

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
February 12, 2019**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, February 12, 2019 at 9:00 AM, at City Hall located at 1420 Miner Street (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 Chris Mierzwa, and Trustee Oscar Szczerbinski.

ABSENT: Trustee Robert Muehlenbeck, Trustee Robert Neil

ALSO PRESENT: Also present was annuitant Wendall Whitted, Investment Consultants Thomas McShane and Patrick Donnelly, City Finance Director Dorothy Wisniewski, and Board Attorney Laura J. Goodloe.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the minutes of the December 11, 2018 regular meeting. A motion was made by Trustee Szczerbinski and seconded by Trustee Mierzwa to approve the minutes as written. The motion carried by unanimous voice vote.

APPROVAL OF DISBURSEMENTS:

The Pension Board reviewed the list of disbursements as presented in Warrant List 71, which equaled \$33,608.98. Trustee Mierzwa made a motion to approve Warrant list 71 as presented and Trustee Szczerbinski seconded the motion. The motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck and Trustee Robert Neil.

BOARD'S ATTORNEY REPORT:

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

OLD BUSINESS:

Approval of Revised Rules & Regulations. Board Counsel previously disseminated a proposed set of updated administrative rules and regulations. The Board and Counsel reviewed and discussed the updates. This matter is tabled to allow the Board to further review the updated proposed regulations and remains pending.

NEW BUSINESS:

Application for Membership from Officer Aid Kurtovic. Officer Kurtovic entered service on 1/4/19 and is a Tier 2 member. Trustee Mierzwa made a motion to accept Officer Aid Kurtovic into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Resignation of Officer Joshua Kok. Officer Joshua Kok resigned as of 10/26/18. He has been sent the appropriate refund paperwork pertaining to his pension contributions. The Board awaits a response.

Resignation of Officer Ryne Korbas. Officer Ryne Korbas resigned as of 01/05/19. He has been sent the appropriate refund paperwork pertaining to his pension contributions. The Board awaits a response.

Termination of Officer Carl Faust. Based upon arbitration ruling, Officer Carl Faust was formally terminated effective 1/12/18. He has been sent the appropriate refund paperwork pertaining to his pension contributions. The Board awaits a response.

Approval of Lauterbach & Amen Balance Sheets for November & December 2018. The Pension Board reviewed Lauterbach & Amen balance sheets for November and December 2018. Trustee Mierzwa made a motion to approve the November and December 2018 balance sheets and Trustee Szczerbinski seconded that motion. The motion carried by roll call vote.

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

Board Elections. Trustee Oscar Szczerbinski is up for re-election. The pension office will conduct the election pursuant to state statutes and administrative rules. Trustee Oscar Szczerbinski has chosen to run for re-election.

FINANCIAL REPORT:

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

Review of Fund's Portfolio / Asset Allocation.

Consultant Donnelly began his presentation with a general overview and recap of wealth management perspectives and then continued with a discussion as to market outlooks.

Consultant McShane went on to provide an in-depth review of the Fund's current asset allocations and portfolio returns over both short and long term periods. Consultant McShane then discussed manager performance. Oppenheimer is being placed on watch due to underperformance.

The Fund continues to hold an unrealized gain of 31.8 million (net of fees) and the Fund's overall investment platform has received slightly greater return and taken slightly less risk than the benchmark.

Consultant McShane then discussed with the Board market volatility patterns and forecasts. In response, Consultant McShane recommended the Board implement the following good to sell equity orders (good for 12 month period):

Order 1: sell 1,237 shares IVV @ \$275 (0.5% of portfolio or approximately \$340,175)

Order 2: sell 2,386 shares IVV @ \$285 (1% of portfolio or approximately \$680,010)

Order 3: sell 3,401 shares IVV @ \$300 (1.5% portfolio or approximately \$1,020,300)

Upon discussion and review, Trustee Szczerbinski made a motion to implement the good to sell orders as listed and Trustee Mierzwa seconded the motion. Motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck and Trustee Robert Neil.

Consultant McShane further recommended implementing the following good to buy equity orders (to be purchased through cash/fixed income):

Order 1: buy 642 shares IVV @ \$265 (0.25% of portfolio or approximately \$170,130)

Order 2: buy 1,360 shares IVV @ \$250 (0.50% of portfolio or approximately \$340,000)

Order 3: buy 2,171 shares IVV @ \$235 (0.75% of portfolio or approximately \$510,185)

Upon discussion and review, Trustee Szczerbinski made a motion to implement the good to buy equity orders as listed and Trustee Mierzwa seconded the motion. Motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck and Trustee Robert Neil.

Consultant McShane reviewed cash flow needs for the upcoming months with the Board. No action was deemed necessary.

The Board took the opportunity to review several fixed income managers to potentially replace McDonnell/Loomis Sayles. A discussion was had as to risk versus return for each potential manager based upon proprietary research provided by Consultant McShane. Upon further review and discussion, Trustee Mierzwa made a motion to terminate McDonnell and place ½ of the proceeds with current fixed income manager Weaver Barksdale, retain Hamilton Garcia as a fixed income manager, and place the other ½ of proceeds with Hamilton Garcia. Trustee Szczerbinski seconded the motion. Motion carried by roll call vote.

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

NAYS: None.

ABSENT: Trustee Robert Muehlenbeck and Trustee Robert Neil.

Finally, Consultant McShane provided a billing analysis review of investment managers and confirmation as to how all pertinent parties (Fund/Accountants/Finance Dept) are to receive invoices.

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

The Pension Board reviewed its continuing education training status, requirements and training options for 2019.

ADJOURNMENT:

A motion was made by Trustee Szczerbinski to adjourn the meeting at 9:58 AM, and the motion was seconded by Trustee Mierzwa. The motion passed unanimously by voice vote and the meeting adjourned at 9:58 AM.

Respectfully Submitted:

Date Approved:

The next regular meeting of the Des Plaines Police Pension Board is scheduled for April 9, 2019 at 9:00 AM.

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