

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
December 6, 2012

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, December 6, 2012, at 8:30 A.M. in the System's Springfield office at 2101 S. Veterans Parkway with videoconferencing in SERS Chicago Office.

Committee members present:

Loren Iglarsh, Chairman
Timothy Blair, Executive Secretary

Committee member audio:

Lori Laidlaw, Vice Chairperson

Others Present:

Michelle P. Clatfelter, Attorney
Kathy Yemm, Manager, Claims Division
Chris Silver, Supervisor, Disability Section
Michael Noblet, Supervisor, Pension & Death Section
Kerry Walker, Assistant Supervisor, Disability Section
Cory Mitchell, Assistant Supervisor, Pension & Death Section
Nicholas C. Merrill, Jr., Manager, Accounting Division
Carleasha Springer, Hearing
Tamela Fisher, Mother of C. Springer
Janii Stampley, Child of C. Springer
Kyree Robinson, Niece of C. Springer
Denise Myart, Aunt of C. Springer
Nancy K. Anderson, Hearing
Phillip J. Saupe, Hearing
Bruce Bialorucki, Friend of Mr. Saupe
Trisha Gudgel, Court Reporter
David Harris, Hearing
Alan Rhine, Attorney for Mr. Harris
Barbara Baird, Manager, SERS Chicago Office
Dawn Blakeman, Recording Secretary

Minutes of the Previous Meeting

The minutes of the November 10, 2012 meeting of the Executive Committee were presented by Chairman Iglarsh for approval. Copies of the minutes were

previously mailed to Committee members for review. There being no additions or corrections, on motion by Chairman Iglarsh seconded by Executive Secretary Blair and by unanimous vote, the minutes were approved as submitted.

Routine Claims & Denial Report

The Routine Claims and Denials Report for the month of November, 2012 were presented for approval. Following review and discussion, Chairman Iglarsh moved acceptance of the Routine Claims and Denials Report for the period of November, 2012. On motion by Chairman Iglarsh seconded by Executive Secretary Blair and by unanimous vote, the Routine Claims and Denials were approved as submitted.

Old Business

Robert Ruiz _____ Pension

Robert Ruiz requested a personal hearing with the Executive Committee in a letter dated November 19, 2009, regarding the reciprocal agreement be cancelled so he can still collect his pension benefits from the County Employees' Annuity & Benefit Fund of Chicago pension fund.

Mr. Ruiz through a telephone conversation in December, 2011 with Michael Noblet, Supervisor of the Pension and Death Division has requested another hearing continuance. Accordingly, this case continues to be deferred.

Michelle Flowers _____ Occupational Disability

Michelle Flowers works for a state agency and a medical leave of absence was granted.

Based upon a review of the file and information submitted, the Committee finds Ms. Flowers works for a state agency, and was granted a medical leave of absence.

On June 10, 2012 the System's medical consultant reviewed the entire file. The review indicated the medical information in the file failed to substantiate a disability.

Pursuant to the denial of disability benefits, Michelle Flowers requested and attended a personal hearing with the Executive Committee.

Ms. Flowers explained the job duty statement was incorrect and that she would get more medical information.

The Committee agreed to have Ms. Flowers complete a new job duty statement. SERS also agreed to have her supervisor do the same. The information would then be sent to the Disability Supervisor for review. Ms. Flowers also agreed to send additional medical records for review.

The Committee agreed to defer this matter at this time in order to obtain the additional information.

Jean A. Rechner (deceased) _____ Beneficiary Policy Verification

Ms. Rechner passed away on September 21, 2012. She was a retired member at the time of her death.

SERS cannot locate a beneficiary form; however, there are two named beneficiaries (her children) listed on the database.

Mr. Noblet, Supervisor of the Pension & Death Section is requesting that the Executive Committee approve him to send forms to the beneficiaries noted on the database even though the actual hard copy form cannot be located. The Committee advised staff that in this specific case the information on the database may be used since there is not a conflicting beneficiary form on file.

Following a review of the file and some discussion on the existing policy, the Committee has agreed to defer this matter at this time in order to obtain confirmation for approval from our attorney.

New Business

Barbara Nudo _____ Occupational Disability/12months

Barbara Nudo works for a state agency and a service connected leave of absence was granted.

Ms. Nudo's claim for prior disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Ms. Barbara Nudo works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits until 06/15/2012. Since the application was received beyond the twelve month filing limitation as noted in 40 ILCS 5/14-123, the application was denied.

Ms. Nudo requested a written appeal pursuant to the denial of disability benefits due to late filing. Information was received with the appeal request which lists the reasons the employee failed to file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Ms. Barbara Nudo's appeal for a waiver of the twelve month filing limitation.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Barbara Nudo for a waiver of the 12 month filing limitation for occupational disability benefits. Executive Secretary Blair seconded the motion and all were in favor.

Bernard DaSilva

Reinstatement

Mr. DaSilva's account became eligible for write-off in June, 1996. Contributions in the amount of \$10,486.28 and 214.25 months of creditable service were written off in June, 1996. Mr. DaSilva has contacted us regarding his account and eligibility for a pension.

The Pension & Death Section is requesting the Executive Committee to approve the reinstatement of this account so that a pension may be paid.

Following a review of the file and some discussion, Executive Secretary Blair moved approval of the appeal to reinstate Mr. Bernard DaSilva's account and Chairman Iglarsh seconded the motion, and all were in favor.

Kevin Wampler

Death Benefit Waiver

Kevin Wampler passed away on October 17, 2012. At the time of his death he had a qualified survivor and a minor child eligible for monthly benefits.

Mr. Wampler named his beneficiaries in 1994. His mother was named as primary beneficiary and his brother as contingent beneficiary. Both beneficiaries have submitted disclaimer's asking to waive their portion of the death benefits.

Both named beneficiaries have requested in a written appeal that the Executive Committee approve their waiver and the death benefit be paid to the surviving spouse.

Following a review of the file and some discussion, Chairman Iglarsh moved that the appeal for a waiver of benefits be approved, Executive Secretary Blair seconded the motion and all were in favor.

Carlesha Springer works for a state agency and a medical leave of absence was granted.

Ms. Springer's claim for disability benefits was denied based on a review of medical documentation from treating medical sources.

Ms. Springer's file was reviewed by the System's medical consultant on July 31, 2012 and based on the medical documentation available, her claim for disability benefits was denied.

Carlesha Springer requested a personal appeal pursuant to the denial of disability benefits.

Ms. Springer requested and attended a personal hearing with the Executive Committee pursuant to the denial of disability benefits.

She explained she had more medical information and would send it soon.

The Executive Committee agreed to have Ms. Springer send the additional information to the Disability Supervisor for review.

Following a review of the file and some discussion, Chairman Iglarsh moved that the appeal of Carlesha Springer be deferred so additional information could be submitted and reviewed. Executive Secretary Blair seconded the motion, and all were in favor.

Nancy K. Anderson is receiving a monthly pension from SERS. She elected the social security offset removal effective July 1, 2009. She made this election with the mistaken understanding that her husband would be eligible for social security on her record if she predeceased him. She just found out that he is not eligible for social security because he did not participate in social security when he was working.

Mrs. Anderson requested a personal hearing in a letter dated November 29, 2012. She is requesting SERS to stop her deduction for participation in PA 95-1043 and is requesting a refund of the contributions.

Public Act 95-1043 allowed certain annuitants to elect to reduce their monthly retirement annuity in order to remove the Social Security offset from an SERS widow's or survivor benefit. Election forms were required to be returned by June 30, 2009 in order to determine participation by the effective date of the benefit (July 1, 2009). Prior to July 1, 2009, several members who had

returned election forms were allowed to change the election due to the complexity of the issue.

Since July 1, 2009, several retirees have contacted the System regarding misunderstandings on the offset and what their true intent was in making the election. Bob Hicks, former Manager of the Claims Division, proposed the following policy:

Allow staff to permit retirees who returned an election form in a timely manner an opportunity to change the election thru December 31, 2009. For those who elected to participate and now wish to change the election, the 3.825% reduction will be removed from their annuity the first of the month following receipt of the written request (or the first of the month following approval of this policy). For those who elected not to participate and now wish to participate, the annuity will be reduced retroactive to July 1, 2009. Following a review of the Public Act and some discussion, Chairman Iglarsh moved approval of the appeal to change the election thru December 31, 2009. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Following discussion, the Committee agreed to defer this matter for a pending request to terminate a change in the petition based on the facts and findings in file for presentation at the next meeting.

Phillip J. Saupe

Pension/Reciprocal

On June 1, 2012, Mr. Saupe retired under the Reciprocal Act with the State Employees' Retirement System (SERS) and State University Retirement Fund (SURS).

Based upon a review of the file and information submitted, the Executive Committee finds Phillip Saupe is receiving a retirement annuity as of June 1, 2012 and during the application process for his retirement annuity, he indicated he wanted to retire under the reciprocal option.

Mr. Saupe was initially paid 5,883.76. After the reciprocal exchange was complete it was determined a proportional reduction was necessary because his combined benefits exceeded the 80% maximum. His benefit from SERS was reduced to 5,491.01.

In a letter dated November 9, 2012, Mr. Saupe sent in a written appeal to appear before the Executive Committee to appeal the reduction of his SERS pension.

Mr. Phillip J. Saupe along with his friend Mr. Bruce Bialorucki appeared before the Committee during the December 6, 2012 meeting. A personal hearing was accomplished and a record of this hearing has been made a part of the member's file.

He stated he doesn't believe that he made any errors and that he should not be punished for our errors.

Following a review of the file and some discussion, the Committee has recommended that the appeal of Phillip J. Saupe be deferred so that the Supervisor of the Pension Department can contact the SURS office to verify that Mr. Saupe could change his retirement within the provisions of the law.

David Harris

Service Request

October 11, 2012, Mr. Harris sent in a written request asking the committee to consider his first eligible date for the "Controlled Substance Inspector" (CSI) position, and by extension, his inclusion in the alternate retirement benefit formula to be August 1, 1987. Based upon the multiple certifications in the file which indicate he has been certified to be in the CSI position since January 1989, SERS employees have denied his request. He is now appealing to the Executive Committee, through his attorney, to have the original decision overturned.

The Accounting Division is requesting that the Executive Committee review the documentation in Mr. Harris' file as well as the information which he and his attorney have provided, for determination as to the appropriate date upon which to consider Mr. Harris as a CSI employee.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved that the appeal of David Harris be denied. Chairman Iglarsh seconded the motion, and all were in favor.

Alan Rhine Attorney for David Harris is requesting a formal hearing appealing the denial of Mr. Harris' request to change the first eligible date for the CSI position. He has also requesting that a court reporter be present.

Mr. Harris and his attorney attended the December 6, 2012 Executive Committee meeting by video conference. During the hearing, Mr. Harrison testified under oath that his payroll title was a Health Service Investigator but his designation was that of a CSI. He and Mr. Rhine presented evidence that he was a range instructor during the relevant time period, and offered the Affidavit of John German attesting that Mr. Harrison was a CSI from the time he started working on August 1, 1987. Finally, they offered testimony regarding the inconsistency in the documents prepared by the Illinois Department of Professional Regulation indicating various dates on which Mr. Harrison became a CSI.

Mr. Nick Merrill explained the inconsistency in the Department's documents, as well as the problem that participation in the System's alternative formula was predicated on the information provided to it by DPR.

After discussion the Committee recommended referring Mr. Harris' appeal to SERS attorney for a recommendation.

(Please see attached verbatim)

Illinois Administrative Procedure Act to SERS

On August 29, 2012, Attorney Carl Draper, on behalf of David Sharp, filed a Complaint for Administrative Review, case No. 2012-MR-000725, alleging that the State Employees Retirement System ("SERS") violated various provisions of the Illinois Administrative Procedure Act ("IAPA"). These allegations prompted a discussion at the September 13, 2012, SERS Executive Committee meeting. The System's attorney advised that SERS likely does not qualify as an "agency" to which the IAPA applies, but noted that the issue is one of first impression.

The Executive Committee and the System's attorney then discussed those practices of SERS which are inconsistent with the IAPA. After some discussion, the Executive Committee requested that the System's attorney prepare a memorandum for the SERS Board of Trustees to review at its January meeting.

There being no further business to be brought before the Committee, the meeting was adjourned at 12:45PM. The next meeting of the Executive Committee is scheduled for Thursday January 10, 2013, in the Springfield office, with video conferencing in Chicago if needed.

Loren Iglarsh
Chairman

Lori Laidlaw
Vice Chairperson

Timothy Blair
Executive Secretary