

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

**April 11, 2017**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, April 11, 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 9:07 AM.

**ROLL CALL:**

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

**ABSENT:** Robert Muehlenbeck

**ALSO PRESENT:** Also present was 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 February 14, 2017 regular meeting. A motion was made by Trustee Neil 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 61, which equaled \$8,865.16. Trustee Mierzwa made a motion to approve Warrant list 61 as presented, and was seconded by Trustee Szczerbinski. Motion carried by roll call vote.

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

**NAYS:** None

**ABSENT:** Robert Muehlenbeck

**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 was directed by the Pension Board to begin the 2017 annual disability re-evaluation process.

**OLD BUSINESS**

*Disability Application of Officer Carl 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 and counsel received confirmation that he attended the first of three appointments.

*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.

*QILDRO Order From Officer Joseph Spallone.* The circuit court issued a QILDRO pertaining to the Spallone dissolution of marriage. A copy of the same was filed with the Pension Board. Counsel for the Board reviewed the Order and on February 1, 2017 sent a response correspondence to legal counsel in the dissolution matter as well as the parties to the divorce proceeding. A motion to accept the QILDRO was made by Trustee Neil and seconded by Trustee Szczerbinski. Motion carried by unanimous vote. No further action is needed to implement the Order at this time, as the regular payee remains in active service.

*Records Disposal Request.* The Board's petition to dispose duplicate financial records was approved. No further action is needed at this time.

*Annual Affidavits Complete.* All affidavits have been received. No further action is needed at this time.

#### **NEW BUSINESS:**

*Freedom of Information Act Request & Reply.* On March 15, 2017 the pension office received a FOIA request from Zach Cziryak of Fin-news. The pension office timely responded to this request on March 16, 2017. No further action is needed at this time.

*Death of Retired Officer Richard Eyre.* Retired Officer Richard Eyre passed away on March 21, 2017. No further action is needed at this time.

#### **APPROVAL OF BALANCE SHEETS:**

The Pension Board reviewed Lauterbach & Amen balance sheets for February 2017. Trustee Neil made a motion to approve the February 2017 balance sheets and Trustee Mierzwa 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 4.2% over the past quarter. US Equity is up 4.79%, international equity is up 8.89%, and emerging markets are up 10.39% for the quarter. Consultant McShane noted fixed income returns were dismal over the past quarter. Notably, over the past twelve months the Fund is up 9.98% overall.

The balance of the Fund as of 3/31/17 is \$67,810,285. 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 64.81% 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 6.72% versus the benchmark of 6.21%. The Fund began (with MSSB) with a balance of 37.6 million and has an unrealized gain of 30.6 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.

Upon Consultant McShane's recommendation, President Chiaro made a motion to take \$500,000 from the S&P Index Fund and move it to Lazard Emerging Markets Fund. Secretary Neil seconded the motion. The motion carried by roll call vote.

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

*Cash Flow analysis.* Consultant McShane reviewed with the Pension Board its cash flow needs. Consultant McShane did not recommend any changes to the Fund's current cash position.

**PUBLIC COMMENT:** None.

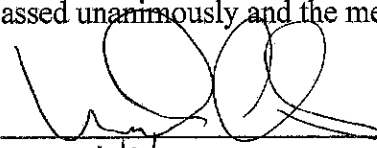
**CONTINUING EDUCATION:**

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

**ADJOURNMENT:**

A motion was made by Trustee Mierzwa to adjourn the meeting at 10:05 AM, and seconded by Trustee Szczerbinski. Motion passed unanimously and the meeting adjourned at 10:05 AM.

Respectfully Submitted:  
Date Approved:

  
\_\_\_\_\_  
6/6/17

The next regular meeting of the Des Plaines Police Pension Board is scheduled for June 13, 2017 at 9:00 AM.

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