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MINUTES  
REGULAR MEETING NO. 946  
OCTOBER 19, 2009

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October 19, 2009  
Regular Meeting No. 946  
Agenda

1. Roll Call
2. Administrative Items
  - A. Approval of Minutes of Regular Meeting 945
  - B. Minimum Formula Annuities
  - C. Widow's and Children's Annuities
  - D. Refunds
  - E. Death Benefits
  - F. Partial Payments
  - G. Benefit Recalculations
  - H. Requests for Permission
    - i. Guardianship
    - ii. Reside Out of State (None)
  - I. Gift Fund: (Information Only)
  - J. Removals
  - K. Expenditures
  - L. Executive Director's Report
    - i. Monthly Report
    - ii. 2009 Expenditures to Date (Information Only)
3. Legal Status
4. Committee Items for Board Discussion
  - A. Investment, Fabrizio/Jackson
  - B. Legal, Lux/Martin
  - C. Legislative, Carlson/Fabrizio
    - i. Potential for New Legislative Amendment: Reversionary Annuity
  - D. Election, Martin/ del Valle

1. ROLL CALL: Vice-President Dan Fabrizio, Secretary Anthony Martin, Treasurer Stephanie Neely, Trustees Miguel del Valle, Steve Lux and Michael Shanahan.

TRUSTEES PRESENT LATER: President Derrick Jackson

TRUSTEES ABSENT: Trustee Walter Carlson

OTHERS PRESENT: Fund Attorney, Mary Patricia Burns; Assistant City Comptroller, Joe Conte; Deputy Treasurer, Mark Mitrovich, Assistant to the City Clerk, Patrick O'Malley, Executive Director Kenneth Kaczmarz, Chief Investment Officer Michael Moran, Fund Comptroller Jaclyn McAllister, Deputy Director of Benefits Janet Pelech, Administrative Coordinator Lori Lund, and Assistant Administrative Coordinator Kristy Maufas.

2. ADMINISTRATIVE ITEMS:

A. APPROVAL OF MINUTES OF REGULAR MEETING 945, SEPTEMBER 16, 2009:

*On motion of Martin, seconded by Lux, the minutes of the regular meeting number 945, held on September 16, 2009, were accepted and approved without reading, each member having been previously furnished with a copy. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

B. MINIMUM FORMULA ANNUITIES:

11067 TIMOTHY A ANDERSEN, Fire Engineer, Engine 32

Born:	09/20/1956	\$5,416.12	a month beginning October 1, 2009
Ent. CFD:	02/15/1980		based on 75%
Retired:	10/01/2009	\$81.24	annuity increment, 1.5%, begins October 1, 2016, last one on January 1, 2035

- REFUND \$10.89 FOR 2006 ERRORS IN DEDUCTIONS

10182 LARRY P. BEAGLE, EMT Lieutenant, Engine 115

Born:	09/22/1946	\$6,372.27	a month beginning September 22, 2009
Ent. CFD:	12/22/1973		based on 75%
Retired:	09/22/2009	\$191.17	annuity increment, 3%, begins October 1, 2010

- REFUND \$72.78 FOR 1980 AND 2006 ERRORS IN DEDUCTIONS

MINIMUM FORMULA ANNUITIES:

11530 STEVE L. DOSPOY, EMT Lieutenant, Engine 38

Born:	05/26/1958	\$5,829.52	a month beginning September 2, 2009
Ent. CFD:	02/19/1980		based on 75%
Retired:	09/02/2009	\$87.44	annuity increment 1.5%, begins June 1, 2018, last one on January 1, 2037

- REFUND \$94.68 FOR 2006 ERRORS IN DEDUCTIONS

12181 MATTHEW F. GOBAC, Firefighter, Engine 62, Duty Disability since July 22, 2000

Born:	10/06/1946	\$4,485.85	a month beginning October 6, 2009
Ent. CFD:	02/01/1983		based on 67.5%
Retired:	10/06/2009	\$134.58	annuity increment, 3%, begins November 1, 2010

- REFUND \$16,588.98 SPOUSE CONTRITUTIONS

9536 LAWRENCE S. KANE, Battalion Chief, 13<sup>th</sup> Battalion

Born:	09/24/1946	\$7,482.62	a month beginning September 24, 2009
Ent. CFD:	11/01/1968		based on 75% of Final Salary
Retired:	09/24/2009	\$224.48	annuity increment, 3%, begins October 1, 2010

- REFUND \$38.69 FOR 2006 ERRORS IN DEDUCTIONS

9912 LAWRENCE T. KOSCIANSKI, Captain, Truck 15, Occupational Disease Disability since September 8, 2000

Born:	04/28/1947	\$6,893.87	a month beginning October 2, 2009
Ent. CFD:	12/16/1970		based on 75% of Final Salary
Retired:	10/02/2009	\$206.82	annuity increment, 3%, begins November 1, 2010

10114 EDWARD A. PORTER, EMT Battalion Chief, 5<sup>th</sup> Battalion

Born:	09/28/1946	\$7,708.07	a month beginning September 23, 2009
Ent. CFD:	02/01/1973		based on 75%
Retired:	09/23/2009	\$231.24	annuity increment 3%, begins October 1, 2010

- COLLECT \$65.91 FOR 2008 ERRORS IN DEDUCTIONS
- REFUND \$39.09 FOR 2006 ERRORS IN DEDUCTIONS

MINIMUM FORMULA ANNUITIES:

9938 WILLIAM D. REDDY, Firefighter, Engine 64, Duty Disability since June 16, 2004

Born:	10/05/1946	\$5,299.00	a month beginning October 5, 2009
Ent. CFD:	12/16/1970		based on 75% of Final Salary
Retired:	10/05/2009	\$158.97	annuity increment, 3%, begins November 1, 2010

- COLLECT \$28.23 FOR 1998 ERRORS IN DEDUCTIONS
- REFUND \$30,191.07 FOR SPOUSE CONTRIBUTIONS

*On motion of Martin, second by Neely, and by unanimous vote, the foregoing applications for minimum formula annuities accompanied by staff accountant's letters as to amounts and all necessary records were approved and granted to those applicants under provisions of the Code in the amounts and under the terms set forth. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

SECTION 6-124.1 ANNUITY (AGE 63 WITH LESS THAN 20 YEARS):

14887 DANIEL J. STANTON, Firefighter, Engine 10

Born:	09/15/1946	\$2,310.77	a month beginning September 14, 2009
Ent. CFD:	10/16/1995		based on 38%
Retired:	09/14/2009	\$69.32	annuity increment, 3%, begins October 1, 2010

- REFUND \$16.93 FOR 2006 ERRORS IN DEDUCTIONS

*On motion of Martin, second by Fabrizio, and by unanimous vote, the foregoing application for an annuity pursuant to Section 6-124.1 of the Pension was approved and granted to the applicant in the foregoing amount and under the terms set forth. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

C. WIDOW'S AND CHILDREN'S ANNUITIES:

7013 BERNICE E. CONNOLLY, widow of Joseph H. Connolly, retired since October 19, 1986

Born:	10/06/1925	\$1,816.40	a month beginning September 15, 2009
Ent. CFD:	09/19/1955		
Deceased:	09/14/2009		

9095 MARGARET M. SCHMIT, widow of John W. Schmit, retired since November 2, 1998

Born:	12/04/1942	\$2,741.85	a month beginning September 30, 2009
Ent. CFD:	08/16/1966		
Deceased:	09/29/2009		

WIDOW'S AND CHILDREN'S ANNUITIES:

*On motion of Martin, second by Lux, and by unanimous vote, the foregoing applications for widows' and childrens' annuities accompanied by staff accountant's letters as to amounts and all necessary records were approved and granted to those applicants under provisions of the Code in the amounts and under the terms set forth. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

D. REFUND OF CONTRIBUTIONS:

10678 RONALD J. CLAYBOURNE, Firefighter, Truck 11

Born: 06/12/1948 \$1,644.46 Refund of Contributions  
Ent. CFD: 07/16/1989  
Discharged: 01/22/1990

17688 ERICK VILLALOBOS, Firefighter, Academy

Born: 05/16/1987 \$160.77 Refund of Contributions  
Ent. CFD: 08/17/2009 \$10.87 Refund of 2009 Errors in Deductions  
Discharged: 09/01/2009

*On motion of Martin, second by Neely and by unanimous vote, the foregoing refund of contributions were granted under provisions of the Code in the amounts and under the terms set forth. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

E. DEATH BENEFITS:

8624 WARREN R. BRUCE, retired since May 17, 1997

Born: 05/12/1936 \$6,000.00 to Carol Bruce, sister  
Ent. CFD: 06/01/1964  
Deceased: 02/03/2009

7013 JOSEPH H. CONNOLLY, retired since October 19, 1986

Born: 10/06/1925 \$6,000.00 to Bernice E. Connolly, widow  
Ent. CFD: 09/19/1955  
Deceased: 09/14/2009

DEATH BENEFITS:

7184 CONRAD HEIMBERG, retired since April 30, 1986

Born: 11/25/1930 \$6,000.00 to Wilma Heimberg, widow  
 Ent. CFD: 01/16/1956  
 Deceased: 08/24/2009

9095 JOHN W. SCHMIT, retired since November 2, 1998

Born: 12/04/1942 \$6,000.00 to Margaret M. Schmit, widow  
 Ent. CFD: 08/16/1966  
 Deceased: 09/29/2009

*On motion of Martin, second by Fabrizio, and by unanimous vote, the foregoing ordinary death benefits were granted under provisions of the Code in the amounts and under the terms set forth. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
 Nays: None*

F. PARTIAL PAYMENTS:7013 JOSEPH H. CONNOLLY, retired, deceased September 14, 2009; \$1,695.30 to  
Bernice E. Connolly, widow7184 CONRAD HEIMBERG, retired, deceased August 24, 2009; \$2,356.36 to  
Wilma Heimberg, widow8185 LEO R. STEFANOWSKI, retired, deceased July 26, 2009; \$2,760.81 to  
Mary Hanchar, friend

*The foregoing pro rata payments on account of the death of annuitants, pensioners and beneficiaries on motion of Martin, second by Lux, were granted under the provisions of the Code in the amounts and under the terms set forth. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
 Nays: None*

G. BENEFIT RECALCULATIONS:i. REFUND ERROR IN DEDUCTION:

16473 CORTES, DANIELLE – Resigned May 6, 2009. Refund \$20.93  
 11775 WILEY, DAVID – Firefighter. Refund 2009 error in deduction \$142.58

*On motion of Martin, second by Neely, and by unanimous vote, the foregoing Benefit Recalculations were approved. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
 Nays: None*

BENEFIT RECALCULATIONS:ii. REVISED NOTICE OF IRS LEVY:

10404 LACEY, BERNARD, Minimum formula annuity since September 11, 1998. Since October 2008 this Fund has been sending monthly payments to the IRS in the amount of \$800.65 due to a Notice of Levy in the amount of \$19,185.38 dated September 30, 2008. The Fund has received an updated Notice of Levy dated October 6, 2009 in the amount of \$32,353.19. The amount of Mr. Lacey's retirement check that is exempt from this Levy is \$779.17, therefore this Fund will forward \$459.38 monthly to the IRS until this Fund receives the release of the levy.

*On motion of Martin, second by Fabrizio, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

iii. CHILD'S ANNUITY – FULL ORPHAN:

4890 CREIGHTON, JOHN (by Eileen M. Siegler, Sister and Guardian), Handicapped child annuity since April 15, 1999. His mother Anne B. Creighton, widow of James Creighton died September 9, 2009. Beginning September 10, 2009 he is entitled to receive a full orphan annuity in the amount of \$1023.30.

*On motion of Martin, second by Lux, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

iv. WITHOLDING ORDER:

12249 SALVADOR BECERRA, retired since November 17, 2006. Uniform Order for Support, 95 D 06570, in the amount of \$380.00 per month for arrearages totaling \$24,232.54. Monthly payments to be made to Susan Abel-Becerra on behalf of minor child Dakota Becerra, beginning September 15, 2009.

*On motion of Martin, second by Neely, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

BENEFIT RECALCULATIONS:

v. QILDRO ORDER:

9715 CORTEZ HOLLAND, retired since August 1, 2007. QILDRO Order entered October 14, 2009 in the Circuit Court of Cook County requires distribution in the amount of \$2,257.36 per month, to include a proportionate amount of future cost of living increases, to the alternate payee, Trudy Holland.

*On motion of Martin, second by Fabrizio, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

H. REQUESTS FOR PERMISSION:

i. GUARDIANSHIP:

7708 JAMES P. O'CONNOR BY CAROLYN O'CONNOR, wife. Retired since November 30, 2000. Power of Attorney and Doctor's letter on file.

*The Secretary presented request for permission to receive, receipt for, endorse and cash monthly annuity payments on behalf of the foregoing annuitants, as they are no longer able to do so personally. Physician's statements confirming disability, Letters of Guardianship or Powers of Attorney accompanied the requests. On motion of Martin to grant guardianship, second by Lux, and by unanimous vote, guardianship and conservatorship proceedings were waived under provisions of Illinois Compiled Statutes, 40 ILCS 5/6-213. The Secretary was directed to forward the monthly annuity checks to the guardian-in-fact until further action of the Board. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

ii. RESIDE OUT OF STATE: (NONE)

I. GIFT FUND: (INFORMATION ONLY)

(See Gift Fund Addendum)

J. REMOVALS: The following changes in the rolls of annuitants and beneficiaries since the last regular meeting were directed to be recorded:

Martin J. Benz	Annuity	Died October 10, 2009
Joseph H. Connolly	Annuity	Died September 14, 2009
James E. Garrity	Annuity	Died September 26, 2009
Robert H. Pangburn	Annuity	Died September 24, 2009
John W. Schmit	Annuity	Died September 29, 2009
Anne B. Creighton	Widow's Annuity	Died September 09, 2009
Lucille Danek	Widow's Annuity	Died September 28, 2009
Anna Hrubec	Widow's Annuity	Died September 17, 2009
Johanna Perfetto	Widow's Annuity	Died September 13, 2009
Betty J. Slack	Widow's Annuity	Died September 03, 2009
Mary J. Stach	Compensation Widow's Annuity	Died September 09, 2009
David A. Cales	Duty Disability	Retired September 10, 2009
Michael A. Lovero	Duty Disability	Retired September 23, 2009
Kenneth J. Rutka	Duty Disability	Retired September 21, 2009
Arthur T. Noonan	Occupational Disease Disability	Retired September 05, 2009
Eileen Ward	Child's Disability Benefit	Age 18 on October 07, 2009
Enrique L. Cruz	Child's Annuity	Age 18 on October 31, 2009

*On motion of Martin, seconded by Fabrizio, the foregoing additions and removals were accepted. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

K. EXPENDITURES:

i. INVOICES PAID - BUDGETED OPERATING EXPENSES REQUIRING IMMEDIATE PAYMENT: (INFORMATION ONLY)

(See Expenditure Addendum)

ii. INVOICES PRESENTED FOR PAYMENT - BUDGETED OPERATING EXPENSES:

(See Expenditure Addendum)

*On motion of Martin, seconded by Lux, to pay the foregoing invoices presented for payment of budgeted operating expenses. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

EXPENDITURES:iii. SECRETARY'S MOTION FOR PREPAYMENT OF MONTHLY OPERATING EXPENSES:

It is hereby moved that the following monthly expenditures for the next succeeding month for which invoices have not been received as of this date and the exact amounts not yet determined, that are due and payable prior to the next month's Board meeting be and the same are hereby authorized and approved to be paid upon receipt of the respective invoices which such expenses by creditor are hereinafter set forth as follows:

Rent  
Electric  
Telephone  
Postage for Benefit Checks  
Petty Cash - \$700  
Brinks

*On motion of Martin, seconded by Neely, to pay the bills. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan*

*Nays: None*

iv. REQUEST FOR EXPENDITURES: (NONE)v. PHONE POLL: (10/6/09)

On motion of Jackson, second by Martin that in conjunction with the Board's decision of August 2009 to invest in the U.S. Treasury's Public-Private Investment Partnership ("PPIP"), it is moved that the finalists recommended by the Fund's Chief Investment Officer, in consultation with the Fund's Investment Consultant, as the Fund's "PPIP" investment managers, namely Alliance Bernstein and Wellington/Advent, be approved based on the evaluation and for the reasons summarized in the Investment Consultant's October 1, 2009 report to the Investment Committee and it is further moved, that having successfully completed the legal review of all materials associated with each manager's "PPIP" offering and having submitted the requisite subscription documents, it is moved that the initial capital calls to fund the Alliance and Wellington/Advent investments, as contractually obligated, totaling \$4 million, shall be drawn equally from Chicago Equity Partners and RhumbLine Advisors be approved and that the Fund investment staff be authorized to take all action reasonably necessary to effect the foregoing in accordance with these resolutions. The vote was:

Yeas: Carlson, Lux, Fabrizio, Jackson, Martin, Shanahan

Nays: Neely

Unavailable: del Valle

*On motion of Martin, second by Shanahan to spread the foregoing phone poll upon the record. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan*

*Nays: None*

L. EXECUTIVE DIRECTOR'S REPORT:i. MONTHLY REPORT:ii. 2009 EXPENDITURES TO DATE: (INFORMATION ONLY)

*Trustee Jackson entered the meeting and was granted leave to be added in the affirmative on previous rolls taken.*

*On motion of Martin, second by Fabrizio to accept the Executive Director's Report. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan*

*Nays: None*

*On motion of Martin, second by Shanahan to close the office on November 27, 2009, the day after Thanksgiving. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan*

*Nays: None*

3. LEGAL STATUS:

The Fund's attorney, Mary Pat Burns presented the Legal Status report.

4. COMMITTEE ITEMS FOR BOARD DISCUSSION:B. LEGAL, LUX/MARTIN:

1. *Legal Status*
2. *Implementation of SB 364 Requirements (PA96-0006) (Ongoing)*
  - *Impact on and Revisions to Fund Policies*
    - *Ethics Policy*
    - *Travel Policy*
    - *Investment Policy*
3. *Implementation HB 1291 (PA 96-0260)*
  - *Section 6-210-4 – Credit for pre-employment military service*
4. *Implementation of SB 1705 (PA 96-0727)*
  - *Section 6-159 – Refund re-entry into service*
  - *Section 6-210.1 Credit for former employment with the Fire Department*
  - *Section 6-210.2 – City contributions for paramedics*
  - *Section 6-227 – Transfer of creditable service from Article 4*

COMMITTEE ITEMS FOR BOARD DISCUSSION:

LEGAL:

*The Board reviewed the foregoing legal items.*

*On motion of Martin, second by Shanahan to approve the foregoing legal items. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

C. LEGISLATIVE, CARLSON/FABRIZIO:

i. Potential for New Legislative Amendment: Reversionary Annuity

*On motion of Martin, second by Neely to explore the Reversionary Annuity concept with the Fund's attorneys and actuaries to draft a bill that is neutral in costs. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

*Connie Kreutzer, Angela Myers and Sharon Piet were present to observe the proceedings.*

D. ELECTION, MARTIN/DEL VALLE:

*As reported in the Executive Director's Report, the Annuitant and Active Trustee election results will be counted on October 20, 2009.*

A. INVESTMENT, FABRIZIO/JACKSON:

*Doug Kryscio, Andrew Shafer, and Jason Palmer of Mercer Investment Consultants were present for discussion on the following investment matters.*

- 1) Northern Trust Performance Flash: September 2009
- 2) Statement of Asset Allocation: October 15, 2009
- 3) Cash Needs: October 2009
- 4) Target Brokers: September 2009
- 5) Capital Calls
- 6) Adams Street 2010 Global Private Equity Offering
- 7) Equity Protection Strategy
- 8) Public Act 96-6 Implementation

*The Board reviewed the foregoing legal items.*

COMMITTEE ITEMS FOR BOARD DISCUSSION:

INVESTMENT:

*On motion of Martin, second by Neely to drawdown from the fixed income managers as recommended by the Chief Investment Officer, Earnest Partners \$3.3M, WAMCO \$4.2M and Loomis \$4.5M. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

*On motion of Martin, second by Neely to approve the foregoing investment items. The vote was:*

*Yeas: del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan  
Nays: None*

*There being no further business to discuss, the meeting was adjourned.*