee Hamburger that the Board approve the expense to conduct an independent audit on the annuitant healthcare reconciliation for the period cited.

ROLL CALL

For: Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 7.

Absent: Brown 1.

Against: 0.

- The 2016 CAFR, (Comprehensive Annual Financial Report) for the Fund, and the actuarial valuations as of December 31, 2016, were distributed to all Board members for their information and review. Electronic copies are also available on the Fund's website.
- On July 7, 2017, the Fund received a call from the Fund's storage vendor indicating that one of the Fund's storage locker padlocks was cut. The Executive Director went to that storage facility and contacted Trustee Lappe. A responding officer and an evidence technician were called to the storage facility. Based on the preliminary investigation and Fund's staff additional analysis; it does not appear that anything was taken. The youngest record contained in that unit was a record of a refund issued in 1971. There were also two other units, unrelated to the Fund, that were broken into, so it appears to be a random act of vandalism. Staff will begin to explore a difference process for storage of the Fund's documents. Fund staff has also been exploring the retention and destruction of participant's records. Application with the State of Illinois concerning the Fund's obligation on the retention of records and documents was completed. Participant's applications have a permanent period of retention, and cannot be destroyed. Any documents that accompany a participant's application must be retained at least seven years after the last payment is made to the member and his/her beneficiaries. Thus, there is a very long State of Illinois required retention period for Fund documents.
- The last item was an email from Trustee Wright, who was contacted by attorney Paul Geiger. Mr. Geiger is the court-appointed class counsel for a retro class action brought by Officer Robert Bartlett that recently settled with the City. The agreement includes an extension of time for officers and retirees covered by the settlement to cash their checks from July 25th to August 11th. Mr. Geiger is requesting confirmation of the mailing addresses of members identified that still have funds due to them. The Board approved confirming addresses with information provided by Mr. Geiger, however, if a different address exists, Fund staff will contact the member and communicate this information. Such member's address would not be provided to Mr. Geiger without his/her consent.

EXECUTIVE DIRECTOR'S REPORT CONCLUDED

All business concluded for this date, July 21, 2017, *it was moved by Trustee Maloney, seconded by Trustee Summers that this meeting be adjourned.*

ROLL CALL

For: Caldero, Hamburger, Hauser, Lappe, Maloney, Summers, Wright 7.

Absent: Brown 1.

Against: 0.