
MINUTES OF THE PROCEEDINGS
REGULAR MEETING
OF THE
RETIREMENT BOARD OF THE
POLICEMEN'S ANNUITY & BENEFIT FUND
HELD
THURSDAY – AUGUST 30, 2018

The regular meeting of the Retirement Board of the Policemen's Annuity and Benefit Fund (the Fund) was held August 30, 2018, at 9:30 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 Beyna, Brown, Hamburger, Summers, Wright 5.

ABSENT: Caldero, Hauser, Wodnicki 3.

PRESIDING: Vice President Hamburger

Vice President Hamburger called the meeting to order.

The first order of business was review and approval of the Minutes for the Regular Board meeting held July 26, 2018.

It was moved by Trustee Brown, seconded by Trustee Wright that the Board approve the Minutes of July 26, 2018, as submitted.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

The next order of business was review and approval of the Minutes for the Investment Committee meeting held August 28, 2018.

It was moved by Trustee Wright, seconded by Trustee Beyna that the Board approve the Minutes of August 28, 2018, as submitted.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

It was moved by Trustee Beyna, seconded by Trustee Wright that the Board approve the managers selected for finalist presentations from the Emerging Market Debt RFP: Ashmore, BlackRock, GMO, Lazard and Wellington.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

It was moved by Trustee Beyna, seconded by Trustee Wright that the Board approve an allocation of \$15 million as a re-up to the Lone Star XI Fund, and that funding should be taken from available cash.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

It was moved by Trustee Beyna, seconded by Trustee Wright that the Board approve a 10 percent minority brokerage goal for the BMO microcap strategy and such goal be added to the investment policy.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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It was moved by Trustee Beyna, seconded by Trustee Wright that the Board approve issuing RFPs for a real estate value-add closed-end fund and a real estate core-plus closed-end and open-end fund from September 4th through the 28th, 2018.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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

In the matter of **Lance P. Larkins**, the Board finds that the statutory provision, 40 ILCS 5/5-157(e) does not entitle Officer Larkins to the disability benefit sought. Officer Larkins has not met his burden of proof of evidence that he is disabled and therefore, Larkins' application for an ordinary disability benefit is denied.

It was moved by Trustee Beyna, seconded by Trustee Wright that the Board approve the order regarding Lance P. Larkins.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

In the matter of **George W. Latsos**, "the Board finds that Officer Latsos' medical condition is not now disabling as disability is defined by the Act. Payment of Officer Latsos' duty disability benefits will therefore cease on August 31st, 2018, and Latsos is directed to return to the CPD for assignment."

It was moved by Trustee Brown, seconded by Trustee Beyna that the Board approve the order regarding George W. Latsos.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

The next order of business was a review of the Fund's fiduciary insurance renewal. Mr. Craig Goesel, Senior Vice President of Alliant/Mesirow Insurance Services, appeared before the Board to review the process to secure fiduciary insurance coverage options available to the Fund, along with the carriers that quoted coverage options and pricing. Mr. Goesel also discussed the options available for cyber liability insurance coverage, along with provisions and coverages of such policy. After Review, comparison and discussion *it was moved by Trustee Wright, seconded by Trustee Beyna that the Board approve 'Option 2' with an annual premium of approximately \$148,500, increasing the cyber limit to \$2 million and maintaining the fiduciary limit of \$15 million.*

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

The Vice President turned the meeting over to the Recording Secretary. Review of the agenda was as follows:

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1 – 5 Incurred Expenses for the Month of August 2018.

It was moved by Trustee Hamburger, seconded by Trustee Beyna that the Board approve the obligations as detailed on pages 1 through 5.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

6 – 7 Refunds of Contributions; Withdrawal of Service, Widow's Annuity
Accumulations, and Widow's Annuity Accumulations - *Revised*

It was moved by Trustee Hamburger, seconded by Trustee Beyna that the Board approve the Refunds as detailed on pages 6 and 7.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

8 – 10 Payments to Heirs of Deceased Annuitants

It was moved by Trustee Brown, seconded by Trustee Hamburger that the Board approve payments to heirs of deceased annuitants as detailed on pages 8 through 10.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

11 Refund of Unused Annuity Accumulations

It was moved by Trustee Hamburger, seconded by Trustee Brown that the Board approve the refund of unused annuity accumulations as detailed on page 11.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

12 – 14 Annuities [Summary on page 15]

It was moved by Trustee Beyna, seconded by Trustee Summers that the Board approve the Annuities as detailed on pages 12 through 14.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

16 - 17 Annuities to Widows [Summary on page 18]

It was moved by Trustee Brown, seconded by Trustee Beyna that the Board approve the Annuities to Widows as detailed on page 16 and 17.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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19 Annuities to Children

*It was moved by Trustee Brown, seconded by Trustee Summers that the Board approve the Annuities to Children for **Katherine Busch** as detailed on page 19. In the matter of **Lillie Wilson**, benefits are deferred pending submission of DNA testing results.*

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

20 Ordinary Disability Claim

a) **Taylor, Jeffrey G.**

Based on the medical reports, it was moved by Trustee Hamburger, seconded by Trustee Brown that the Board grant Officer Jeffrey G. Taylor an ordinary disability benefit.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

21 – 23 Payments of Death Benefits [Summary on page 24]

It was moved by Trustee Hamburger, seconded by Trustee Brown that the Board approve payments of death benefits as listed on pages 21 through 23.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

LEAVES

25 REQUESTS FOR PENSION CREDIT FOR LEAVE OF ABSENCE MILITARY SERVICE
USERRA AND 40 ILCS 5/5-212

Documentation verified, it was moved by Trustee Brown, seconded by Trustee Hamburger that the Board approve the requests to purchase leave of absence military service as detailed on page 25.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

MISCELLANEOUS

26 GUARDIANSHIP APPOINTMENT

Bidstrup, Vernice S.

Documentation verified, it was moved by Trustee Brown, seconded by Trustee Hamburger that the Board approve the guardianship appointment as detailed on page 26.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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27 GUARDIANSHIP APPOINTMENT

 Schmidt, Florence L.

Documentation verified, it was moved by Trustee Beyna, seconded by Trustee Hamburger that the Board approve the guardianship appointment as detailed on page 27.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

28 REQUESTS FOR PENSION CREDIT FOR PRIOR COOK
 COUNTY SERVICE UNDER 40 ILCS 5/5-214(c)

Documentation verified, it was moved by Trustee Hamburger, seconded by Trustee Beyna that the Board approve the requests to purchase prior Cook County service as detailed on page 28.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

29 REQUESTS FOR PENSION CREDIT FOR PRIOR MILITARY
 SERVICE UNDER 40 ILCS 5/5-214.3

Documentation verified, it was moved by Trustee Beyna, seconded by Trustee Hamburger that the Board approve the requests to purchase prior military service as detailed on page 29.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

HEARINGS

30 REQUEST TO PURCHASE PENSION CREDIT FOR PRIOR SERVICE

Fleming, John G.

Officer Fleming failed to appear before the Board on his request to purchase pension credit for prior service. Matter deferred.

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PAGE NO. REFERENCE

31 REQUEST TO PURCHASE PENSION CREDIT FOR PRIOR SERVICE

Norberg, Thomas J.

Officer Norberg appeared before the Board on his request to purchase pension credit for prior service and requested a continuance.

It was moved by Trustee Brown, seconded by Trustee Beyna that the Board approve Officer Norberg's request for a continuance on his prior service petition.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

DISABILITY HEARINGS

DUTY DISABILITY STATUS REVIEW

32 **Jasinski, Robert P.**

Robert Jasinski failed to appear before the Board on a status review of his disability. The Board rescheduled this hearing with direction to staff that another hearing notice be sent to Officer Jasinski indicating that failure to appear shall result in suspension of benefits in accordance with Board policy.

33 DUTY DISABILITY CLAIMS

Nelson, Kimberly

Officer Kimberly Nelson appeared before the Board, with counsel, on her claim for a duty disability benefit. After hearing testimony from Officer Nelson and reviewing the medical reports and documents submitted, *it was moved by Trustee Beyna, seconded by Trustee Brown that the Board enter into executive session per 2(c)(11).*

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

It was moved by Trustee Summers, seconded by Trustee Brown that the Board deny Officer Kimberly Nelson's application for a duty disability benefit.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

It was then moved by Trustee Wright, seconded by Trustee Summers that the Board award Kimberly Nelson an ordinary disability benefit.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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33 DUTY DISABILITY CLAIMS, Continued

Ortiz, Juan A.

Officer Juan Ortiz appeared before the Board, with counsel, on his claim for a duty disability benefit. Testimony was taken from Officer Ortiz, *it was moved by Trustee Brown, seconded by Trustee Beyna that the Board enter into executive session per 2(c)(11).*

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

The hearing continued with additional testimony from Officer Ortiz, review of the medical reports and documents submitted. *It was moved by Trustee Beyna, seconded by Trustee Wright that the Board award Officer Ortiz a duty disability benefit.*

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

Vice President Hamburger requested Board counsel, David Kugler, recommend to the Board rules regarding audio and video recordings during a Board Meeting.

The Executive Director reviewed with the Board the following matters.

The Candlelight Vigil is September 5, 2018 at 5:00 pm, and the Fund has been invited. Interested attendees should notify Director Tuczak, and attendees' names shall be provided to the organizers of this event.

Director Tuczak discussed a recommendation by the Board attorneys to direct communication to the City's Budget Director, Ms. Samantha Fields, regarding the shortfall in employer contributions received for the years 2016 and 2017, versus the funding required in the Illinois Statutes. A draft of a letter outlining the amounts per the Illinois Statutes, versus the amounts collected was distributed. Trustee Brown noted that the City's levies are set to equal the amounts in the Statutes. The levies go directly to the Fund and do not pass through the City. In addition, it was noted that any shortfall will be paid to the Fund when the actuarially determined funding begins in payment year 2022.

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After a lengthy discussion among Board members, including recommended edits to the drafted letter, *it was moved by Trustee Brown, seconded by Trustee Summers that the letter, subject to the edits discussed, be sent to the City's Budget Director.*

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

Director Tuczak next discussed a trustee request to re-schedule the Election Petition Sufficiency meeting of Friday, October 5, 2018 from 9:30am to 1:00 pm. All Board members present agreed to the time change for the Sufficiency meeting.

The next issue concerned a request of the Captains' Association to solicit retired Captains for direct payment of dues from November annuity payments. Currently, the Fund does allow retired members of the Fraternal Order of Police (FOP) to deduct annual dues from the retiree's November annuity. If allowed by the Board, the Fund's staff would send a mailing to retired Captains soliciting approval for the deduction. The mailing would be paid by the Captains' Association, however, addresses of the retirees would not be provided to the Captains' Association. *It was moved by Trustee Wright, seconded by Trustee Beyna that the Board approve the request from the Captains' Association to send the desired mailing, and approval for such mailing and authorized deductions also be given to the Sergeants' and Lieutenants' associations if requested in the future.*

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

The next matter discussed was presented by the Fund's Chief Investment Officer, Ms. Devitt, who requested an educational reimbursement pertaining to a neuroscience master program. Such program is in the communities of social neuroscience, which relates to behavioral investing and behavioral science; the way decisions are made and how investors react to crisis. The employee handbook allows for a maximum \$7,500 educational reimbursement per year for graduate programs. The 2018 budget does not include a provision for reimbursement as the request was not made during the budget process at the end of 2017. Ms. Devitt indicated that she would like to reduce her previously approved 2018 budget requests by approximately \$4,000 pertaining to intern salary and \$3,500 pertaining to reimbursements for conferences and seminars, with such funding instead allocated to educational reimbursement for the neuroscience master program presented.

It was moved by Trustee Wright, seconded by Trustee Beyna that the Board approve the request from the Fund's Chief Investment Officer (CIO) for education reimbursement in accordance with the established employee handbook, with a report on the class submitted by the CIO. In addition, for the operating 2018 Budget of the Fund, the funding from this \$7,500 expenditure will be deducted from conferences and seminars and employee salaries (intern).

ROLL CALL

For: Beyna, Brown, Summers, Wright 4.

Absent: Caldero, Hauser, Wodnicki 3.

Against: Hamburger 1.

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Officer **Thomas McNamara** is currently in receipt of duty disability benefits. Director Tuczak received an evaluation from the Board's physician on his current medical condition, which Dr. Orris discussed with the Board.

It was moved by Trustee Beyna, seconded by Trustee Brown that the Board approve an Independent Medical Evaluation (IME) on Thomas McNamara per the recommendation of the Board's physician.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

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

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

It was moved by Trustee Summers, seconded by Trustee Beyna that the Board exit the executive session.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

The next item discussed was a request from Trustee Brown. Trustee Brown indicated that the City is currently evaluating the possibility of some financing for the benefit of the pension funds. A recommendation has not yet been made, however, an actuarial impact study may be necessary. Trustee Brown requested that if an impact study is necessary, that the Executive Director be authorized to approve the impact study, with funding for such study to be paid by the City.

It was moved by Trustee Wright, seconded by Trustee Beyna that the Board authorize the Executive Director to begin the study once requested by the City.

ROLL CALL

For: Beyna, Brown, Hamburger, Summers, Wright 5.

Absent: Caldero, Hauser, Wodnicki 3.

Against: 0.

The next item had previously been discussed by Board counsel, Justin Kugler, regarding litigation concerning Officer Joseph Smith. *It was moved by Trustee Wright, seconded by Trustee Beyna that the Board accept the \$85,000 settlement in the matter of Joseph Smith.*

ROLL CALL

For: Beyna, Brown, Summers, Wright 4.

Absent: Caldero, Hauser, Wodnicki 3.

Against: Hamburger 1.

WHEREUPON, Trustee Summers left the proceedings.

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The next item from Director Tuczak concerned a request from the Fund's independent auditing firm, Mitchell & Titus LLP (M&T). M&T will be responding to a RFP issued by the City with respect to monitoring compliance on the City of Chicago Police Department's consent decree. While M&T will be responding to the RFP, the decision process by the City is not concluded. The RFP would involve M&T performing various procedures on matters of the Chicago Police Department. M&T wanted to confirm with the Board that there are no concerns of independence issues from the Board with respect to the audit of the Fund, should M&T be hired to perform the procedures outlined in the RFP. After discussion it was determined that a representative from M&T should appear before the Board, either in person or telephonically, at the September meeting or subsequent to conclusion by the City of the RFP, should M&T be hired, to address Board concerns.

Director Tuczak next communicated to the Board that Trustee Beyna has spent significant time trying to collect what is due the Fund, under the law, with regard to the proceeds from evidence and recovered property of the Chicago Police Department. After discussion, it was agreed that Trustee Brown would assist with the situation, pending receipt of the previous communication sent to the City and Chicago Police Department regarding this matter.

The last item discussed was notification that the CFA Society of Chicago is conducting free ethics training seminars targeted towards trustees and funds. The seminars are two hours in duration and are scheduled for Mid-September. If enrollment for September is low, alternative dates in November may be provided.

All business concluded for this date, August 30, 2018, due to the lack of a quorum, the meeting was dissolved.