

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

**October 10, 2017**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, October 10, 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 9:02 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 Investment Consultant Thomas McShane, City Treasurer Dorothy Wisniewski, Pension Annuitant Wendall Whitted, Board Attorney Laura J. Goodloe, SG Capital Management partners Ken Grossman and Glen Schneider, and member of the public Tara Karpp.

**APPROVAL OF PRIOR MEETING MINUTES:**

The Pension Board reviewed the minutes of its August 8, 2017 regular meeting. A motion was made by Trustee Mierzwa and seconded by Trustee Szczerbinski to approve the minutes as written. Motion carried by unanimous voice vote.

**APPROVAL OF DISBURSEMENTS:**

The Pension Board reviewed the list of disbursements as presented in Warrant List 64, which equaled \$35,093.41. Trustee Szczerbinski a made a motion to approve Warrant list 64 as presented, and it was seconded by Trustee Mierzwa. 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

**SG CAPITAL PRESENTATION: (NO FORMAL ACTION WAS TAKEN DURING THIS PRESENTATION)**

Ken Grossman and Glenn Schneider appeared on behalf of SG Capital for a presentation as to the status of their management portfolio with the Pension Fund.

Mr. Grossman provided an overview of SG Capital Management. SG Capital was hired by the Des Plaines Police Pension Fund in June 2007. The firm, comprised of 13 individuals, manages a total of 600 million in assets. Mr. Grossman went on to discuss SG Capital's background in pension plans and how its services correlate with the Des Plaines Police Pension Fund.

Mr. Schneider provided an in depth discussion as to SG Capital's strategies in small and mid cap equities and how such strategies have impacted the firm's overall return in total invested assets.

Further discussion was had as to SG Capital's return for the Des Plaines Police Pension Fund. SG Capital started with 3.7 million dollars in Des Plaines Police Pension Fund assets and added close to 10 million dollars to the Des Plaines Police Pension Fund account since inception (for a current total of 13.63 million dollars of Des Plaines Police Pension Fund assets invested with SG Capital). SG Capital's net annualized overall return since inception is 16.33% versus the 7.11% benchmark. Mr. Grossman pointed out such growth was notwithstanding taking a reduced amount of risk for the Fund. In sum, SG Capital maintains its performance has created favorable results for the Des Plaines Police Pension Fund since inception.

#### **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.* The Fund currently holds investment assets totaling \$72,267,145.96. Consultant McShane reviewed with the Pension Board the Fund's overall target and current allocations as of the Fund's September 2017 performance report. The Fund's current asset allocations in equities, fixed income and cash are overall in line with the Fund's strategy, which Consultant McShane indicated he was comfortable with. The Board reviewed each individual asset classes' allocations and targets. Upon review Consultant McShane did not have any recommended asset allocation changes.

With respect to the Fund's performance Consultant McShane indicated that the Fund is up 12.04% compared to the 10.92% benchmark for the last twelve month period ending in September. Since inception the Fund has had an average annualized return (net of fees) of 7.01% versus the 6.44% benchmark. Consultant McShane went on to review with the Board each asset class' return versus its corresponding benchmark.

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.

*Cash Flow analysis.* Consultant McShane reviewed with the Pension Board its cash flow needs. Upon review it was determined that the Fund has sufficient cash flow at this time and no further action is needed.

#### **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, including PA 100-281, PA 100-0334, *Chicago Sergeant's Association v. Pallohusky*, and *City of Harvey v. Harvey Firefighters' Pension Fund*.

Counsel updated the Board as to its annual re-evaluation process. All three disabled pensioners under age fifty (50) have been scheduled for their statutory medical examinations. Reports from each exam will be disseminated and reviewed at the Board's next regular meeting. No additional action is needed at this time.

The Pension Board received a full and complete copy of the final settlement agreement between Beuno and the City of Des Plaines, per its previously issued subpoena. No further action is needed.

**OLD BUSINESS**

*Disability Application of Officer Carl Faust.* The final decision and order was previously approved at the Pension Board's last regular meeting and served on all affected parties. The administrative review law period has expired. Therefore, no further action will be taken on this matter.

**NEW BUSINESS**

*Approval of Lauterbach & Amen Balance Sheets for July and August 2017.* The Pension Board reviewed Lauterbach & Amen balance sheets for July and August 2017. Trustee Mierzwa made a motion to approve the July and August 2017 balance sheets and Trustee Muehlenbeck seconded that motion. 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

*Acceptance of Municipal Compliance Report.* The Pension Board reviewed its municipal compliance report prepared by Lauterbach & Amen for fiscal year ended December 2016. Trustee Szczerbinski made a motion to approve the Municipal Compliance Report and Trustee Mierzwa seconded that motion. 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

*IDOI Actuarial Valuation Report.* The Pension Board took the opportunity to review the IDOI actuarial valuation report as of January 1, 2017. Trustee Mierzwa made a motion to approve the IDOI Valuation Report and certify \$5,059,565, at minimum, as its tax levy request. Trustee Muehlenbeck seconded that motion. 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

**PUBLIC COMMENT:** None.

**CONTINUING EDUCATION:**

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

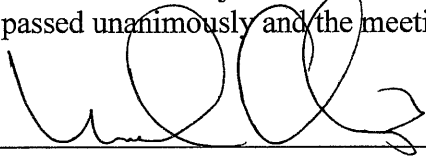
**EXECUTIVE SESSION:** None.

**ADJOURNMENT:**

A motion was made by Trustee Muehlenbeck to adjourn the meeting at 10:18 AM, and seconded by Trustee Szczerbinski. Motion passed unanimously and the meeting adjourned at 10:18 AM.

Respectfully Submitted:

Date Approved:

  
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The next regular meeting of the Des Plaines Police Pension Board is scheduled for December 12, 2017 at 9:00 AM.

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