

**PARK RIDGE POLICE PENSION FUND
BOARD OF TRUSTEES
January 27, 2015 REGULAR QUARTERLY MEETING
MINUTES**

Pursuant to public notice, a regular quarterly meeting of the Board of Trustees of the Park Ridge Police Pension Fund was held on Tuesday, January 27, 2015, at 10:00 at City Hall, 505 Butler Place, Park Ridge, Illinois.

Call to order: President Laura Kappler called the meeting to order at 10:12 a.m. Trustee Kappler took a roll call vote of the trustees. Present were trustees Laura Kappler, Tom Ahlbeck, Robert Kristie and Carl Brauweiler. Duane Mellema was not in attendance. Also in attendance was Brian LeFevre from Sikich LLP, Charles Atwell the board attorney, Mary Tomanek from Morgan Stanley Smith Barney, and the new city finance director Joseph Gilmore with the City of Park Ridge.

Approval of Minutes: The Trustees reviewed the minutes from the October 27, 2014 meeting. Upon a motion made by Carl Brauweiler, seconded by Robert Kristie the minutes of the October 27, 2014 meeting were unanimously approved.

Investment Report: Mary Tomanek from Graystone Consulting a business of Morgan Stanley presented the quarterly investment report on the new iPads. Ms. Tomanek reviewed the performance of the portfolio and the current equity strategy.

The advisor noted that our portfolio generated a return of did not perform as well for the quarter. The year to date performance of the equity portfolio 7.16% for the year. The bond portion of the portfolio on a total return basis was 5.31%

The advisory team is projecting that the Portfolio will do well in the coming year due to the quantitative easing in Europe, which should experience an increase in GDP. Declining oil prices will also be a positive for the economy and in effect the equity market.

In regard to the fixed income portfolio, the advisory team is not expecting an increase in rates due to the problems in the employment market. The overall rate of unemployment is declining, but they are concerned that the jobs are not the quality full time jobs that are needed to improve the consumer sector.

The advisor also presented a "Strategic Asset Allocation – Summary" to illustrate the effect of an increase in the small capitation stocks and an increase in the weighting of the portfolio higher to equities. This would be a target to 60% in equity and of that an increase to 10% for small capitalization.

The board attorney has requested that the board review the investment policy at the April meeting.

Brian LeFevre also reviewed the requirements imposed by new Government Accounting Standards Board to be incarnated in our audit related to the investments. The three issues that have to be covered include data on study of long-term expectancy of return, the fiscal weighted return, and changes in the investment policy.

A motion was made by Carl Brauweiler and seconded by Thomas Ahlbeck to approve the increase of the equity portion increased to 60% and then the fixed income portion will be 40%. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler and Kappler. "Nays"-none.

A motion was made by Carl Brauweiler and seconded by Robert Kristie to approve the equity allocation to Large Capitation of 65%, a Mid Capital in the amount of 15%, Small Capitalization of 10% and an international portion of 10%. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler and Kappler. "Nays"-none.

A motion was made by Carl Brauweiler and seconded by Robert Kristie to approve the transfer of the investment from Cambiar Large Value Madison to the Vanguard Small Cap Value Index Investment in the amount of \$1,000,000.00. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler and Kappler. "Nays"-none.

A motion was made by Carl Brauweiler and seconded by Robert Kristie to approve the transfer of the investment from Atalanta Large Capitalization Core to the Vanguard Total Stock Market Index Fund in the amount of \$1,000,000.00. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler and Kappler. "Nays"-none.

At the April meeting the trustees will review and approve the moving of funds from the fixed income portion to the equity portion of the funds.

The advisor discussed the value added service of training for the board or the membership on the investment issues affecting both the fund and the participants.

A motion was made by Carl Brauweiler and seconded by Robert Kristie to approve the investment financial report as submitted dated December 31, 2014. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler, and Kappler. "Nays"-none.

Next Meeting Date: Robert Kristie made a motion seconded by Thomas Ahlbeck made a motion that the next quarterly meeting will be held as follows in the Mayor's Conference Room at City Hall at 10:00. The dates will be held on April 28, July 28, and October 20. The motion was unanimously approved.

Accounting Firm: Brian LeFevre from Sikich LLP presented the financial statement for the eight month period ending December 31, 2014. The accountant reviewed the report and the various schedules. He reviewed the financials, the mix of investments, and the sources of various taxes. The graphs which provided an excellent visual representation of the various issues including the amount of administrative expenses in relation to the pensions paid.

The accountant also reviewed the new Governmental Accounting Standards Board standards (GASB) that will affect the plan. These standards are related to what is required to be included in the actuary report.

A motion was made by Robert Kristie and seconded by Carl Brauweiler to approve the accounting financial report dated December 31, 2014. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler, and Kappler. "Nays"-none.

The January increases as required by law were approved by the board. It reflects the age adjustment and also the cost of living adjustment. On a motion by Robert Kristie and seconded by Thomas Ahlbeck to approve the schedule as prepared by the accounting firm of Sikich. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler and Kappler. "Nays"-none.

Approval of Expenditures: A motion was made by Robert Kristie and seconded by Carl Brauweiler to approve the expenditures for the fourth quarter of 2014, which includes October, November, December as detailed in the attached report amounting to \$783,914.67. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler and Kappler. "Nays"-none.

Employment and retiree status update:

The board also reviewed a refund request by Anthony Hernandez. The board has acknowledged that all of the paperwork has been received and would be able to receive a fund of his contribution in the amount of \$15,429.10 on January 30, 2015. On a motion by Thomas Ahlbeck and seconded by Robert Kristie to authorize the processing of this refund. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler and Kappler. "Nays"-none.

Ruth Hahn has requested to contribute her military credit to the plan. The amount she is required to contribute to the plan has been computed by the accounting firm of Sikich.

Andre Moravet has been hired as of January 5, 2015 and will be accepted into the pension plan under the tier 2. A motion was made by Robert Kristie and Seconded by Carl Brauweiler to approve the officer into the fund.

The board will request the pensioners Duggan and Szpiganowicz that are under fifty years of age and currently receiving a disability pension will have to submit evidence that they continue to be disabled.

The officers will be appointed at the July meeting.

A letter has been send by President Kappler to the mayor to have Thomas Ahlbeck appointed by the Mayor as required by law.

The board will also solicit the active police officers for interest in being on the pension board.

Adjournment: On a motion made by Robert Kristie and seconded Thomas Ahlbeck the meeting was adjourned at 12:10 p.m. Approved unanimously carried in a roll call vote.

Respectfully submitted,

Laura Kappler, President

Robert Kristie, Secretary

Approved by the Board of Trustees on April 28, 2015.

These minutes were prepared by Tom Ahlbeck and Laura Kappler.