

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
DES PLAINES POLICE PENSION FUND
August 13, 2019**

A regular meeting of the Des Plaines Police Pension Board was held on Tuesday, August 13, 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 Oscar Szczerbinski, Trustee Robert Neil

ABSENT: Trustee Robert Muehlenbeck

ALSO PRESENT: Also present was annuitant Wendall Whitted, Investment Consultant Thomas McShane, Lauterbach & Amen Accountant Derek Flessner, Cook Castle Associate Greg Kiesewetter, Board Attorney Laura Goodloe and member of the public former Police Captain Mike Clark.

APPROVAL OF PRIOR MEETING MINUTES:

The Pension Board reviewed the June 11, 2019 regular meeting minutes. A motion was made by Trustee Mierzwa and seconded by Trustee Szczerbinski to approve the June 11, 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 74, which equaled \$36,526.34. Trustee Mierzwa made a motion to approve Warrant list 74 as presented and Trustee Szczerbinski seconded the motion. The motion carried by roll call vote.

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

NAYS: None

ABSENT: Trustee Robert Muehlenbeck

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 distributed a legal memo and analysis as to bilingual pay qualifying as salary for pension purposes due to it being a form of educational pay. The Board reviewed and discussed the matter. Upon review and discussion Trustee Chiaro made a motion to qualify bilingual pay as a component of salary for pension purposes and Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

NAYS: None
ABSENT: Trustee Robert Muehlenbeck

The legal memo will be forwarded onto the municipality for notification and implementation purposes. Pension contribution deductions shall be withheld from bilingual pay. No further action is needed at this time.

Board Counsel provided the Pension Office with a copy of the updated and approved Administrative Rules and Regulations. These shall be kept on file in the Pension Office and also made available for public inspection on the Fund's webpage.

Board Counsel updated the Fund's disability application and discussed the changes with the Board.

OLD BUSINESS: None.

NEW BUSINESS:

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

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

NAYS: None

ABSENT: Trustee Robert Muehlenbeck

FOIA Request & Response. Zack Cziryak submitted a FOIA request on June 12, 2019 and it was responded to on June 20, 2019. Mr. Cziryak requested supplemental information on June 14, 2019. A responsive correspondence was sent to Mr. Cziryak on July 3, 2019. No further action is needed.

Mr. Cziryak submitted an additional FOIA request on July 11, 2019. On July 18, 2019, the Board invoked its statutory right to a five day extension for responding to Mr. Cziryak's request. The Board fully responded to Mr. Cziryak's request on July 22, 2019. No further action is needed.

Death Audit Service Implementation. Accountant Flessner confirmed that a notice as to the implementation of LifeStatus360 was included in all retirees July 2019 direct deposit receipt letters. An additional notice will be included with August 2019 direct deposit receipt letters. The service will be implemented thereafter.

2019 Annual Disability Re-Evaluations. Disabled pensioners (under age 50) Lori Jacoby (Neubauer) and Jason Roszkowiak were sent annual medical re-evaluation paperwork. They both submitted their completed paperwork to Board Counsel in a timely manner. Board Counsel is currently obtaining supplemental medical records and will be scheduling them each for an independent medical evaluation (IME) in accordance with 40 ILCS 5/3-115 and the Board's administrative rules and regulations. This matter remains pending and is tabled.

Fiduciary Liability Insurance Renewal. Greg Kiesewetter of Cook Castle presented a renewal quote for fiduciary liability insurance. During his presentation he conferred with the Board as to coverage and liability limitations. Upon review and discussion Trustee Szczerbinski made a motion to renew the Fund's 2 million dollar Euclid Specialty Vanguard Fiduciary liability Insurance Policy for the premium of \$11,677.00 and Trustee Mierzwa seconded the motion. The motion carried by roll call vote.

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

Acceptance of Jeffrey Jacoby Purchase of Creditable Service. Jeffrey Jacoby opted to transfer two (2) years, eight (8) months and twenty eight (28) days of creditable service from the Lisle Police Pension Fund to the Des Plaines Police Pension Fund. Both the Lisle Police Pension Fund and Officer Jacoby remitted the statutorily prescribed amounts due and owing in order to effectuate this service transfer. Upon review Trustee Neil made a motion to accept the service transfer payments received (totaling \$73,805.00), recognize the transfer as paid in full, and revise Jacoby's date of hire from June 5, 1995 to September 8, 1992. 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 Neil
NAYS: None
ABSENT: Trustee Robert Muehlenbeck

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

Consultant McShane confirmed all investment actions taken during the Board's February 12, April 10 and June 11, 2019 meetings have been effectuated.

The Board then proceeded to review their asset allocations and discuss cash flow needs. The Board determined all cash flow needs over the coming months will be met.

With respect to overall returns and positions, as of July 31, 2019 the Fund currently holds 73.5 million dollars in invested assets. The Fund is slightly overallocated in cash. Year to date the Fund is up 12.94 versus the 12.06 benchmark. Since inception the Fund has generated a 6.57 return (net of fees) versus the 6.28 benchmark. The Fund has met or exceeded its benchmark nine out of twelve periods. Over the last ten years the Fund has averaged a 7.4 return notwithstanding the investment restraints it must operate under in accordance with state statute.

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.

Consultant McShane concluded his presentation with a review of the Fund's equities and fixed income manager performance.

PUBLIC COMMENT: None.

CONTINUING EDUCATION:

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

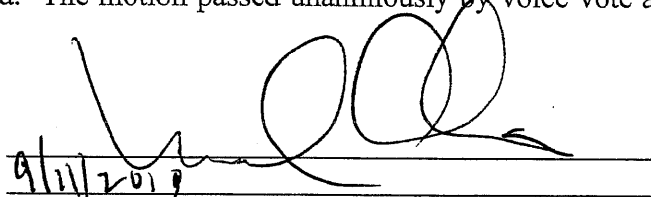
Trustee Neil recently received fourteen (14) hours of continual education by attending the Public Funds East Conference.

ADJOURNMENT:

A motion was made by Trustee Neil to adjourn the meeting at 10:00 AM, and the motion was seconded by Trustee Mierzwa. The motion passed unanimously by voice vote and the meeting adjourned at 10:00 AM.

Respectfully Submitted:

Date Approved:


9/11/2019

The next regular meeting of the Des Plaines Police Pension Board is scheduled for October 8, 2019 at 9:00 AM.

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