

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE  
DES PLAINES POLICE PENSION FUND  
February 13, 2018**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, February 13, 2018 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 Robert Muehlenbeck, Trustee Chris Mierzwa

**ABSENT:** None.

**ALSO PRESENT:** Also present was annuitant Wendall Whitted, Investment Consultant Thomas McShane, Board Attorney Laura J. Goodloe, and member of the public Tara Karpp.

**APPROVAL OF PRIOR MEETING MINUTES:**

The Pension Board reviewed the minutes of the December 12, 2017 regular meeting. A motion was made by Trustee Neil and seconded by Trustee Muehlenbeck 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 66, which equaled \$7,952.44. Trustee Mierzwa made a motion to approve Warrant list 66 as presented and Trustee Szczerbinski seconded the motion. The motion carried by roll call vote.

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

**NAYS:** None

**ABSENT:** None

**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 also discussed with the Board the *McDonald* case and qualifications for dependent benefits under 40 ILCS 5/3-112(a).

**OLD BUSINESS:** None.

**NEW BUSINESS:**

*Approval of Lauterbach & Amen Balance Sheets for November & December 2017.* The Pension Board reviewed Lauterbach & Amen balance sheets for November and December 2017. Trustee Neil made a motion to approve the December 2016 and January 2017 balance sheets and Trustee Szczerbinski seconded that motion. The motion carried by roll call vote.

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

*Application for Membership from Adam Sweeney.* Officer Sweeney entered service on 1/3/18 and is a Tier 2 member. Trustee Mierzwa made a motion to accept Officer Adam Sweeney into the Des Plaines Police Pension Fund. Trustee Muehlenbeck seconded the motion and the motion carried by unanimous voice vote.

*Resignation of Officer Colin McMillen.* Officer McMillen resigned from the City of Des Plaines Police Department effective 2/5/18. He has applied for a refund of contributions. This matter remains pending.

*COLA increases.* A list of cost of living increase adjustments were prepared and presented to the Pension Board by its accountants, Lauterbach & Amen. Upon review, Trustee Szczerbinski made a motion to approve the list of 2018 COLAs as prepared and presented by Lauterbach & Amen. Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

*PGM Fee Increase Proposal.* Upon review and discussion as to legal counsel's proposed fee increase Trustee Chiaro made a motion to approve PGM's fee increase and Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

*FOIA Request and Response.* On January 12, 2018 the Pension office received a Freedom of Information Act request from Zack Cyzirak of Fin-News. This request was fully responded to that same day. No further action is needed.

*Website Update Proposal.* Upon review and discussion as to IT specialist Palm's recommendation that the Fund update its website, Trustee Szczerbinski made a motion to approve the website update proposal for services not to exceed \$2500 and to allow the Board the opportunity to review and approve the updated website prior to going live. Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

**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 allocations, confirmed the Fund presently sits within its statutorily prescribed allocation limits, and did not recommend any changes at this time.

With respect to the Fund’s performance Consultant McShane indicated the balance of the Fund as of 12/31/17 is \$73,081,550.96. As of the recent year end the Fund was up 15.86% versus the benchmark of 14.7%. Consultant McShane went on to review the Fund’s 2015, 2016, 2017 overall performance returns.

The Fund began (with MSSB) with a balance of 37.6 million and has incurred an unrealized gain of 36.75 million as of December 2017. The Fund’s overall investment platform has received greater return and taken less risk than the benchmark.

The Pension Board and Consultant McShane went on to review each of the Fund’s manager’s performance, paying particular attention to its value added managers.

Consultant McShane continued with a general discussion as to SKBA’s performance and disseminated to the Board a portfolio of government/credit fixed income managers to be discussed further at the Board’s next meeting.

Toward the conclusion of his report Consultant McShane discussed the market outlook and discussed future investment strategies should the market continue to rise.

*Cash Flow analysis.* Consultant McShane reviewed with the Pension Board its cash flow needs through February 2018. In response to the recently approved COLAs Trustee Neil made a motion to raise the pension fund’s monthly cash flow deduction from 630K to 650K. Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

**PUBLIC COMMENT:** None.

**CONTINUING EDUCATION:**

The Pension Board reviewed its continuing education training status, requirements and training options for 2018.

**ADJOURNMENT:**

A motion was made by Trustee Muehlenbeck to adjourn the meeting at 10:08 AM, and the motion was seconded by Trustee Mierzwa. The motion passed unanimously by voice vote and the meeting adjourned at 10:08 AM.

Respectfully Submitted: \_\_\_\_\_  
Date Approved: \_\_\_\_\_

The next regular meeting of the Des Plaines Police Pension Board is scheduled for April 10, 2018 at 9:00 AM.

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