

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
April 14, 2020**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, April 14, 2020 at 9:00 AM, via teleconference in accordance with Section 5 of Governor Pritzker's Executive Order 2020-18 (COVID-19 Executive Order No. 16), pursuant to proper notice, to conduct regular business of the Pension Board.

CALL TO ORDER: President Chiaro called the meeting to order at 9:27 AM.

ROLL CALL:

PRESENT: President Nicholas Chiaro, Trustee Robert Neil, Trustee Oscar Szczerbinski, and Trustee Chris Mierzwa [appeared at 9:33 AM].

ABSENT: Trustee Robert Muehlenbeck.

ALSO PRESENT: Also present was annuitant Wendall Whitted, Investment Consultant Thomas McShane, and Board Attorney Laura Goodloe.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the February 11, 2020 regular meeting minutes. A motion was made by Trustee Neil and seconded by Trustee Szczerbinski to approve the minutes as drafted. The motion carried by unanimous voice vote.

APPROVAL OF DISBURSEMENTS:

The Pension Board reviewed the list of disbursements as presented in Warrant List 78, which equaled \$8,149.22. Trustee Szczerbinski made a motion to approve Warrant list 78 as presented and Trustee Neil seconded the motion. The motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Robert Neil, Trustee Oscar Szczerbinski

NAYS: None.

ABSENT: Trustee Chris Mierzwa, Trustee Robert Muehlenbeck.

[Trustee Chris Mierzwa appeared at the meeting at 9:33 AM]

BOARD'S ATTORNEY REPORT:

Legal Update/Review of new court decisions. Board Counsel provided an update as to pending legislation and new caselaw.

Board Counsel reviewed with the Board the Illinois Department of Insurance's initial Report of Examination (audit findings). Counsel discussed proposed responses to the findings. This matter will be finalized and submitted to the Department on or before April 28, 2020.

OLD BUSINESS: None.

NEW BUSINESS:

Death of Retired Captain Bruce Williams. Retired Pensioner Bruce Williams passed away on February 9, 2020. He is survived by his wife, Norleen R. Williams (Olson). His retirement pension shall convert into a surviving spouse pension in accordance with 40 ILCS 5/3-112.

Approval of Surviving Spouse Application from Norleen Williams. The Pension Board reviewed updated pension benefit documentation and pension calculations. Ms. Williams shall be entitled to an annual survivors pension in the amount of \$67,383.00. This pension shall be effective February 10, 2020. This pension shall not be subject to annual cost of living increase adjustments. Upon review Trustee Mierzwa made a motion to approve the conversion of Bruce Williams retirement pension into a surviving spouse pension for Mr. Williams' wife, Norleen Williams. Trustee Szczerbinski seconded the motion and the motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Robert Neil, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

Deferred Retirement of Sergeant Louis Wittmer. Louis Wittmer entered service on June 2, 1973 and retired from the Des Plaines Police Department on March 27, 2020. He has not yet obtained the requisite age to go into formal pay status. Upon turning age fifty (50) his benefit shall go into effect. Until then he shall be considered a deferred pensioner. This matter will be formally approved on or around the time he becomes eligible to begin collecting a retirement pension.

Approval of Lauterbach & Amen Balances Sheets for January and February. The Pension Board reviewed Lauterbach & Amen balance sheets for January and February 2020. Trustee Neil made a motion to approve the January and February 2020 balance sheets and Trustee Szczerbinski seconded that motion. The motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Robert Neil, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

FOIA Request and Response. None.

Annual Affidavit Update. Only one annual affidavit of eligibility remains outstanding from pensioner Matt Thomas. The Pension Office has reached out to this individual on multiple occasions. The Pension Fund and its accountants attempted to confirm Thomas' address beginning in October 2019. In December 2019, January 2020 and March 2020 voicemail messages were left for Mr. Thomas. He failed to respond. An annual affidavit letter was mailed to Thomas' last known address on January 3, 2020. The affidavit was to be completed and returned to the Pension Office by March 2, 2020. A certified letter was also sent to Thomas' last known address on record.

Thus the Pension Office has left numerous voicemails with this individual and sent numerous correspondence to him over the course of several months. In the wake of Pensioner Thomas' failure to respond, Trustee Neil made a motion to suspend Matt Thomas' direct deposit pension payments beginning April, 2020 payroll and issue a hard check that shall be kept at the Pension

Office until Mr. Thomas appears and provides the office with a completed affidavit. Trustee Mierzwa seconded the motion and the motion carried by unanimous voice vote. The Pension Office shall send notice of the ACH suspension to Mr. Thomas.

Annual Board Elections- discussion only. The Pension Office reported elections for Trustee Mierzwa's and Trustee Chiaro's board positions will take place April 20th through April 24th, 2002. No action was taken on this matter. Election results will be posted thereafter.

Annual Disability Re-Evaluations- discussion only. The Board discussed its statutory obligation to have all disabled pensioners under age 50 re-evaluated for purposes of verifying their continuance of disability. Given the current COVID-19 situation, the Board will begin the process in June or July.

FINANCIAL REPORT:

The Pension Board discussed with Consultant McShane the Fund's current positions, asset allocations, investment activity and cash flow.

Review Current Investment and Economic Conditions as it Relates to COVID-19. Consultant McShane began his presentation with a discussion as to how the global COVI-19 pandemic has interrupted international and domestic market conditions. The Board reviewed with Consultant McShane S&P 500 performance between February through April 9, 2020 and discussed the massive volatility the market has experienced. Consultant McShane described the current situation as a health crisis that has caused a financial crisis. He went on to discuss how the market has transformed from a bear market into a bull market over the past 1-2 months time.

With respect to the Des Plaines Police Pension Fund, the Fund has experienced a 10.9 million dollar drop in assets as of the end of March. During the first thirteen days in April the Fund has regained 2.4 million dollars in invested assets. Overall, the market volatility due to the pandemic has caused the Fund to decrease in value by approximately 8.2 million dollars as of April 13, 2020.

Review of Asset Allocation and Potential Rebalancing of Portfolio.

Consultant McShane reviewed the Fund's cash flow status with the Board. Over the past twelve (12) month period the Fund has paid out 722K on average in benefit payments and expenses per month. In review of the tax levy receipts for the previous twelve months and projected receipts for this coming year, Consultant McShane reported the Fund should have sufficient cash readily available to ensure benefit payments through July. Therefore no action to produce additional cash was deemed necessary. The Board will discuss future cash flow needs at its June meeting.

With respect to the Fund's performance, as of the end of March the Fund was down 15.7%. Consultant McShane reviewed and discussed the Fund's returns over a twelve year period. Year to date the Fund is down 4.9% relative to the 6% benchmark. The Fund's ten year return was 5.22%. Consultant McShane reported that over the past twelve years the Fund has met or exceeded its benchmark nine times.

Consultant McShane reviewed the Fund's asset allocations as of 4/8/20. Currently the Fund is slightly under allocated in equities, sitting at 55.18%, which is approximately 4.8% lower than the

benchmark. In response, Consultant McShane recommended rebalancing the portfolio to better coincide with the Fund's benchmarks.

Upon review and discussion Trustee Szczerbinski made a motion to purchase 1 million dollars of the S&P 500 Index (with assets currently held in the Weaver Intermediate Government Credit account) when S&P Index hits the 2400 trade level. Trustee Chiaro seconded the motion and the motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Robert Neil, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

Upon review and discussion Trustee Szczerbinski made a motion to purchase 2 million dollars of the S&P 500 Index (with assets currently held in the Hamilton Garcia account) when S&P Index hits the 2200 trade level. Trustee Mierzwa seconded the motion and the motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Robert Neil, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

Consultant McShane ended his presentation on a positive note, with the hope that 18 months from now we will once again be experiencing a more vibrant market.

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

The Pension Board reviewed its continuing education training status, requirements and training options for 2020.

EXECUTIVE SESSION: None.

ADJOURNMENT:

A motion was made by Trustee Neil to adjourn the meeting at 10:20 AM, and the motion was seconded by Trustee Oscar. The motion passed unanimously by voice vote and the meeting adjourned at 10:20 AM.

Respectfully Submitted: _____

Date Approved: _____

The next regular meeting of the Des Plaines Police Pension Board is scheduled for June 9, 2020 at 9:00 AM.

Minutes Prepared by Board Attorney Laura J. Goodloe, Esq.