

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
December 8, 2020**

A regular meeting of the City of Des Plaines Police Pension Board was held on Tuesday, December 8, 2020 at 9:00 AM, pursuant to proper notice, to conduct regular business of the Pension Board.

Due to the Coronavirus outbreak, Governor Pritzker's Executive Orders and amendments to the Open Meetings Act which suspends physical presence requirements, this meeting was conducted by audio/video conference. A quorum of the public body was not physically present at the Board's regular meeting location because the Pension Board President determined that an in-person meeting with all participants was not practical, prudent or feasible due to the ongoing COVID-19 disaster declarations and public health concerns. A verbatim audio/video recording was taken during this meeting. At the start of this meeting all participants certified that they could hear and communicate with one another. Roll call votes were taken as to all actions taken during this meeting.

CALL TO ORDER: President Chiaro called the meeting to order at 9:02 AM.

ROLL CALL:

PRESENT: President Nicholas Chiaro, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa, and Trustee Robert Neil.

ABSENT: Trustee Robert Muehlenbeck.

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

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the October 11, 2020 regular meeting minutes. A motion was made by Trustee Neil and seconded by Trustee Mierzwa to approve the minutes as drafted. The motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

APPROVAL OF DISBURSEMENTS:

The Pension Board reviewed the list of disbursements as presented in Warrant List #82, which equaled \$34,631.67. Trustee Szczerbinski made a motion to approve Warrant list #82 as presented and Trustee Neil seconded the motion. The motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

BOARD'S ATTORNEY REPORT:

Legal Update. Board Counsel advised the Board on the status of the newly created interim consolidated investment fund and pending legislation.

Review of new court decisions. Board Counsel provided an update as to new case law.

OLD BUSINESS: None.

NEW BUSINESS:

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

- AYES: President Nicholas Chiaro, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa, and Trustee Robert Neil.
- NAYS: None.
- ABSENT: Trustee Robert Muehlenbeck.

Annual Tax Levy Certification. The Pension Board reviewed the actuarial report for the fiscal year January 1, 2020 through December 31, 2020 as presented by Lauterbach & Amen. The recommended contribution for the fiscal year equaled \$7,856,751. Upon review Trustee Neil made a motion to accept the actuarial valuation report and certify \$7,856,751 as the Board's recommended contribution for the FY January 2020. Trustee Chiaro seconded the motion and the motion carried by roll call vote.

- AYES: President Nicholas Chiaro, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa, and Trustee Robert Neil.
- NAYS: None.
- ABSENT: Trustee Robert Muehlenbeck.

Retirement of Commander Christopher Mierzwa. Commander Christopher Mierzwa filed an application for a retirement pension. He is a Tier 1 member who entered service on 10/02/94. He obtained twenty six years of creditable service with a retirement date of 10/15/20 and effective date of pension of 10/16/20. His salary attached to rank as of his date of retirement is \$137,589.38 and his initial monthly pension benefit shall be \$7,452.76, subject to applicable statutory post-retirement increases. Upon review of the Pension Calculation worksheet provided by Lauterbach & Amen and signed off on by City Finance Director Wisniewski, Trustee Szczerbinski made a motion to approve Commander Mierzwa's retirement pension application and Trustee Neil seconded the motion. The motion carried by roll call vote.

- AYES: President Nicholas Chiaro, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa, and Trustee Robert Neil.
- NAYS: None.
- ABSENT: Trustee Robert Muehlenbeck.

Discussion/Approval of 2021 Meeting Dates. Upon discussion the Board has determined it will be meeting on the following dates beginning at 9:00 AM for its regular meetings:

- February 9, 2021
- April 13, 2021
- June 8, 2021
- August 10, 2021
- October 12, 2021
- December 14, 2021

This list of future meeting dates shall be posted in accordance with the Open Meetings Act. Assuming in person meetings are allowable these meetings shall take place in room 101 of the Des Plaines City Hall. Upon review Trustee Mierzwa made a motion to certify the above dates as the Board's 2021 regular meeting dates and Trustee Szczerbinski seconded the motion. The motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

Response to DOI Audit. The Pension Board and City received Final Orders (duplicates) from the Illinois Department of Insurance concerning its compliance audit. As is customary, the Final Order was issued after the Board provided responses to its preliminary findings. The Board once again discussed the audit findings and has/is taking the following remedial action in response:

a) Finding #1: The Board will institute polices to reduce and/or restrict unreasonable and unnecessary expenses.

b) Finding #1: With respect to stipends being issued for cell phone services, Trustee Chiaro made a motion to reduce Trustee Neil's cell phone stipend to \$20.00/month (the going rate for such services). Trustee Szczerbinski seconded the motion and the motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

c) Finding #2: The Board rules and regulations coincide with its regular meeting dates. Because its rule relating to meeting dates is not arbitrary or capricious the Board intends on continuing to uphold its rule, meet six times per year, and meet on the same months it previously convened on. The Trustees maintain that they are upholding the color and intent of the law by convening six times per year. Furthermore, the Pension Board believes it is fulfilling its fiduciary and statutory duties by meeting on the dates it has historically convened on. Doing so ensures the Board has up to date investment and accounting reports. It also enables its key Financial Consultant's and Attorney's consistent attendance.

d) Finding #3: The Board has taken remedial measures to correct the applicable contribution discrepancies noted by the Department and has instituted measures to ensure such discrepancies do not occur in the future.

e) Finding #4: This finding was rescinded by the Department. No further action is necessary.

f) Finding #5: The incomplete or missing information from prior minutes has been rectified. All of the information listed was added at a Board meeting and memorialized accordingly in the Board minutes. No further action is needed and the Board will implement policies to ensure future minutes are complete.

g) Finding #6: The Board has updated its member and participant data for annual statement filing purposes. No further action is needed and the Board will implement policies to ensure future data is incorporated into the Fund's annual statement.

Anyone who wishes to obtain a copy of the Board's response to the IDOI compliance audit or IDOI Final Order may do so by filing a freedom of information act request.

Death of Retired Officer Eugene Grupe. Retiree Eugene Grupe passed away on 10/24/20, leaving behind no additional survivors for pension purposes. Retiree Grupe had been the oldest surviving retired Des Plaines police officer prior to his passing. The Board has obtained a copy of his death certificate and a pro-rated benefit payment has been remitted to Mr. Grupe's estate. No further action is needed at this time, as Mr. Grupe's pension has been paid out to the fullest extent under the law and terminated upon his passing.

Retirement of Commander Jeffrey Jacoby. Commander Jeffrey Jacoby filed an application for a retirement pension. He is a Tier 1 member who entered service on 09/08/92. He obtained twenty eight years of creditable service with a retirement date of 12/18/20 and effective date of pension of 12/19/20. His salary attached to rank as of his date of retirement is \$131,907.65 and his initial monthly pension benefit shall be \$7,694.65, subject to applicable statutory post-retirement increases. Upon review of the Pension Calculation worksheet provided by Lauterbach & Amen and signed off on by City Finance Director Wisniewski, Trustee Mierzwa made a motion to approve Commander Jacoby's retirement pension application and Trustee Neil seconded the motion. The motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck.

Financial Report.

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

Consultant McShane began his report recapping a summary of recent actions taken by the Board. He went on to provide an overview of market activity, asset class index performance returns, GDP forecasts and equity return forecasts.

Bringing the Board's attention to the Fund's November 30th performance report, Consultant McShane reviewed the Fund's current and target allocations with the Board. As of the reporting period the Fund was slightly under allocated in cash (sitting at 1.84), slightly over allocated in equities by design (sitting at 63.55) and slightly under allocated in fixed income (sitting at 34.61) relative to current targets.

Consultant McShane then provided an in depth review of manager performance and asset allocations.

With respect to cash flow needs, Consultant McShane recommended raising cash to ensure all cash flow needs are met through February 2021. Based upon his recommendation Trustee Chiaro made a motion to take 775K from the Fund's Weaver Barksdale Fixed Controlled G/F and place the proceeds into the Fund's investment cash account. Trustee Neil seconded the motion and the motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa, and Trustee Robert Neil.
NAYS: None.
ABSENT: Trustee Robert Muehlenbeck.

With respect to the Fund's status and performance, as of the end of November the Fund sat at approximately 82.3 million dollars in invested assets. With respect to returns, year to date the Fund was up 8.34 relative to the 7.99 benchmark. The Fund's twelve month return was up 10.10 versus the 10.42 benchmark. Since inception the Fund is up 6.88 versus the 6.50 benchmark. Since inception the Fund has generated an unrealized gain of 44.7 million and has taken less risk and received greater return relative to the benchmark.

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 10:10 AM, and the motion was seconded by Trustee Chiaro. The motion passed unanimously by roll call vote and the meeting adjourned at 10:10 AM.

AYES: President Nicholas Chiaro, Trustee Oscar Szczerbinski, Trustee Chris Mierzwa, and Trustee Robert Neil.
NAYS: None.
ABSENT: Trustee Robert Muehlenbeck.

Respectfully Submitted:

A handwritten signature in black ink, appearing to be 'L. J. Goodloe', is written above a horizontal line.

Date Approved:

The next regular meeting of the Des Plaines Police Pension Board is scheduled for February 9
2021 at 9:00 AM.

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