

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
June 11, 2019**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, June 11, 2019 at 9:00 AM, at City Hall located at 1420 Miner Street, 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 9:02 AM.

ROLL CALL:

PRESENT: President Nicholas Chiaro, Trustee Chris Mierzwa, Trustee Oscar Szczerbinski, Trustee Robert Muehlenbeck

ABSENT: Trustee Robert Neil

ALSO PRESENT: Also present was annuitant Wendall Whitted, Investment Consultants Thomas McShane and Patrick Donnelly, City Finance Director Dorothy Wisniewski, Board Attorney Laura Goodloe and members of the public Tara Karpp and former Police Captain Mike Clark.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the April 9, 2019 regular meeting minutes. A motion was made by Trustee Mierzwa and seconded by Trustee Szczerbinski to approve the April 9, 2019 minutes as presented. The motion carried by unanimous voice vote.

APPROVAL OF DISBURSEMENTS:

The Pension Board reviewed the list of disbursements contained in Warrant List 73, which equaled \$21,764.65. Trustee Mierzwa made a motion to approve Warrant list 73 as presented and Trustee Muehlenbeck seconded the motion. The motion carried by roll call vote.

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

NAYS: None

ABSENT: 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.

Board Counsel addressed whether bilingual pay would qualify as salary for pension purposes. Counsel reviewed with the Board the applicable Illinois Administrative Code provision as well as the Illinois Department of Insurance's written policy on what qualifies as salary for pension purposes. Board Counsel advised the Illinois Department of Insurance was unwilling to provide any guidance as to the issue over the phone, citing to a Siren it had issued wherein it no longer provides advisory opinions to public pension funds. The Board reviewed and discussed the language contained in the City and Police Department's Collective Bargaining Agreement and

discussed the testing requirements in place in order to qualify for bilingual pay. The Board will place this matter on its next meeting's agenda for formal action to be taken. This matter is tabled and remains pending.

Board Counsel provided the Pension Office with a copy of her December 10, 2018 correspondence that was sent to Officer Samuel Lopez. The Pension Office will see to it that this correspondence is re-forwarded to Mr. Lopez.

OLD BUSINESS:

Approval of Revised Rules & Regulations. Board Counsel discussed with the Board the proposed rule changes. Upon further review and discussion, Trustee Mierzwa made a motion to approve and accept the updated Administrative Rules and Regulations as presented and Trustee Szczerbinski seconded the motion. The motion passed by unanimous voice vote. Board Counsel shall finalize the rules and file them with the Illinois Department of Insurance and the Pension Office. The newly enacted rules shall also be placed on the Pension Fund's webpage.

Retirement of Officer John Bueno. John Bueno filed an application for a retirement pension. He is a Tier 1 member with a service entry date of 01/01/98. His retirement date is 03/31/19 and his effective date of retirement for pension purposes is 04/01/19. His salary attached to rank for pension purposes is \$102,378.00. He is eligible to begin receiving an annualized pension in the amount of \$4,265.75 beginning April 2019 payroll. His pension shall be subject to eligible post retirement increases. Upon review Trustee Mierzwa made a motion to approve John Bueno's retirement pension application and Trustee Muehlenbeck seconded the motion. Motion carried by roll call vote.

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

Retirement of Officer David Dal Cerro. David Dal Cerro filed an application for a retirement pension. He is a Tier 1 member with a service entry date of 01/15/90. His retirement date is 01/19/19 and his effective date of retirement for pension purposes is 01/20/19. His salary attached to rank for pension purposes is \$103,180.00. He is eligible to begin receiving an annualized pension in the amount of \$6,233.79 beginning February 2019 payroll. He shall be entitled to a pro-rated benefit of \$2,413.08 for January 2019 payroll and his pension shall be subject to eligible post retirement increases. Upon review Trustee Mierzwa made a motion to approve David Dal Cerro's retirement pension application and Trustee Muehlenbeck seconded the motion. Motion carried by roll call vote.

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

Retirement of Detective Jennifer De Pastors. Jennifer De Pastors filed an application for a retirement pension. She is a Tier 1 member with a service entry date of 04/09/90. Her retirement date is 04/16/18 and her effective date of retirement for pension purposes is 04/17/18. Her salary

attached to rank for pension purposes is \$107,076.00. She is eligible to begin receiving an annualized pension in the amount of \$6,246.10 beginning May 2018 payroll. She shall be entitled to a pro-rated benefit of \$2,914.85 for April 2018 payroll and her pension shall be subject to eligible post retirement increases. Upon review Trustee Mierzwa made a motion to approve Jennifer De Pastor's retirement pension application and Trustee Muehlenbeck seconded the motion. Motion carried by roll call vote.

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

Death Audit Service. The Pension Board and its Counsel discussed the complimentary death audit service its accountants, Lauterbach & Amen, have offered to it. The service shall assist the Pension Board in being timely notified of a pension beneficiary's passing. As fiduciaries to the Pension Fund, the Board weighed the pros and cons of implementing this service. Board Counsel recommended that if such service were to be implemented all beneficiaries should be first notified of the same. Upon review and discussion Trustee Muehlenbeck made a motion to accept and implement this complimentary service through its accountants, Lauterbach & Amen, subject to two notifications being sent to all beneficiaries in their monthly ACH confirmation letters first. Trustee Chiaro seconded the motion and the motion carried by unanimous voice vote. Board Counsel shall prepare up the notice and provide it to Lauterbach & Amen.

NEW BUSINESS:

Certify 2019 Election Results. Active participant Oscar Szczerbinski's board position was up for re-election. Nomination letters were timely distributed. Trustee Szczerbinski was the only nominee. Therefore, Trustee Szczerbinski has been re-elected to the Pension Board by acclamation. Trustee Chiaro made a motion to certify these election results and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote. Trustee Szczerbinski shall serve a two year term on the Board. His term will expire on the second Monday in May, 2021.

Approval of Lauterbach & Amen Balance Sheets for March & April 2019. The Pension Board reviewed Lauterbach & Amen balance sheets for March and April 2019. Trustee Szczerbinski made a motion to approve the March and April 2019 balance sheets and Trustee Muehlenbeck seconded that motion. The motion carried by roll call vote.

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

FOIA Request & Response. Larry Stanley submitted a FOIA request to the Pension Fund on April 17, 2019. The Pension Office fully responded to this FOIA request on April 24, 2019. No further action is needed at this time.

Statement of Economic Interest Filed. All Trustees timely submitted their statements of economic interest. No further action is needed.

Annual Report Filed. Lauterbach & Amen timely prepared and submitted the Pension Fund's FYE annual statement to the Illinois Department of Insurance. Upon review, Trustee Mierzwa made a motion to approve and ratify the annual report submitted to IDOI and Trustee Muehlenbeck seconded the motion. The motion carried by unanimous voice vote.

Status of Refunds for Terminated Officers. The Board reviewed and discussed three officers from 2003 who have still not requested a refund of their pension contributions. Several notices had been sent to each of these officers when they left the Police Department. To date, none have come forward to request a refund of their pension contributions. Several more recent departures were also discussed. The Pension Office informed the Board that these individuals were also sent numerous letters with respect to their pension contributions to no avail. The Board shall continue to perform its due diligence by contacting newly separated members as to their pension contributions by first class and then certified mail. It is ultimately up to each separated member to formally request a refund of his or her contributions. No further action is needed at this time.

Passing of Surviving Spouse Phyllis Volberding. The Pension Office was timely notified of surviving spouse Phyllis Volberding's passing on May 24, 2019. Ms. Volberding was the surviving spouse to Herbert Volberding Jr. She leaves behind no survivors for pension purposes and her pension has therefore been paid out to the fullest extent possible under the law and has terminated as of the date of her death. A final prorated pension benefit for May 2019 shall be directed to Ms. Volberding's estate. No further action is needed.

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.

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

Consultant McShane confirmed that all investment actions taken during the Board's February 12, 2019 and April 10, 2019 meetings have been effectuated. Consultants McShane and Donnelly also provided the Pension Board an update as to the status of its previously implemented opportunistic buy/sell strategies that remain in place.

The Board then proceeded to review their asset allocations. The Fund is presently underallocated in fixed income, overallocated cash due to changes made at last meeting, evenly allocated in equities.

In review of the Fund's overall cash position, and upon Consultant McShane's recommendation, Trustee Chiaro made a motion to take 1 million from the MSSB cash account and place the proceeds with Weaver Barksdale (intermediate government credit). Trustee Muehlenbeck seconded the motion and the motion carried by roll call vote.

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

NAYS: None

ABSENT: Trustee Robert Neil

Consultant McShane went on to review the Fund's equities positions and performance relative to its current allocations. Consultant McShane recommended rebalancing the Fund's small/mid cap portfolio. In response, Trustee Mierzwa made a motion to move 500K from SG Capital and invest proceeds with Weaver Barksdale (government credit). Trustee Szczerbinski seconded the motion and the motion carried by roll call vote.

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

NAYS: None

ABSENT: Trustee Robert Neil

Consultant McShane provided the fund with a review of the Fund's equities and fixed income manager performance. Great Lakes remains on watch. Consultant McShane recommended reviewing Oppenheimer at the Board's next meeting and comparing their performance with alternative managers.

With respect to overall returns and positions, year to date the Fund is up 7.71 versus the 7.2 benchmark. Since inception the Fund has generated a 6.32 return (net of fees) versus the 6.06 benchmark. The Board reviewed its unrealized gains and losses since inception and confirmed the Fund continues to take less risk and receive greater overall return relative to the benchmark.

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 10:25 AM, and the motion was seconded by Trustee Mierzwa. The motion passed unanimously by voice vote and the meeting adjourned at 10:25 AM.

Respectfully Submitted: _____
Date Approved: _____

The next regular meeting of the Des Plaines Police Pension Board is scheduled for August 13, 2019 at 9:00 AM.

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