

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
February 14, 2017**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, February 14, 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, Secretary Robert Neil, Trustee Oscar Szczerbinski, Trustee Robert Muehlenbeck

ABSENT: Trustee Chris Mierzwa.

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

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the minutes of the December 13, 2016 regular meeting. A motion was made by Trustee Muehlenbeck 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 60, which equaled \$10,265.26. Trustee Neil made a motion to approve Warrant list 60 as presented, and was seconded by Trustee Muehlenbeck. Motion carried by roll call vote.

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

NAYS: None

ABSENT: Trustee Chris Mierzwa

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 the recently issued *Harvey Police Pension Board v. City of Harvey*.

Review and Update of Forms. Board's counsel discussed her review of the Pension Fund's current set of forms. She will work with the pension office in updating a number of forms. The updated forms will be placed on the Fund's website upon completion.

OLD BUSINESS

Faust. Board's counsel provided an update as to the status of Carl Faust's pending disability claim. Mr. Faust's independent medical examinations have been scheduled. Counsel will keep Board President Chiaro apprised as to developments.

Records Disposal Request. The Board's petition to dispose duplicate financial records remains pending with the Local Records Commission.

Transfer of Creditable Service Request for Daniel Alonso. Active participant Daniel Alonso has applied with the Des Plaines Police Pension Fund to transfer into the Des Plaines Police Pension Fund 3 years, 7 months and 8 days (July 9, 2012 through February 16, 2016) of his prior service credit from the Park Ridge Police Pension Fund. The Pension Board's accountants, Lauterbach & Amen, prepared the necessary calculations pursuant to 40 ILCS 5/3-110. In order to effectuate this transfer Daniel has been advised that he will owe to the Pension Fund \$7,319.58 (difference between contributions due from the Park Ridge Pension Fund and true cost for effectuating the transfer). Mr. Alonso has made formal irrevocable consent to effectuate this service transfer and has opted to repay the balance due to the fund over a five (5) year period. Once the transfer has been effectuated and paid in full Mr. Alonso's date of hire will be adjusted from February 16, 2016 to July 8, 2012. Upon review and discussion of the calculations Trustee Szczerbinski made a motion to approve Officer Alonso's creditable service transfer request. The motion was seconded by Trustee Neil and carried unanimously.

Review of Steven Birch's Request to Purchase Military Service. This matter remains pending and is tabled for possible future action.

Training Summary 2016. All trustees met their statutory training requirements for 2016.

NEW BUSINESS:

Freedom of Information Act Request. On December 21, 2016 the pension office received a FOIA request from Zach Cziryak of Fin-news. The pension office timely responded to this request on December 27, 2016. No further action is needed at this time.

Review and Approval of Investment Policy. The Pension Board performed an annual review of its current Investment Policy Statement. There were no recommended changes. Trustee Muehlenbeck made a motion to accept the current investment policy statement as presented. The motion was seconded by Trustee Neil and carried unanimously.

Submission of Statement of Economic Interest Required Filers. The pension office indicated that all trustees' names have been submitted to the county. Trustees will be filing their statements electronically on or before May 1, 2017.

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

Resignation of Officer Michael Mimp. Officer Michael Mimp resigned from the Des Plaines Police Department effective 12/29/16. The Pension Fund's accountants have sent Mr. Mimp refund documentation. To date the Fund has received no response. No further action is necessary at this time.

Application for Membership from Gabriel Hallas. Officer Hallas entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Gabriel Hallas into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Application for Membership from Dale Jeon. Officer Jeon entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Dale Jeon into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Application for Membership from Myles Klein III. Officer Klein entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Myles Klein III into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Application for Membership from Ryne Korbas. Officer Korbas entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Ryne Korbas into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Application for Membership from Brian Maresco. Officer Maresco entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Brian Maresco into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Application for Membership from Daniel Murphy. Officer Murphy entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Daniel Murphy into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Application for Membership from Jeffrey VonMoses. Officer VonMoses entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Jeffrey VonMoses into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

Application for Membership from Nicholas Zefeldt. Officer Zefeldt entered service on 1/4/17 and is a Tier 2 member. Trustee Muehlenbeck made a motion to accept Officer Nicholas Zefeldt into the Des Plaines Police Pension Fund. Trustee Szczerbinski seconded the motion and the motion carried by unanimous voice vote.

QILDRO Order from Joseph Spallone. A QILDRO pertaining to active participant Spallone was received and reviewed by Board's counsel. A responsive correspondence was sent to counsel for Spallone by attorney Goodloe on 2/1/17. No processing fee was received. Attorney Goodloe will follow up with respect to the statutory filing fee. This matter is tabled for further action in the future once the Fund has received the statutory filing fee.

Resignation of Officer Travis Kopacek. Office Travis Kopacek resigned from the Des Plaines Police Department effective 2/9/17. The Pension Fund's accountants have sent Mr. Kopacek refund documentation. To date the fund has received no response. No further action is necessary at this time.

Hobfoll reimbursement. Dr. Hobfoll's office acknowledged it owes the pension fund a reimbursement with respect to an IME Dr. Hobfoll had previously performed on pensioner Jacoby. The pension fund's tax ID and mailing address have been sent to Dr. Hobfoll's office. This matter is tabled.

Eleanor Ventimiglia. Ms. Ventimiglia filed a Petition for Leave to Appeal the denial of her Motion to Reconsider with the Illinois Supreme Court on January 13, 2017. The Illinois Supreme Court Clerk's office rejected this filing and advised all parties that the matter is closed. No further action is necessary at this time.

COLA increases. A list of cost of living increase adjustments were prepared and presented to the Pension Board by its accountants, Lauterbach & Amen. This matter is tabled for formal approval at the Board's next meeting.

Elections. Trustee Szczerbinski is up for re-election. The pension office will commence election procedures. This matter is tabled for further action.

Affidavits of eligibility. Annual affidavits of eligibility were sent out to all pension beneficiaries. Responses are due on or before March 18, 2017. At present 18 responses remain outstanding. This matter is tabled for possible further future action.

Officer inquiry for filing for short term disability. The pension office received an inquiry with respect to whether a participant is eligible to file for a short term disability. A discussion was held amongst the Board and its legal counsel with respect to the issue. No application has been received, therefore no further action is necessary at this time.

APPROVAL OF BALANCE SHEETS:

The Pension Board reviewed Lauterbach & Amen balance sheets for December 2016 and January 2017. Trustee Szczerbinski made a motion to approve December 2016 and January 2017 balance sheets and Trustee Neil 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 targets and indicated that the current allocation is positioned by design to withstand rising interest rates.

With respect to the Fund's performance Consultant McShane indicated that the Fund is up 7.31 for the twelve months ending 12/31/16. The balance of the Fund as of 12/31/16 is \$64,148,766.

With respect to investment allocations the Fund sits slightly over allocated in cash and under allocated in fixed income. The Fund presently is invested in 64.5% in equities (which includes cash held by equities managers). Upon a review of each manager's cash position Consultant McShane had no recommendations for allocation changes.

With respect to returns, since inception fund has had annualized return of 6.53% versus the benchmark of 6%. The Fund began (with MSSB) with a balance of 37.6 million and has an unrealized gain of 28.1 million. The Fund's overall investment platform has received greater return and taken slightly less risk than the benchmark.

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.

Consultant McShane provided a synopsis of the Fund's current buy orders, which are in the S&P 500 (IVV) for 5200 at 193, 1336 at 183, 1450 at 172, 1550 at 160, 1660 at 150, and 1785 at 140.

Based upon Consultant McShane's market outlook recommendations, Trustee Neil made a motion to cancel the 1785 at 140 buy order. Trustee Muehlenbeck seconded the motion. The Motion carried by roll call vote.

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

NAYS: None

ABSENT: Trustee Chris Mierzwa

Based upon Consultant McShane's market outlook recommendations, Trustee Szczerbinski made a motion to cancel the 5200 at 193 buy order and replace it with a 5000 at 205 buy order. Trustee Neil seconded the motion. The Motion carried by roll call vote.

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

NAYS: None

ABSENT: Trustee Chris Mierzwa

Based upon Consultant McShane's market outlook recommendations, Trustee Muehlenbeck made a motion to purchase 1500 shares of IVV at 193. 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

NAYS: None

ABSENT: Trustee Chris Mierzwa

Cash Flow analysis. Consultant McShane reviewed with the Pension Board its cash flow needs through February 2017. In response to the recently approved COLAs Trustee Muehlenbeck made a motion to raise the pension fund's monthly cash flow deduction from 620K to 630K. 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

NAYS: None
ABSENT: Trustee Chris Mierzwa

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

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

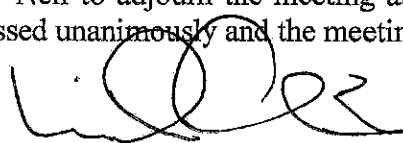
As of the meeting date, trustee Szczerbinski completed OMA and FOIA training.

ADJOURNMENT:

A motion was made by Secretary Neil to adjourn the meeting at 10:21 AM, and seconded by Trustee Muehlenbeck. Motion passed unanimously and the meeting adjourned at 10:21 AM.

Respectfully Submitted:

Date Approved:



The next regular meeting of the Des Plaines Police Pension Board is scheduled for April 11, 2017 at 9:00 AM.

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