

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

April 9, 2019

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

ROLL CALL:

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

ABSENT: Trustee Oscar Szczerbinski

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 member of the public Tara Karpp.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the February 12, 2019 regular meeting minutes. One correction was noted. A motion was made by Trustee Muehlenbeck and seconded by Trustee Mierzwa to approve the minutes as amended. The motion carried by unanimous voice vote.

APPROVAL OF DISBURSEMENTS:

The Pension Board reviewed the list of disbursements as presented in Warrant List 72, which equaled \$6,829.09. Trustee Neil made a motion to approve Warrant list 72 as presented and Trustee Muehlenbeck seconded the motion. The motion carried by roll call vote.

AYES: President Nicholas Chiaro, Trustee Chris Mierzwa, Trustee Robert Muehlenbeck, Trustee Robert Neil

NAYS: None.

ABSENT: Trustee Oscar Szczerbinski

BOARD'S ATTORNEY REPORT:

Legal Update/Review of new court decisions. Board Counsel provided an update as to pending legislation and new caselaw.

OLD BUSINESS:

Approval of Revised Rules & Regulations. Board Counsel discussed with the Board the proposed rule changes. This matter is tabled for further review and approval at the Board's next meeting.

NEW BUSINESS:

Retirement of Officer John Bueno. This matter is tabled for further review, finalization and approval at the Board's next meeting.

Retirement of Officer David Dal Cerro. This matter is tabled for further review, finalization and approval at the Board's next meeting.

Retirement of Detective Jennifer De Pastors. This matter is tabled for further review and possible action at the Board's next meeting.

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

AYES: President Nicholas Chiaro, Trustee Chris Mierzwa, Trustee Robert Muehlenbeck, Trustee Robert Neil

NAYS: None.

ABSENT: Trustee Oscar Szczerbinski

FOIA Request & Response. Zack Cziryak submitted a FOIA request to the Pension Fund on February 21, 2019. A partial response was prepared and sent to Mr. Cziryak on February 22, 2019. Board Counsel thereafter corresponded with the requestor and submitted a supplemental response on March 28, 2019 (in accordance with the extension permitted by the requestor). No further action is needed at this time.

Annual Affidavits. Three annual affidavits of eligibility remain outstanding. The Pension Office has reached out to these individuals. This matter remains pending.

DOI Siren. New annual reporting requirements have been issued by the Illinois Department of Insurance. The Board also discussed the Department's notification that it will no longer be issuing advisory opinions.

Statements of Economic Interest. The board members have received their statements and will be completing and filing the same prior to May 1, 2019.

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 went on to provide a review of the Fund's current asset allocations and portfolio returns over both short and long term periods. As of March 31, 2019 the Pension Fund held \$71,645,582 in assets. With respect to asset allocations, the Fund held 7.87% of its portfolio in cash, 31.43% in fixed income and 60.69% in equities. Consultant McShane indicated the cash overallocation was due to tax receipts and the Fund's sale of S&P stocks. The Board then reviewed the Fund's allocations by asset class.

With respect to the Fund's overall investment return, year/quarter to date the Fund is up 8.54 versus the 8.65 custom benchmark. Since inception the Fund continues to outperform its benchmark with a 6.45 return versus the 6.21 benchmark. The Board then reviewed each sector's investment performance by asset class.

The Fund holds an unrealized gain of 33.6 million (net of fees) and the Fund's overall investment platform has received slightly greater return and taken slightly less risk than the benchmark.

Great Lakes underperformance was noted in review of the Fund's large cap equity portfolio. In response, and upon Consultant McShane's recommendation, Trustee Neil made a motion to liquidate 3 million dollars from Great Lakes and place the proceeds into the Fund's S&P 500 Index Fund. Trustee Mierzwa seconded the motion and the motion carried by roll call vote.

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

With respect to upcoming and future cash flow needs, Consultant McShane reviewed with the Board the status of its cash management account. Upon review and Consultant McShane's recommendation, Trustee Muehlenbeck made a motion to move 1 million dollars from cash and place the proceeds with Weaver Barksdale (fixed income). Trustee Mierzwa seconded the motion and the motion carried by roll call vote.

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

For cash flow purposes the Fund's remaining cash management account balance is sufficient for upcoming expenditure needs.

Consultant McShane discussed the status of the Fund's Oppenheimer account, which continues to remain on watch due to underperformance. International Equity Manager Comparison materials were disseminated amongst Trustees for review and consideration. Oppenheimer's activity and returns will be further reviewed and considered at the Board's next meeting.

With respect to the Fund's previously implemented opportunistic equity buy and sell order strategies, the following activity has occurred:

Outstanding sell orders for the Fund:

- Order 1: sell 1,241 shares SPY @ \$275 (\$341,345.02) [SOLD on 2/13/19]
- Order 2: sell 2,415 shares SPY @ \$281 (\$680,262.72) [SOLD on 3/18/19]
- Order 3: sell 3,446 shares SPY @ \$296 (1.5% of portfolio or approx. \$1,020,016)

Outstanding buy orders for the Fund:

- Order 1: buy 646 shares SPY @ \$263 (0.25% of portfolio or approximately \$169,898)
- Order 2: buy 1,371 shares SPY @ \$248 (0.50% of portfolio or approximately \$340,008)

Order 3: buy 2,190 shares SPY @ \$233 (0.75% of portfolio or approximately \$510,270)

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

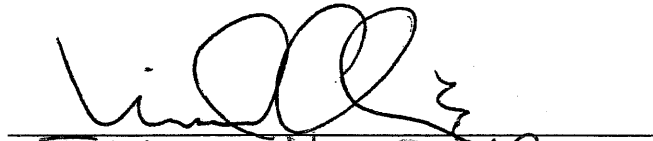
The Pension Board reviewed its continuing education training status, requirements and training options for 2019.

ADJOURNMENT:

A motion was made by Trustee Neil to adjourn the meeting at 10:17 AM, and the motion was seconded by Trustee Mierzwa. The motion passed unanimously by voice vote and the meeting adjourned at 10:17 AM.

Respectfully Submitted:

Date Approved:


JUNE 11 2019

The next regular meeting of the Des Plaines Police Pension Board is scheduled for June 11, 2019 at 9:00 AM.

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