
MINUTES OF THE PROCEEDINGS
REGULAR MEETING
OF THE
RETIREMENT BOARD OF THE POLICEMEN'S
ANNUITY & BENEFIT FUND
HELD
FRIDAY – MAY 26, 2017

The regular meeting of the Retirement Board of the Policemen's Annuity and Benefit Fund was held May 26, 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 Avila, Brown, Hamburger, Lappe, Wright 5.

ABSENT: Hauser, Maloney, Summers 3.

PRESIDING: Vice President and Trustee Wright

Trustee Wright called the meeting to order.

The first order of business was review and approval of the Minutes of the last regular meeting of the Retirement Board held April 27, 2017.

It was moved by Trustee Brown, seconded by Trustee Hamburger that the Board approve the minutes from the regular meeting held April 27, 2017.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

Next was the approval of the minutes of the Investment Committee meeting held May 19, 2017.

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

ROLL CALL

For: Avila, Brown, Hamburger, Lappe 4.

Absent: Hauser, Maloney, Summers 3.

Abstain: Wright 1.

Against: 0.

NOTE: At the Investment Committee Meeting held May 19, 2017, there was not a quorum present. Therefore, the committee has recommended certain motions to be entered, with a quorum present, at today's Board meeting.

It was moved by Trustee Avila, seconded by Trustee Hamburger that the Board approve redemption of up to \$30 million from GMO to fund June benefit payments.

ROLL CALL

For: Avila, Brown, Hamburger, Lappe 4.

Absent: Hauser, Maloney, Summers 3.

Abstain: Wright 1.

Against: 0.

It was moved by Trustee Avila, seconded by Trustee Lappe that the Board approve rebalancing of assets within the non-US developed market equities portfolio, large cap.

ROLL CALL

For: Avila, Brown, Hamburger, Lappe 4.

Absent: Hauser, Maloney, Summers 3.

Abstain: Wright 1.

Against: 0.

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It was moved by Trustee Avila, seconded by Trustee Lappe that the Board grant the Executive Director and the Chairman of the Investment Committee the authority to opt into an international class action where there is no undue expense involved and the potential of loss is in excess of \$500,000.

ROLL CALL

For: Avila, Brown, Hamburger, Lappe 4.

Absent: Hauser, Maloney, Summers 3.

Abstain: Wright 1.

Against: 0.

Trustee Wright requested adoption of Board orders as submitted by the Board's counsel.

In the matter of **Matthew R. Fencl**, "The Board finds Fencl is disabled by reason of his MS condition, but there is no causal connection between his MS condition and the June 30, 2006, identifiable act-of-duty incident. Therefore, Fencl's application for a duty disability benefit is denied and Fencl is granted an ordinary disability benefit more fully defined in the Pension Act."

It was moved by Trustee Lappe, seconded by Trustee Brown that the Board approve the order on Matthew R. Fencl as submitted.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

In the matter of **Jason Villarreal**, "The Board after a review and pursuant to 40 ILCS 5/5-214 and for all of the reasons stated herein, the request of Jason Villarreal for police pension credit prior to his employment as a CPD officer for all or part of the time period requested is hereby denied".

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

In the matter of **Nicholas Pienta**, "The Board finds that pursuant to the above-referenced statute the application for the benefits you seek had to be made no later than February 17th, 2010, and your submissions made on March 31, 2017, was not timely brought. Accordingly, the Board finds your application for police pension credit prior to your appointment as a CPD officer for all or part of the time period requested is hereby denied."

It was moved by Trustee Hamburger, seconded by Trustee Lappe that the Board adopt the order on Nicholas Pienta as submitted.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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The Vice President conducted the agenda as follows:

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

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

7 - 10 Refunds of Contributions; Withdrawal of Service, Widow's Annuity Accumulations,
and Exempt Rank

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

11 - 13 Payment to Heirs of Deceased Annuitants

It was moved by Trustee Hamburger, seconded by Trustee Brown that the Board approve the Payment to Heirs of Deceased Annuitants as detailed on pages 11 through 13.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

14 Refund of Unused Annuity Accumulations

It was moved by Trustee Lappe, seconded by Trustee Avila that the Board approve the Refunds as detailed on page 14.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

15 - 20 Annuities [Summary pg. 21]

It was moved by Trustee Lappe, seconded by Trustee Avila that the Board approve the Annuities as detailed on pages 15 through 20.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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22 Annuities – Revised

It was moved by Trustee Avila, seconded by Trustee Brown that the Board approve the revised Annuities as detailed on page 22..

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

23 Annuities to Widows [Summary pg. 24]

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

25 Annuities to Widows - Revised

It was moved by Trustee Avila, seconded by Trustee Brown that the Board approve the revised annuities to widows as detailed on page 25.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

26 Ordinary Disability Claims

a) **O'Donnell, Eileen F.**

Based on the medical reports, it was moved by Trustee Lappe, seconded by Trustee Avila that the Board grant Detective Eileen F. O'Donnell an ordinary disability benefit.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

26 Duty and Occupational Disease Disability Claims

b) **Wade, Marcus**

Based on the medical reports, it was moved by Trustee Avila, seconded by Trustee Hamburger that the Board defer all benefits to Marcus Wade pending a full hearing.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

c) **Washington, Rodney M.**

Based on the medical reports, it was moved by Trustee Brown, seconded by Trustee Lappe that the Board grant Officer Rodney Washington an occupational disease disability benefit.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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28 - 30 Payment of Death Benefits [Summary pg. 31]

It was moved by Trustee Brown, seconded by Trustee Avila that the Board approve the Death Benefits as detailed on pages 28 through 30.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

MISCELLANEOUS

32 REQUESTS FOR PENSION CREDIT FOR LEAVE OF ABSENCE MILITARY SERVICE

Documentation verified, it was moved by Trustee Hamburger, seconded by Trustee Avila that the Board approve the requests to purchase military leave of absences as detailed on page 32.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

33 REQUEST FOR PENSION CREDIT FOR PRIOR COOK COUNTY
SERVICE UNDER 5-214 (c)

Documentation verified, it was moved by Trustee Lappe, seconded by Trustee Brown that the Board approve the requests to purchase prior Cook County service as detailed on page 33.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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

Documentation verified, it was moved by Trustee Avila, seconded by Trustee Lappe that the Board approve the requests to purchase prior military service as detailed on page 34.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

35 GUARDIANSHIP APPOINTMENT

Documentation verified, it was moved by Trustee Avila, seconded by Trustee Lappe that the Board acknowledge the court order appointing guardianship as detailed on page 35.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

General Agenda completed.

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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36 REQUEST FOR PENSION CREDIT FOR PRIOR SERVICE

Michael, Linda

Communication from Officer Michael indicated she could not attend the hearing.

It was moved by Trustee Avila, seconded by Trustee Hamburger that the Board grant a continuance to Officer Michael on this request.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

37 REQUEST FOR PENSION CREDIT FOR LEASE OF ABSENCE SERVICE

Varga, Thomas

Mr. Varga did not appear at his scheduled hearing. Mr. Varga was given notice that on today's date, pursuant to a letter dated to his attention on May 3rd, 2017, sent certified mail, that in the event that he did not appear at the scheduled hearing time, the Board reserves the right to review the record as submitted and render its final decision at that time. It is now five minutes after 12:00 and Mr. Varga has not appeared, nor has he requested any continuance, nor communicated in any way with the Fund that he would not be present. So the Board has had the opportunity to look at the record as it exists before us and the documents which Mr. Varga had submitted. Based upon the documents submitted and review the Statutes, Board counsel advised that the request of Officer Varga does not meet the requirements of the Illinois Pension Statutes.

After complete review of the documents submitted and pursuant to 40 ILCS 5/5-214, *it was moved by Trustee Hamburger, seconded by Trustee Lappe that the Board deny Officer Varga's request to purchase pension credit while on a leave of absence.*

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

PAGE NO. REFERENCE

DISABILITY HEARINGS

DUTY DISABILITY STATUS REVIEWS

38

Valenti, Ross J.

Officer Valenti appeared before the Board without counsel. Board counsel reviewed with Officer Valenti the procedures of an administrative hearing, along with his right to have an attorney present. Officer Valenti requested a continuance.

It was moved by Trustee Brown, seconded by Trustee Avila that Officer Valenti receive a continuance on his disability status review to the June 29th Board meeting.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

39

Williams, Rickey B.

At the April 27, 2017, Board meeting, 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 requested and was granted a continuance.

Officer Williams appeared, again without counsel, on his disability status review. After testimony from Officer Williams and review of the records, *It was moved by Trustee Lappe, seconded by Trustee Avila that the Board terminate Officer Williams' duty disability benefit effective June 30, 2017, and direct him to the Chicago Police Department for reassignment.*

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

40

DUTY DISABILITY CLAIMS

Celio, Vincent R.

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

It was moved by Trustee Lappe, seconded by Trustee Hamburger that the Board grant the duty disability award at 75% of salary as defined in the Statute.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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40 DUTY DISABILITY CLAIMS, Continued

Gilmore, Patrick J.

Counsel for Patrick Gilmore appeared before the Board. After discussion, counsel for the Board recommended that this matter be deferred to the July 21, 2017, Board meeting.

It was moved by Trustee Hamburger, seconded by Trustee Lappe that the Board approve the continuance.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

Schab, Gregory M.

Gregory M. Schab appeared before the Board, with counsel, on his claim for a duty disability benefit. After hearing testimony from Officer Schab, the Board's consulting physician and reviewing the medical reports and documents submitted *it was moved by Trustee Lappe, seconded by Trustee Hamburger that the Board award Officer Schab a duty disability benefit.*

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

It was moved by Trustee Lappe, seconded by Trustee Hamburger that the Board grant the duty disability award at 75% of salary as defined in the Statute.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

In the matter of **Officer Anthony Hernandez**, a disability recipient, *it was moved by Trustee Hamburger, seconded by Trustee Avila that the Board approve an IME for this officer.*

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

Vice President Wright read into the record a Resolution in honor of departing Trustee Juan C. Avila and tendered the inscribed version to Trustee Avila.

The Executive Director reviewed with the Board the following matters.

- At the last Board meeting, the Trustees discussed **Mrs. Charles (Lucille) Loving**. This is a widow, who at the time of calculating her surviving spouse's annuity, it was discovered that her deceased husband had supplied the Fund an inaccurate birth date, which was one year earlier than his actual date of birth. This resulted in additional cost-of-living increases throughout Mr. Loving's retirement for which he was not entitled. These additional payments sum to \$18,000. As requested, the Executive Director contacted Mrs. Loving and discussed the annuity overpayments with her and her daughter and determined to \$50.00 per month repayment to restore the annuity overpayment. The Board accepts this repayment plan and a letter will be directed to Mrs. Loving confirming these details.

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- Also at the last meeting, the Trustees discussed **Mrs. Robert (Cynthia) Rickert**, who has submitted a request to the Board of Trustees. Her husband, a retired police officer, **Robert W. Rickert** passed away March 12, 2017. He retired in 1987, and at the time of his retirement, he was single and received a refund of his spousal contributions. He married Cynthia in 1989. Since the marriage, he has not paid back his spousal refund to the Fund. Ms. Rickert sent a letter to the Board requesting approval to pay the refund of the spousal contributions to the Fund now, after Robert's death, and thus receive a spousal annuity.

It was moved by Trustee Lappe, seconded by Trustee Hamburger that the Board deny the request of Mrs. Cynthia (Robert) Rickert to repay the spousal refund of Robert's pension contributions in accordance with the provision of the Pension Act.

ROLL CALL

For: Avila, Brown, Hamburger, Lappe 4.

Absent: Hauser, Maloney, Summers 3.

Against: Wright 1.

- An Audit and Actuarial committee meeting is scheduled for Monday – June 12 at 11:30 a.m. to discuss the 2016 audit results and the 2016 Actuarial Report. All Trustees are welcome to attend.
- The next item is the Gerdau class action matter. This Board made a motion to seek lead plaintiff status with Robbins Geller as legal counsel, to be lead plaintiff in a matter against Gerdau. There has been some mediation that took place. The mediation was not fruitful; however, subsequent to the mediation, the defendants came forward and offered a settlement. The settlement is outlined in the correspondence provided to Board members. Robbins Geller, which is the firm hired to represent the Board, is recommending that the Board accept this final offer of settlement by the defendant.
- The Executive Director received a request from a trustee for travel and expense associated with attendance at the 28th Annual NASP Annual Pension and Financial Services Conference held June 26, 2017.

It was moved by Trustee Wright, seconded by Trustee Lappe that the Board approve the expenditure for Trustee Summers to attend the conference cited.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

An update on the Fund Office Space was provided. At the last meeting painting and carpeting was discussed and approved. However, that quote did not include the moving of office furniture to accommodate painting and carpeting. There is an additional \$10,000 charge to move furniture. There is also an additional charge of \$6,000 to remove existing wallpaper and prep the related walls before painting.

It was moved by Trustee Brown, seconded by Trustee Avila that the Board approve the additional costs on the office painting and carpeting.

ROLL CALL

For: Avila, Brown, Lappe, Wright 4.

Absent: Hauser, Maloney, Summers 3.

Against: Hamburger 1.

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- Officer, **Melanie Marshall**, who is in receipt of duty disability benefits, was examined by the Board's consulting physician. Dr. Orris recommends a Functional Capacity Evaluation (FCE) be completed on this officer.
- Officer, **Greta Wilson**, who is in receipt of duty disability benefits, was examined by the Board's consulting physician. Dr. Orris recommends a Functional Capacity Evaluation (FCE) be completed on this officer.

It was moved by Trustee Lappe, seconded by Trustee Brown that the Board approve the FCE and/or IME for Officer Melanie Marshall and for Officer Greta Wilson, recommended by the Board's consulting physician.

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

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

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.

EXECUTIVE DIRECTOR'S REPORT CONCLUDED

The Board's counsel informed the Trustees on the matter of **Jacqueline Spaargaren**. Some time ago, the Board awarded her a 50% duty disability benefit, and through Administrative Review the court awarded her a 75% duty disability benefit.

All business concluded for this date, May 26, 2017, *it was moved by Trustee Lappe, seconded by Trustee Hamburger that this meeting be adjourned.*

ROLL CALL

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

Absent: Hauser, Maloney, Summers 3.

Against: 0.