

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE DES  
PLAINES POLICE PENSION FUND**

**June 14, 2016.**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, June 14, 2016 at 9:00 AM, at City Hall located at 1420 Miner Street in Room 407, Des Plaines, Illinois pursuant to proper notice, to conduct regular business of the Pension Board.

**CALL TO ORDER:** President Chiaro called the meeting to order at 9:00 AM.

**ROLL CALL:**

**PRESENT:** President Nicholas Chiaro, Trustee Robert Muehlenbeck,  
Trustee Chris Mierzwa, Trustee Oscar Szczerbinski.

**ABSENT:** Secretary Robert Neil

**ALSO PRESENT:** Also present was annuitant Wendall Whitted, Investment  
Consultant Thomas McShane, City Treasurer Dorothy  
Wisniewski and Board Attorney Laura J. Goodloe.

**APPROVAL OF PRIOR MEETING MINUTES:**

The Pension Board reviewed the minutes of the April 12, 2016 regular meeting. A motion was made by Trustee Muehlenbeck and seconded by Trustee Szczerbinski to approve the minutes as written. Motion carried by unanimous vote.

The Pension Board reviewed the special meeting minutes of the April 19, 2016 Rotkvich disability hearing. A motion was made by Trustee Szczerbinski and seconded by Trustee Muehlenbeck to approve the minutes as written. Motion carried by unanimous vote.

**APPROVAL OF DISBURSEMENTS:** The Pension Board reviewed the list of disbursements as presented in Warrant List 57, which equaled \$55,538.95. Board President Chiaro made a motion to approve Warrant list 57 as presented and seconded by Trustee Szczerbinski. Motion carried by roll call vote.

**AYES:** President Nicholas Chiaro, Trustee Robert Muehlenbeck,  
Trustee Chris Mierzwa, Trustee Oscar Szczerbinski.

**NAYS:** None

**ABSENT:** Secretary Robert Neil

**BOARD'S ATTORNEY REPORT:** Counsel for the Pension Board provided a legal update and discussed recent court decisions.

*Administrative Rules and Regulations.* Counsel notified the Pension Board that she is in the process of reviewing and updating the Pension Board's administrative rules and regulations. Draft copies of the same will be distributed to all board members on or before the Board's August 9, 2016 regular meeting.

*Ventimigla.* Counsel also advised the Pension Board as to the most recent filing in the Ventimigla matter and tendered a copy of the Illinois Supreme Court's June 10, 2016 correspondence to Ms. Ventimigla. Per the court's correspondence, Ms. Ventimigla will be required to resubmit her motion for reconsideration in accordance with Illinois Supreme Court rules concerning the same. No further action is required by the Pension Board at this time.

**OLD BUSINESS:**

*Annual Affidavits.* All outstanding affidavits of continued eligibility have been received.

*Annual Statements of Economic Interest.* All trustees have completed and filed their annual statements of economic interest.

*Annual Continuance of Disability Letters.* At present the Pension Board allows for all disabled pensioners under age fifty (50) to provide their own doctor's verification as to the continuance of their disability. Letter requests for the 2016 annual re-evaluation process were sent out. All disabled pensioners under age fifty (50) have until June 15<sup>th</sup>, 2016 to return their letters or certificates to the Pension Board. As of June 14, 2016 all certificates have been returned with the exception of pensioners Sarkis and Roszkowiak.

*Active Trustee Election Results.* The Pension Board reviewed the April 25, 2016 active member election results. Chris Mierzwa won the election with twenty-one (21) votes. (See Bd. Packet pg. 48). A motion was made by Board President Chiaro and seconded by Trustee Szczerbinski to ratify the election results. Motion carried by unanimous vote.

*Retiree Trustee Election Results.* The Pension Board reviewed the April 26, 2016 retiree/annuitant member election results. Nicholas Chiaro won the election with seventy-four (74) votes. (See Bd. Packet pg. 49). A motion was made by Trustee Muehlenbeck and seconded by Trustee Mierzwa to ratify the election results. Motion carried by unanimous vote.

*Trustee Required Training.* Trustees Szczerbinski and Mierzwa are signed up for their initial certified trustee training course, to be completed in October and November 2016. They both have agreed to also undergo online FOIA and OMA training. Certificates for each will be placed on file with the Pension Board.

#### **NEW BUSINESS:**

*Discuss and Review Board Insurance Policies.* The Pension Board's fiduciary and executive risk insurance policies were renewed for the period of 5/1/16 through 5/1/17. The Pension Board reviewed and discussed the policies conditions and preclusions. Board President Chiaro made a motion to ratify renewal of fiduciary liability and executive risk insurance policies and seconded by Trustee Mierzwa. Motion carried by unanimous vote.

*Discussion as to Changes to Annual Disability Re-Evaluations Procedures.* The Pension Board discussed with legal counsel its current method of verifying the continuance of disability amongst all pensioners under age 50. At the conclusion of Board discussion Board President Chiaro made a motion to amend the Pension Board's annual re-evaluation policy to require all disabled pensioners under age 50 on even numbered years to procure a certificate and/or report from their own provider as a means of verifying the continuance of disability and on odd numbered years undergo a formal functional capacity evaluation that will be set up by the Pension Board. Trustee Mierzwa seconded that motion. Motion carried by unanimous vote. Counsel will update the Pension Board's administrative rules and regulations to reflect the change in re-evaluation policy.

*Annual Department of Insurance Report.* The IDOI Annual Statement has been prepared, signed and filed with the DOI. No further action is necessary at this time.

*Disability Application from Carl Faust.* Officer Faust filed a duty related disability pension with the Pension Board on or around May 18, 2016. Counsel for the Board advised Trustees that she sent to Faust a supplemental application and medical consent. As soon as those are received back from Mr. Faust she will begin sending out medical records requests and processing the claim accordingly.

*Review and Approval of Rotkvich Final Written Decision and Order.* Counsel for the Pension Board prepared a final written decision and order concerning Jeffrey Rotkvich's line of duty disability pension award. Upon review of the same, Board President made a motion to approve and accept the Rotkvich decision and order as presented. The motion was seconded by Trustee Szczerbinski and carried by unanimous vote. Counsel will serve the decision and order on all affected parties.

*April 21, 2016 FOIA Request from Fin-News.* The Pension Board received a FOIA request dated April 21, 2016. The FOIA request was responded to in a timely manner. No further communications were received in this matter.

*Election of Board Officers.* As of 2015 the Pension Board officers were as follows:

- Nicholas Chiaro: President
- Robert Muehlenbeck: Vice President
- Robert Neil: Secretary

A motion was made by Trustee Mierzwa and seconded by Trustee Szczerbinski to Appoint Nicholas Chiaro as Board President, Robert Muehlenbeck as Vice President, Robert Neil as Secretary and Oscar Szczerbinski as assistant secretary. The motion carried by unanimous vote.

*Application for Membership by Officer Steven Birch:* Officer Birch is a Tier II Member with a date of hire of May 4, 2016. A motion was made by Trustee Muehlenbeck and seconded by Secretary Szczerbinski to accept Officer Birch into the Pension Fund. Motion carried by unanimous vote.

*Application for Membership by Officer Michael Mimp:* Officer Mimp is a Tier II Member with a date of hire of May 4, 2016. A motion was made by Trustee Muehlenbeck and seconded by Secretary Szczerbinski to accept Officer Mimp into the Pension Fund. Motion carried by unanimous vote.

*Application for Membership by Officer Jennifer Nelson:* Officer Nelson is a Tier II Member with a date of hire of May 4, 2016. A motion was made by Trustee Muehlenbeck and seconded by Secretary Szczerbinski to accept Officer Nelson into the Pension Fund. Motion carried by unanimous vote.

*Application for Membership by Officer Kevin Zerbe:* Officer Zerbe is a Tier II Member with a date of hire of May 4, 2016. A motion was made by Trustee Muehlenbeck and seconded by Secretary Szczerbinski to accept Officer Zerbe into the Pension Fund. Motion carried by unanimous vote.

*Reappointments of Trustee Muehlenbeck and Trustee Neil.* At its Monday, April 18, 2016 meeting the City of Des Plaines formally re-appointed Trustee Robert Muehlenbeck and Trustee Robert Neil to serve as municipal appointees on the Pension Board. Their reappointment terms are to expire on 4/30/17.

*Resignation of Officer James Martinez.* The Pension Board received notification of Officer James Martinez's resignation from the City of Des Plaines Police Department. On May 24, 2016 a refund notification letter was sent to Mr. Martinez. No response has been received by the Pension Board.

**APPROVAL OF LAUTERBAUCH & AMEN BALANCE SHEETS FOR MARCH & APRIL 2016:**

The Pension Board reviewed Lauterbach & Amen March and April 2016 accounting reports. A motion was made by Board President Chiaro and seconded by Trustee Muehlenbeck to accept the Lauterbach & Amen March and April 2016 monthly accounting reports. Motion carried by roll call vote.

AYES: President Chiaro, Trustee Muehlenbeck, Trustee Mierzwa,  
Trustee Szczerbinski  
NAYS: None  
ABSENT: Trustee Neil

**FINANCIAL REPORT:**

The Pension Board and its Investment Consultant, Thomas McShane, reviewed the Fund's portfolio and current asset allocation. Consultant McShane provided the Pension Board with an overview and analysis of the current market. With respect to the Fund's portfolio, the Fund currently is sitting at approximately 2% in cash, 38% in fixed income and 60% in equities. McShane indicated the Fund is significantly under-allocated in emerging markets based on MS decision, slightly over allocated in international equity by design, and slightly over allocated in large cap equity by design as well. After discussion no changes were made to the Fund's current asset allocation.

McShane and the Board went on to review the equity and fixed income performance since the Board's last meeting. In particular, McDonnell and SKBA's fixed income performance were reviewed and discussed.

Overall the portfolio has taken less risk with greater return. Since inception (2003) the fund is up 6.6 versus the 5.92 benchmark net of fees.

The Pension Fund's total present investment portfolio sits at \$62,740,151. Currently the Fund has \$39,610,630 in equities, \$21,055,222 in fixed income and \$2,074,297 in cash.

After greater discussion as to the Fund's investment performance and present status, and upon the recommendation of Consultant McShane, Board President Chiaro made a motion to move \$1,000,000 from the S&P 500 Index Fund and place \$500,000 of the proceeds with McDonnell fixed income and place the other \$500,000 of those proceeds into the Morgan Stanley cash management account. Trustee Szczerbinski seconded the motion. Motion carried by roll call vote.

AYES: President Chiaro, Trustee Muehlenbeck, Trustee Mierzwa,  
Trustee Szczerbinski  
NAYS: None  
ABSENT: Trustee Neil

Furthermore, upon the recommendation of Consultant McShane, Board President Chiaro made a motion to put an order in to buy \$1,000,000.00 of the I-shares S&P 500 index fund (symbol IVV) at 193. This order is good until the Board cancels it. The motion was seconded by Trustee Mierzwa. Motion carried by roll call vote.

AYES: President Chiaro, Trustee Muehlenbeck, Trustee Mierzwa,  
Trustee Szczerbinski  
NAYS: None  
ABSENT: Trustee Neil

In terms of cash flow analysis, Thomas McShane indicated the fund currently has approximately 3 and one half months worth of benefit payouts sitting in cash. As such, cash flow management needs are being met at this time and no additional action needs to be taken.


**PUBLIC COMMENT:** None.

**CONTINUING EDUCATION:** Continuing education options for board members were discussed and reviewed.

**EXECUTIVE SESSION:** None.

**ADJOURNMENT:** A motion was made by Board President Chiaro and seconded by Trustee Muehlenbeck to adjourn the meeting at 11:07 AM. Motion carried by unanimous vote.

Respectfully Submitted:  
Date Approved:

  
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The next regular meeting of the Des Plaines Police Pension Board is scheduled for August 9, 2016 at 9:00 AM.

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