

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

August 14, 2018

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, August 14, 2018 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 9:00 AM.

ROLL CALL:

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

ABSENT: None.

ALSO PRESENT: Also present was annuitant Wendall Whitted, Investment Consultant Thomas McShane, City Finance Director Karolina Kolodzie, Board Attorney Laura J. Goodloe, Greg Keiswetter from Cook Castle, and member of public Tara Karpp.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the minutes of the June 12, 2018 regular meeting. A motion was made by Trustee Mierzwa 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 68, which equaled \$12,922.59. Trustee Neil made a motion to approve Warrant list 68 as presented and Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

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.

OLD BUSINESS:

Review of Closed Session Minutes. Board Counsel had the opportunity to review the following closed session meeting minutes:

September 14, 2004

August 10, 2004

June 8, 2007

June 10, 2008

February 12, 2008
June 14, 2011

After discussion and based upon Board Counsel's advice Trustee Mierzwa made a motion to release the above listed closed session meeting minutes in accordance with the Open Meetings Act. Trustee Szerbinski seconded the motion and the motion carried by unanimous voice vote.

Approval of Revised Investment Policy Statement. Upon review, Trustee Neil made a motion to approve and adopt an updated Investment Policy Statement. Trustee Mierzwa seconded the motion and the motion carried by unanimous voice vote.

Approval of Revised Rules and Regulations. Updated draft rules and regulations will be disseminated to the Board at its next meeting. This matter remains pending and is tabled.

Filing of IDOI Annual Report. The Pension Board timely filed its IDOI Annual Report. No further action is needed at this time.

Martin A. Reutimann. Martin A. Reutimann's last day of employment was July 19, 2018. He is a Tier 1 member with a hire date of July 18, 2006. Reutimann has submitted the necessary initial paperwork to be considered a deferred pensioner. His anticipated effective date of pension will be July 18, 2036. Prior to being placed into retirement pension pay status the Pension Board will have Reutimann fill out additional paperwork, prepare the necessary pension calculations, and formally vote to approve his retirement claim.

NEW BUSINESS:

Fiduciary Liability Insurance Proposal and Presentation by Cook Castle Associates, LLC. Greg Keiswetter from Cook Castle reviewed with the Board its current policies and presented fiduciary liability insurance replacement policy options. Upon review and discussion Trustee Neil made a motion to procure a two million dollar fiduciary liability insurance policy based upon Keiswetter's recommendation, subject to application submission and underwrite approval, and contingent upon endorsing additional further coverage at a subsequent meeting. Trustee Chiaro seconded the motion. The motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Oscar Szerbinski, Trustee Robert Muehlenbeck, Trustee Chris Mierzwa, and Trustee Robert Neil.

NAYS: None.

ABSENT: None.

Retirement of Sergeant Daniel Nieman. Sergeant Daniel Nieman filed an application for a retirement pension. Sergeant Nieman is a Tier I employee. He has accumulated twenty-nine years of creditable service for pension purposes. His intended effective date of retirement will be August 16, 2018. His applicable salary for pension purposes is \$119,568.94 @ 72.50%. His total annual pension equals \$86,687.52 with a monthly disbursement of \$7,223.96. A prorated benefit of \$3,728.50 will be disbursed for August payroll. Trustee Chiaro made a motion to accept and approve Sgt. Nieman's retirement pension application and Trustee Muehlenbeck seconded the motion. The motion carried by roll call vote.

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

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

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

Freedom of Information Act Request. The Pension Office received a FOIA request from Zack Cziryak of Fin News on June 13, 2018. The Pension Office fully responded to this request on June 19, 2018. No further action is needed.

Purchase of Fire Safes & Cabinets for Office. The Pension Office reported to the Pension Board that new fire safes and cabinets are needed for record retention and storage. Upon discussion, Trustee Neil made a motion to spend up to two thousand dollars for office equipment and fire safes and Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

Contractual Payment Proposal for Financial Consultant. A discussion was had as to minor logistical changes concerning Consultant McShane's method of compensation remittance. The discussion was informational only and no formal action was needed.

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. As of June 30, 2018, the Pension Fund held \$71,129,898.30 in investment assets. With respect to the Fund's current asset allocations, Consultant McShane indicated the Fund is presently overallocated in cash and equities and under allocated in fixed income. The overallocation in equities is primarily due to investment growth/appreciation. Consultant McShane reviewed with the Board the Fund's overall cash balances which keep the Fund within its statutory parameters. No recommend changes to the Fund's allocations were made.

Consultant McShane went on to review with the Board its target allocations by asset class.

With respect to the Fund's portfolio review Consultant McShane indicated year to date the Pension Fund's overall return is -1.84 versus the flat benchmark. Consultant McShane reviewed and discussed the Fund's underperformance relative to changes in market conditions. He provided an updated review of Great Lakes, SG Capital, and Lazard's performance. Consultant McShane updated the Board as to the status of SKBA's termination and Weaver Barksdale's retention, and indicated that at the Board's next meeting an in depth discussion as to emerging market managers will take place.

Since inception with MSSB the Fund continues to hold an unrealized gain of 34.5 million. The Fund's overall investment platform has received greater return and taken less risk than the benchmark.

Toward the conclusion of his report Consultant McShane discussed market outlooks and discussed base and bull case market scenarios.

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

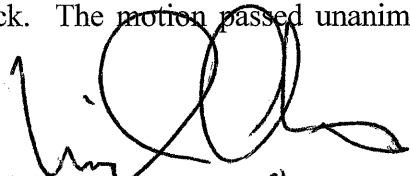
The Pension Board reviewed its continuing education training status, requirements and training options for 2018.

ADJOURNMENT:

A motion was made by Trustee Neil to adjourn the meeting at 11:04 AM, and the motion was seconded by Secretary Muehlenbeck. The motion passed unanimously by voice vote and the meeting adjourned at 11:04 AM.

Respectfully Submitted:

Date Approved:



OCT 9, 2018

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

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