

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
CITY OF DES PLAINES POLICE PENSION FUND
December 12, 2017**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, December 12, 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 9:00 AM.

ROLL CALL:

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

ABSENT: Trustee Oscar Szczerbinski

ALSO PRESENT: Also present was Investment Consultant Thomas McShane, City Treasurer Dorothy Wisniewski, Pension Annuitant Wendall Whitted, Board Attorney Laura J. Goodloe, and member of the public Tara Karpp.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the minutes of its October 10, 2017 regular meeting. A motion was made Trustee Neil and seconded by Trustee Muehlenbeck 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 65, which equaled \$41,861.27. Trustee Mierzwa a made a motion to approve Warrant list 65 as presented, and it was seconded by Trustee Muehlenbeck. Motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Robert Muehlenbeck,
Trustee Chris Mierzwa, Secretary Robert Neil

NAYS: None

ABSENT: Trustee Oscar Szczerbinski

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, and lead a general discussion on PSEBA benefits.

Counsel updated the Board as to its 2017 annual re-evaluation process. All three disabled pensioners under age fifty (50) have undergone their statutory medical examinations. Reports from each exam were disseminated and reviewed by the Board. Based upon the findings and conclusions contained in those reports no further action shall be taken at this time with respect to each pensioner's disability status. Counsel for the Board will forward each pensioner a copy of his/her report.

OLD BUSINESS: None.

NEW BUSINESS:

Approval of 2018 Pension Board Meeting Dates. The City of Des Plaines Police Pension Board shall convene on the following dates and times at the location listed above for purposes of conducting regular business in 2018:

- February 13, 2018 @ 9:00 AM
- April 10, 2018 @ 9:00 AM
- June 12, 2018 @ 9:00 AM
- August 14, 2018 @ 9:00 AM
- October 9, 2018 @ 9:00 AM
- December 11, 2018 @ 9:00 AM

Freedom of Information Act Request/Response. On October 10, 2017 the Pension Office received a Freedom of Information Act request from Zack Cziryak of Fin-News. This request was fully responded to on October 11, 2017. No further action is needed.

Approval of L&A Balance Sheets for September & October, 2017. The Pension Board reviewed Lauterbach & Amen balance sheets for September and October 2017. Trustee Muehlenbeck made a motion to approve the September and October 2017 balance sheets and Trustee Mierzwa seconded that motion. Motion carried by roll call vote.

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

Annual Certification of Tax Levy. On November 6, 2017 legal counsel for the Board submitted to Mayor Mathew J. Bogusz its tax levy request. No further action is necessary at this time.

IML Public Safety Pension Proposals. The Board took the opportunity to review a September 25, 2017 memo drafted and disseminated by the Illinois Municipal League pertaining to its various proposals for Article 3 and Article 4 pension consolidation.

Termination of Officer Nicole Mertens. Officer Nicole Mertens terminated service with the City of Des Plaines Police Department effective November 1, 2017. The Pension Board sent Ms. Mertens a correspondence on November 28, 2017 advising her of her rights with respect to her pension contributions. This matter remains pending and is tabled.

Other New Business for Discussion Only. The Pension Board took the opportunity to review two new Illinois Department of Insurance Sirens as well as discuss two new Public Acts. The first Public Act allows for a former police officer with the City of Des Plaines who became a firefighter with the City of Des Plaines to transfer his service time from the police pension fund to the fire pension fund. The other Public Act pertains to Article 4 members (fire) and their ability to transfer service time from Article 4 to the Chicago Firemen's Annuity and Benefit Fund (Article 6).

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 \$73,001,536.43. Consultant McShane reviewed with the Pension Board the Fund's overall target allocations as of the Fund's November 2017 performance report. Upon review Consultant McShane did not have any recommended target asset allocation changes.

With respect to the Fund's current total position in equities, Consultant McShane noted the Fund is 7.5% over allocated in equities. In order to rebalance the Fund's portfolio to coincide with its target allocations and statutory parameters Consultant McShane recommended the Board move 1.9 million dollars from its S&P 500 index fund to the Fund's cash management account. Trustee Neil made a motion to effectuate Consultant McShane's recommendation and Trustee Mierzwa seconded that motion. The motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Robert Muehlenbeck,
Trustee Chris Mierzwa, Secretary Robert Neil

NAYS: None

ABSENT: Trustee Oscar Szczerbinski

The Pension Board and Consultant McShane went on to review each of the Fund's active manager's performance and discussed that performance in relation to the Fund's need for diversification and protection against downward swings in the market.

Consultant McShane recommended that the Board perform an in depth review of SKBA at its next regular meeting.

Consultant McShane went on to discuss his reduction in consultant fees. The Fund currently pays a flat 15 bps for financial consultant services. Consultant McShane offered a tiered reduction in fees, which would equate to a fee of 15 bps for the Fund's first 50 million dollars, 12 bps for the next 20 million dollars and 9 bps for remaining 3 million dollars in present assets. This will equate to a \$6,300 savings, add value overtime to the fund, and increase growth for the Fund. The reduction in fee/tier proposal will become effective January 1, 2018. The Board thanked Consultant McShane for this fee reduction.

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.

Finally, the Board went on to review its investment outlook pertaining to US equities and discussed sector breakdowns relating to the same.

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.

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

All Board members have met their 2017 continuing education requirements. Certificates of completion are on file with the Pension Office.


EXECUTIVE SESSION: None.

ADJOURNMENT:

A motion was made by Trustee Muehlenbeck to adjourn the meeting at 10:07 AM, and seconded by Trustee Neil. Motion passed unanimously and the meeting adjourned at 10:07 AM.

Respectfully Submitted:

Date Approved:



The next regular meeting of the Des Plaines Police Pension Board is scheduled for February 13, 2018 at 9:00 AM.

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