

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
October 9, 2019**

A regular meeting of the Des Plaines Police Pension Board was held on Wednesday, October 9, 2019 at 9:00 AM, at City Hall, 2nd Floor Conference Room, 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 9:04 AM.

ROLL CALL:

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

ABSENT: None.

ALSO PRESENT: Also present was annuitant Wendall Whitted, Investment Consultant Thomas McShane, Board Attorney Laura Goodloe and member of the public Tara Kaarp.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the August 13, 2019 regular meeting minutes. A motion was made by Trustee Neil and seconded by Trustee Szczerbinski to approve the August 13, 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 75, which equaled \$18,878.49. Trustee Mierzwa made a motion to approve Warrant list 75 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 Neil, Trustee Robert Muehlenbeck

NAYS: None

ABSENT: None

BOARD'S ATTORNEY REPORT:

Legal Update/Review of new court decisions. Board Counsel provided an update as to pending legislation, new caselaw and other pending legal matters. Board Counsel discussed at length proposed pension reform.

OLD BUSINESS:

2019 Annual Disability Re-Evaluations. Disabled Pensioner Jacoby underwent her annual re-evaluation before Dr. Reff on October 2, 2019. Disabled Pensioner Roszkowiak is scheduled to undergo his annual re-evaluation before Dr. Hsu on October 21, 2019. These matters remaining pending and are tabled.

NEW BUSINESS:

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

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

FOIA Request & Response. None.

Acceptance of Municipal Compliance Report. Upon review, Trustee Mierzwa made a motion to accept the Fund’s Municipal Compliance Report and Trustee Muehlenbeck seconded the motion. The motion carried by unanimous voice vote.

IDOI Actuarial Valuation Report. The Board reviewed the IDOI Actuarial Valuation Report and compared those findings with alternative reports. Upon review and discussion, Trustee Szczerbinski made a motion to accept the IDOI Actuarial Valuation Report and Trustee Muehlenbeck seconded the motion. The motion carried by unanimous voice vote.

Annual Certification of Tax Levy Request. Upon review and discussion Trustee Neil made a motion to certify \$6,823,634 as the Board’s recommended tax levy. Trustee Mierzwa seconded the motion and the motion carried by roll call vote. A tax levy certification letter will be drafted by Board Counsel and sent to the municipality along with the requisite supplemental reports.

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

Review of Closed Session Minutes Rule 208c. None.

Review RFP Responses. The Board reviewed request for proposal for investment services responses. Upon review and discussion, Trustee Chiaro made a motion to continue to retain Consultant Thomas McShane of Graystone Consulting Services as the Fund’s investment consultant for a five (5) year term. Trustee Szczerbinski seconded the motion. The motion carried by unanimous roll call vote.

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

Consultant McShane will prepare and provide the Board with an updated investment services agreement.

Approve Michael Chapman Purchase of Military Service. Officer Michael S. Chapman effectuated a military service buyback for 24 months of military service. The total amount due to the Pension Fund for this buyback was \$44,103.22. Officer Chapman remitted payment in full for his buyback. Upon review, Trustee Neil made a motion to accept Officer Chapman’s military buyback, acknowledge that such buyback has been paid in full and affirm that Officer Chapman’s date of hire shall be revised from December 2, 2004 to December 2, 2002. Trustee Mierzwa seconded the motion and the motion carried by roll call vote.

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

Retirement of Officer Brigitte Plein. Officer Bridgette Plein filed an application for a retirement pension. She is a Tier 1 member who entered service on September 4, 1997. She obtained twenty-two years of creditable service with an effective date of retirement of September 16, 2019. Her salary attached to rank as of her date of retirement is \$103,180.00 and her original monthly pension benefit shall be \$4,729.08, subject to applicable statutory post-retirement increases. Upon review of the Pension Calculation worksheet provided by Lauterbach & Amen and signed off on by City Finance Director Wisniewski, Trustee Chiaro made a motion to approve Officer Plein’s retirement pension application 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 Neil, Trustee Robert Muehlenbeck
- NAYS: None
- ABSENT: None

Resolution Regarding Consolidation of Pension Funds. Upon review and discussion Trustee Neil made a motion to adopt the IPPFA resolution regarding pension consolidation and Trustee Szczerbinski seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Brian Dillon. Brian Dillion entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Dillon’s application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Alex Bandas. Alex Bandas entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Bandas’ application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Jessica Garcia. Jessica Garcia entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Garcia’s application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Joseph Birholtz. Joseph Birholtz entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Birholtz's application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Victor Cieslak. Victor Cieslak entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Cieslak's application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Steven Hammar. Steven Hammar entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Hammar's application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Jonathon Cirone. Jonathon Cirone entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Cirone's application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

Application for Membership from Reyler Leon. Reyler Leon entered service on September 11, 2019, is a Tier II member and made application to participate in the Pension Fund. Upon review Trustee Muehlenbeck made a motion to accept Leon's application and Trustee Mierzwa seconded the motion. The motion carried by unanimous voice vote.

FINANCIAL REPORT:

The Pension Board discussed with Consultant McShane the Fund's current positions, asset allocations, investment activity and cash flow.

International Equity Management Search. Consultant McShane provided the Board with proprietary information concerning a search of international equity managers. The Board reviewed and compared the Oppenheimer International Growth Fund with other managers, their style and performance.

After considerable review and discussion, and upon Consultant McShane's recommendation, Trustee Neil made a motion to do the following:

- 1) Terminate the Oppenheimer International Growth Fund (sitting at approximately 4 million in assets);
- 2) Liquidate 2 million dollars from AmeriFunds;
- 3) Place 3 million dollars of the proceeds generated through Oppenheimer's termination/Amerifunds' partial liquidation with Clearbridge;
- 4) Place 3 million dollars of the proceeds generated through Oppenheimer's termination/Amerifunds' partial liquidation with Tweedy Browne.

Trustee Mierzwa seconded the motion and the motion carried by roll call vote.

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

Review of Funds Portfolio / Asset Allocation.

Consultant McShane provided a summary of the Board’s recent investment actions and a review of capital markets.

With respect to Fund returns, Consultant McShane noted the Fund continues to receive greater gain and take less risk relative to its benchmark. Of note, the Fund had regained all loses it had seen at the end of its last fiscal year and added 400K in value since. Consultant McShane provided an overview of the Fund’s 5, 7, and 10 year returns relative to the Fund’s benchmark.

Consultant McShane provided an in depth review of the Fund’s emerging markets investments and discussed with the Board proposed changes. Consultant McShane recommended the Board replace its emerging markets index fund with JP Morgan based upon underperformance of the market, risk versus return ratios, and JP Morgan’s positive Alfa. Upon review and discussion Trustee Muehlenbeck made a motion to terminate the Fund’s emerging markets index fund and move the proceeds to JP Morgan. Trustee Neil seconded the motion and the motion carried by roll call vote.

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

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

The Pension Board reviewed its continuing education training requirements and training options for 2019.

ADJOURNMENT:

A motion was made by Trustee Muehlenbeck to adjourn the meeting at 10:33 AM, and the motion was seconded by Trustee Neil. The motion passed unanimously by voice vote and the meeting adjourned at 10:33 AM.

Respectfully Submitted: _____
Date Approved: _____

The next regular meeting of the Des Plaines Police Pension Board is scheduled for December 10, 2019 at 9:00 AM.

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