

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
August 8, 2017**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, August 8, 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 Robert Muehlenbeck, Trustee Chris Mierzwa
ABSENT: Trustee Oscar Szczerbinski

ALSO PRESENT: Also present was Investment Consultant Thomas McShane, City Treasurer Dorothy Wisniewski, Pension Annuitant Wendall Whitted, Board Attorney Laura J. Goodloe and a member of the public Cherise Jackson.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the minutes of its July 11, 2017 regular meeting. A motion was made by Trustee Neil and seconded by Trustee Mierzwa 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 63, which equaled \$61,814.53. Trustee Mierzwa made a motion to approve Warrant list 63 as presented, and it was seconded by Trustee Muehlenbeck. Motion carried by roll call vote.

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

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 case law.

Counsel updated the Board as to its annual re-evaluation process. All re-evaluation affidavits were received and counsel is still waiting on medical record responses for two disabled pensioners. The third has been scheduled for his independent medical examination. No formal action is needed at this time.

Counsel provided an update as to the Bueno matter. Counsel has issued a subpoena for a full and complete copy of the final settlement agreement between Beuno and the City of Des Plaines.

Counsel advised the Board that she has drafted a letter to Officer Mertens concerning her pension related questions. The correspondence will be sent out today.

OLD BUSINESS

Disability Application of Officer Carl Faust. Counsel for the Board prepared a written decision and order concerning Carl Faust's request to withdraw his disability pension claim. The Board voted to grant his request with prejudice at its July 11, 2017 meeting. Upon review Trustee Neil made a motion to accept the written decision and order as presented. Trustee Muehlenbeck seconded the motion. The motion carried by roll call vote.

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

Approval of Purchase of Military Service by Sergeant John Hutson. Active participant John Hutson previously made formal application to purchase twenty-four months of military service as creditable service time for pension purposes pursuant to 40 ILCS 5/3-110(b-5). Sergeant Hutson has paid into the Pension Fund the full contribution requirement of \$56,550.91 in order to effectuate his military buyback. As a result of his purchase his date of hire with the Des Plaines Police Pension Fund shall be adjusted from June 29, 1998 to June 29, 1996 for pension purposes. Trustee Mierzwa made a motion to accept Sergeant Hutson's \$56,550.91 as payment in full for twenty-four months military buyback service pursuant to 40 ILCS 5/3-110(b-5) and to adjust Sergeant Hutson's date of entry to June 29, 1996 for pension purposes. Trustee Muehlenbeck seconded that motion. Motion carried by roll call vote.

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

Annual Department of Insurance Report. An update was provided as to the status of the Annual DOI Report. Adjustments were requested by the Department of Insurance. The Annual Report was revised and re-filed accordingly. No further action is needed at this time.

NEW BUSINESS:

Termination of Officer Gabriel Hallas. Gabriel Hallas was terminated from employment with the City of Des Plaines Police Department. His effective date of termination is June 30, 2017. Mr. Hallas has been sent information concerning his pension contributions.

Freedom of Information Act Request. Zach Cziryak of Fin-News submitted a Freedom of Information Act request to the Pension Fund for the Fund's March 31, 2017 investment report on July 12, 2017. The Fund timely responded to this request on July 18, 2017. No further action is needed at this time.

APPROVAL OF BALANCE SHEETS:

The Pension Board reviewed Lauterbach & Amen balance sheets for May and June 2017. Trustee Muehlenbeck made a motion to approve the May and June 2017 balance sheets and Trustee Mierzwa seconded that motion. Motion carried by roll call vote.

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

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 and current allocations as of June 30, 2017. The Fund currently holds investment assets totaling \$68,362,346.90.

With respect to the Fund's performance Consultant McShane indicated that the Fund is up 11.89 compared to 10.97 for the last twelve month period ending in June. Consultant McShane went on to review with the Board each asset class' return versus its corresponding benchmark.

Consultant McShane discussed with the Board its cash flow movement over the past twelve month period and indicated such movement was primarily based upon rebalancing due to high equity returns.

The Board reviewed its risk/return analysis compared to the benchmark. Relative to its benchmark the Fund has received greater return and taken less risk.

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 noted the decisions the Board has made toward asset allocation and the hiring of investment managers has added close to 4 million to the Fund when compared to index returns.

Cash Flow analysis. Consultant McShane reviewed with the Pension Board its cash flow needs. Currently the Fund is paying out approximately 620K per month in pension benefits. Upon review Consultant McShane recommend that the Board raise its monthly payout to 630K in order to ensure cash flow needs are met. President Chiaro made a motion to raise the Fund's monthly cashflow to 630K and Trustee Neil seconded the motion. Motion carried by roll call vote.

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

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

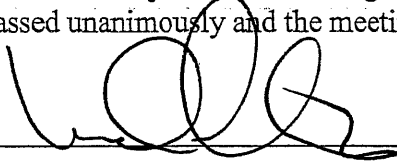
The Pension Board reviewed its continuing education training status, requirements and training options for 2017.

ADJOURNMENT:

A motion was made by Trustee Neil to adjourn the meeting at 9:58 AM, and seconded by Trustee Muehlenbeck. Motion passed unanimously and the meeting adjourned at 9:58 AM.

Respectfully Submitted:

Date Approved:



The next regular meeting of the Des Plaines Police Pension Board is scheduled for October 10, 2017 at 9:00 AM.

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