

# PARK RIDGE POLICE PENSION FUND

## BOARD OF TRUSTEES

### APRIL 21, 2020 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 April 21, 2020 at 1000 a.m. Via Teleconference in compliance with Governor's Pritzger's Stay-at-Home Order. Information was provided on the agenda for remote participation options.

1. Call to Order

Trustee Stonebridge called the meeting to order at 1002 hours.

2. Roll Call

Roll call was taken. Present electronically were Trustees James Stonebridge, Jon Moehrlin, Greg Orta, and Jeff Hejza.

Also in attendance were Brian LeFevre from Sikich LLP, Mary Tomanek from Graystone Consulting, Charles Atwell (Board Attorney), Andrea Lamberg, City Finance Director, and Sue Tunzi, Police Administrative Assistant.

3. Public Comment – Limited to 3 Minutes per Comment

None

4. Old Business

None

5. Approval of Meeting Minutes

*a. Regular Meeting Minutes of January 21, 2020*

The minutes from the previous quarterly meeting held on January 21, 2020 were reviewed. A motion was made by Trustee Orta to approve the minutes and was seconded by Trustee Hejza. All were in favor.

*b. Special Meeting Minutes, as necessary*

None

*c. Semi-Annual Review of Closed Session Meeting Minutes, as necessary*

None

6. New Business

*a. Teleconference protocols*

Trustee Stonebridge asked Attorney Atwell for clarification regarding the teleconference protocols and Attorney Atwell responded that the only roadblock during this environment is if the board needed to conduct a due process; otherwise there is nothing that would restrict the

board from conducting regular business, proceed with motions, approve benefits, and the investment report.

*b. Board Elections*

Trustee Orta reported that Trustee Moehrlin's election was conducted and he received thirty-one votes to stay on the board. Trustee Orta made a motion to approve the re-election of Trustee Moehrlin for a new term beginning May 1, 2020 and Trustee Hejza seconded the motion. All were in favor.

Trustee Moehrlin reported that there was an election for the vacant retiree spot to replace Robert Kristie. Rodney Cavender received twenty-six votes. There were no other candidates. Trustee Moehrlin motioned to accept Rodney Cavender to the board as a retiree member effective May 1, 2020 and Trustee Orta seconded the motion. All were in favor. Trustee Moehrlin added that Rodney Cavender had previously been on the board, and Attorney Atwell will look into whether or not he will need to redo the trustee training.

Trustee Hejza reported that he and Mayor Maloney have been corresponding via email about his reappointment to the board. Andrea Lamberg will forward the documentation to the board once Trustee Hejza is formally approved by the city.

*c. Audit*

Trustee Moehrlin stated that he spent about twenty-three hours getting all of the information for the audit, with the assistance of Trustee Orta. He appreciated everyone who helped and sent him documents. All of the documentation has been submitted. Brian LeFevre stated that he is willing to help if there are any additional documents needed and recommended keeping an eye out for any communication with regards to the audit.

7. Applications for Membership/Withdrawals/Special contributions to/from Fund

*a. Contribution Refunds, as necessary*

None

*b. Applications for Membership, as necessary – **Kadzielawa***

Trustee Moehrlin reported that Officer Angela Kadzielawa is out of FTO. Brian LeFevre stated that he has all of the necessary paperwork for her. Trustee Moehrlin made a motion to add Officer Kadzielawa to the fund as a Tier II member effective January 21, 2020 and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Orta, Moehrlin, and Stonebridge. "Nays" – None.

*c. Special Contributions, as necessary – **Stopka***

Trustee Moehrlin stated that Officer Stopka was inquiring about buying back his military time but decided against it as it was too expensive. No action was taken at this time.

Trustee Stonebridge asked Trustee Moehrlin if there were any other applications for membership and Trustee Moehrlin replied that everything is on hold. The academy has been

cancelled and the cadet has been doing office work at the Police Department until the academy resumes.

8. Application for Retirement/Disability Benefits

a. *Approve Regular Retirement Benefits - Ashleman*

Trustee Moehrlin stated that Sgt. Ashleman recently retired and is working for Cary Police Department as a police officer. Brian LeFevre reported that Sgt. Ashleman retired on February 20, 2020 and the effective date of his benefit is February 21, 2020. His monthly benefit is \$6,786.97. There was also a prorated period for February and he has been paid for both February and March. Trustee Orta made a motion to accept Ashleman for the retirement benefit as stated and Trustee Moehrlin seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Orta, and Stonebridge. "Nays" – None.

b. *Disability Application Status Update, as necessary*

None

c. *Deceased Pensioner – Tuene*

Trustee Stonebridge reported that there was one deceased pensioner, George Tuene. Brian LeFevre stated that they have all of the information that is needed. He passed away on February 25, 2020 with no surviving spouse. He was paid in full for February, which caused an overpayment of four days. Attorney Atwell recommended requesting a refund for the overpayment and Brian LeFevre will generate a letter.

9. Communication and Reports

a. *Affidavits of Continued Eligibility Update*

None

b. *Active Member File Update*

None

c. *Trustee Training Update*

Trustee Stonebridge stated that the training is following the fund or fiscal year. He has completed his training as well as Trustees Moehrlin and Orta. Trustee Hejza stated that he will complete his training in the next few days. Trustee Stonebridge will forward the certificates to Trustee Moehrlin for the file. Trustee Stonebridge also stated that for the next fund year beginning May 1, 2020, there will be a requirement of eight hours of regular training and an additional four hours for consolidation. The additional four hours of training is not yet available.

10. Accountant's Report – Sikich, LLP

a. *Monthly Financial Report*

Brian LeFevre from Sikich presented the Compilation Report for the Fiscal Year ending March 31, 2020, which reflected a loss of \$3.844 million. The Cash and Investments show the Mutual Funds at 64% and Stock Equities at 3%, which total 67%.

The Expense Report for the pension for the current month of March, was at \$314,883.69. The 2018 Levy is at 99.06% collected. The Disbursement Warrant for the time period of January 1, 2020 through March 31, 2020 totaled \$975,343.48.

Trustee Hejza commended Trustee Stonebridge for his suggestions, along with Mary Tomanek for executing, rebalancing the funds twice, which added nearly \$850,000 to the bottom line of the fund. Trustee Stonebridge responded that it was a team effort as the fund got out of balance and collectively as a group were able to get back in balance.

Brian LeFevre stated that one of the deferred pensioners, Jogmen will turn 50 on June 6<sup>th</sup> and asked if his paperwork was submitted. Trustee Moehrlin responded that the paperwork was emailed to him and Brian requested that this be put on the July agenda.

Trustee Stonebridge made a motion to approve the March 31, 2020 Compilation Report and the Disbursement Warrant for the time period of January 1, 2020 through March 31, 2020 totaling \$975,343.48 and Trustee Moehrlin seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Orta, and Stonebridge. "Nays" – None.

Trustee Moehrlin reported that Officer Emery Taylor returned home from Afghanistan and asked Brian if he has been contributing to the fund for the last year. Brian will seek the assistance of Andrea Lamberg of the Finance Department to calculate what Taylor owes.

*b. Presentation and Approval of Bills*

None

*c. Additional Bills, as necessary*

None

11. Actuarial Report

*a. Tax Levy Request/Municipal Compliance Report*

None

12. Attorney's Report – Atwell & Atwell

*a. Legal Updates*

Attorney Atwell reported that the Governor's Executive Order is going into May and he envisions having these types of meetings via teleconference for the near future. He added that the Open Meetings Act along with the FOIA requirements have been relaxed. In regards to the Pension Board, business can be conducted and is not an issue as there are no hearings pending. In regards to consolidation, Attorney Atwell does not believe that there will be significant changes in calendar year 2020.

Trustee Moehrlin asked about eligibility for survivor benefits with regards to civil unions and Attorney Atwell replied that civil unions are treated the same as marriages, and would need the certificate for the file.

b. *Consolidation Update*

See above

13. Investment Report – Graystone Consulting

a. *Quarterly Investment Performance Report*

Mary Tomanek from Graystone Consulting reported that as of March 31, 2020, the fund was down by about 13.5%, the trailing one year was down a little over 4%. She expects the volatility to continue for the next quarter or two. The fixed income assets were positive in terms of their return of the time period, just under 2%. The managers CS McKee underperformed their benchmark. One of the things that impacted manager's return vs benchmark was their exposure to asset classes such as energy, financial, and consumer as those were hit relatively hard during this time period. There was also the quality of the portfolio as well as the maturity of the bonds within. Underperformance in this time period was extremely common. On the equities side, there had been some outperformance vs the benchmark which was down 20%. Index return was right where it was expected to be. The asset allocation as of the end of March, was over 65%. There was an overweight to growth which impacted the return in a positive way. Mary stated the money market assets will give cash on hand for about two months of pension payments for April and May, but coverage will be needed for June and July.

Mary discussed what had transpired in the previous quarter with regards to Fixed Income, Government and Corporate Bonds and asked if the board wanted to make any changes going forward and discussion ensued. It was decided to not make any changes at this time.

Trustee Stonebridge stated that the board has been using CS McKee for the past four years and there has been a lot of underperformance in the last six weeks and asked Mary to evaluate other options with regards to Index Funds and Active Managers for the July meeting.

Mary stated that the State changed the criteria for investment in funds and now requires looking at Sustainability. This was the first quarter that she included the Sustainability report and she will continue to provide this on a quarterly basis going forward. She submitted a draft to Attorney Atwell of the language in the Investment Policy and offered to the board to amend the Investment Policy to include the Sustainability language.

Trustee Hejza made a motion to include the Sustainability language in the Official Investment Policy and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Orta and Stonebridge. "Nays" – None. Mary Tomanek stated that the Investment Policy will have to be signed and filed with the State within the next 30 days and Brian LeFevre offered to do this.

Trustee Hejza made a motion to sell \$189,000 from JP Morgan Equity Fund, \$189,000 from Clearbridge Equity Fund, and \$222,000 from CS McKee Fixed Income Fund to cover the two months of pension payments for June and July and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Orta and Stonebridge. "Nays" – None.

Trustee Hejza made a motion to approve the Quarterly Report dated March 31, 2020 and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Orta and Stonebridge. "Nays" – None.

*b. Review of Investment Policy and Amendments, as necessary*

See above

14. Closed Session, as necessary

None

15. Adjournment – Roll Call

A motion was made to adjourn the meeting at 1150 hours by Trustee Orta and was seconded by Trustee Hejza. A roll call vote was taken: "Ayes" – Hejza, Stonebridge, Moehrlin, and Orta. "Nays" – None.