

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
July 11, 2017**

A special meeting of the Des Plaines Police Pension Board was held on Tuesday, July 11, 2017 at 9:00 AM, at City Hall located at 1420 Miner Street in Room 101, 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 9:07 AM.

ROLL CALL:

PRESENT: President Nicholas Chiaro, Secretary Robert Neil,
Trustee Oscar Szczerbinski, Trustee Chris Mierzwa
ABSENT: Trustee Robert Muehlenbeck

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

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the minutes of its April 11, 2017 regular meeting. A motion was made by Trustee Neil and seconded by Trustee Szczerbinski 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 62, which equaled \$41,786.79. Trustee Mierzwa made a motion to approve Warrant list 62 as presented, and it was seconded by Trustee Neil. Motion carried by roll call vote.

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

BOARD'S ATTORNEY REPORT:

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

Counsel updated the Board as to its annual re-evaluation process. All re-evaluation affidavits were received and counsel is waiting on medical record responses prior to scheduling each disabled pensioner for his/her medical examination. No formal action is needed at this time.

Counsel provided an update as to the Bueno matter. Counsel will subpoena a copy of the final settlement agreement.

OLD BUSINESS

Disability Application of Officer Carl Faust. Board’s counsel provided an update as to the status of Carl Faust’s disability claim. Counsel received all three independent medical evaluation (IME) reports and forwarded the same onto Faust’s counsel for review and direction. On June 29, 2017 Mr. Faust’s attorney formally filed with the Board a request to withdraw his disability pension application. Trustee Neil made a motion to grant Carl Faust’s request to withdraw his disability pension application with prejudice. Trustee Mierzwa seconded that motion. Motion carried by roll call vote.

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

A written decision and order memorializing the Board’s final decision as to this matter will be prepared and presented for review and approval at the Board’s next regular meeting.

Result of Active Election for Board Trustee. In total fifty-four (54) eligible votes were cast during the 2017 election for one active trustee position on the Board. Current presiding active member trustee Oscar Szczerbinski won the election with thirty-eight (38) votes. Nominee Samuel Lopez earned nine (9) votes and seven (7) votes were tallied for nominee David Dal Cerro. Trustee Szczerbinski shall serve a two year term.

Statements of Economic Interest. All trustees have completed and filed their statements of economic interest. No further action is needed on this matter.

NEW BUSINESS:

Request to Purchase Military Service From Officer Nicholas Zefeldt. Active participant Nicholas Zefeldt previously made formal application to purchase twenty-four months of military service as creditable service time for pension purposes pursuant to 40 ILCS 5/3-110(b-5). Officer Zefeldt has paid into the Pension Fund the full contribution requirement of \$23,659.55 in order to effectuate his military buyback. As a result of his purchase his date of hire with the Des Plaines Police Pension Fund shall be adjusted from January 4, 2017 to January 4, 2015 for pension purposes. Trustee Szczerbinski made a motion to accept Officer Zefeldt’s \$23,659.55 as payment in full for twenty-four months military buyback service pursuant to 40 ILCS 5/3-110(b-5) and to adjust Officer Zefeldt’s date of entry to January 4, 2015 for pension purposes. Trustee Mierzwa seconded that motion. Motion carried by roll call vote.

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

Application for Membership from Mathew Stonequist. Officer Stonequist entered service on 5/3/17 and is a Tier 2 member. Trustee Szczerbinski made a motion to accept Officer Mathew Stonequist into the Des Plaines Police Pension Fund. Trustee Mierzwa seconded the motion and the motion carried by unanimous voice vote.

Request to Purchase Military Service from Sergeant John Hutson. Active participant John Hutson requested information and calculations concerning the potential purchase of military service. The matter remains pending and is tabled for possible future action.

Hobfol Reimbursement. The Pension Fund is in receipt of a reimbursement check from Dr. Hobfol's office pertaining to his prior evaluation of Lori Jacoby. No further action is needed at this time.

Merten. Active Officer Nicole Mertan inquired with the Pension Fund as to her Tier status as well as the availability for her to transfer her prior service credit from SURS and IMRF. The Board has requested legal counsel to send her a responsive correspondence.

APPROVAL OF BALANCE SHEETS:

The Pension Board reviewed Lauterbach & Amen balance sheets for March and April 2017. Trustee Szczerbinski made a motion to approve the March and April 2017 balance sheets and Trustee Mierzwa seconded that motion. Motion carried unanimously.

FINANCIAL REPORT:

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

Review of Fund's Portfolio / Asset Allocation. Consultant McShane reviewed with the Pension Board the Fund's target and current allocations. The Fund currently is under allocated in fixed income. The Fund is also slightly under allocated in cash. The fund is slightly over allocated in equities as a result of appreciation.

With respect to the Fund's performance Consultant McShane indicated that the Fund is up 11.89% compared to 10.97 for the last twelve month period ending in June. Consultant McShane went on to review with the Board each asset class' return versus its corresponding benchmark.

Consultant McShane discussed with the Board its cash flow movement over the past twelve month period and indicated such movement was primarily based upon rebalancing due to high equity returns.

The Board reviewed its risk/return analysis compared to the benchmark. Relative to its benchmark the Fund has received greater return and taken less risk.

The Pension Board and Consultant McShane went on to review each of the Fund's manager's performance quarter and year to date and provided a market outlook to the Board.

The Board went on to review its current Investment Policy Statement with Consultant McShane.

Upon Consultant McShane's recommendation, Trustee Neil made a motion to scale back the Fund's investments in equities by taking 1.3 million from the S&P 500 and moving it into cash. Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

AYES: President Nicholas Chiaro, Secretary Robert Neil,

Trustee Oscar Szczerbinski, Trustee Chris Mierzwa
NAYS: None
ABSENT: Trustee Robert Muehlenbeck

Upon review of the international market valuations and performance, and based upon Consultant McShane's recommendation, President Chiaro made a motion take 1 million dollars from the S&P 500 and invest 500k of the proceeds in Amerifunds- international equity, and the remaining 500K in proceeds with Lazard- emerging markets fund. Trustee Szczerbinski seconded the motion. The motion carried by roll call vote.

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

Cash Flow analysis. Consultant McShane reviewed with the Pension Board its cash flow needs. Consultant McShane did not have any additional recommendations for cash movement.

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

The Pension Board reviewed its continuing education training status, requirements and training options for 2017.

ADJOURNMENT:

A motion was made by Trustee Mierzwa to adjourn the meeting at 10:15 AM, and seconded by Trustee Szczerbinski. Motion passed unanimously and the meeting adjourned at 10:15 AM.

Respectfully Submitted: _____
Date Approved: _____

The next regular meeting of the Des Plaines Police Pension Board is scheduled for August 8, 2017 at 9:00 AM.

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