

## **PARK RIDGE POLICE PENSION FUND**

### **BOARD OF TRUSTEES**

#### **APRIL 23, 2019 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 23, 2019 at 1000 a.m. at City Hall, 505 Butler Place, Park Ridge, Illinois.

Call to Order: Trustee Stonebridge called the meeting to order at 1001 hours. A motion was made by Trustee Hejza to begin the meeting and it was seconded by Trustee Orta. All were in favor. Present were Trustees James Stonebridge, Jon Moehrlin, Greg Orta, Robert Kristie, and Jeff Hejza. Also in attendance was 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.

Approval of Minutes: The minutes from the previous quarterly meeting held on January 22, 2019 were reviewed. A motion was made by Trustee Orta to approve the minutes and was seconded by Trustee Hejza. All were in favor and the minutes were unanimously approved by the board.

Accounting - Sikich: Brian LeFevre from Sikich presented the Compilation Report for the preceding eleven months, ending March 31, 2019, which reflected a gain of \$2.3 million. The Cash and Investments show the Mutual Funds at 60% and Stock Equities at 3%, which total 63%. The 2017 Levy is at 98.73% collected. The Disbursement Warrant for the period of January 1, 2019 through March 31, 2019 totaled \$932,914.58.

Brian LeFevre reported an update from the Department of Insurance that they want information on all of the spouses of beneficiaries (anyone currently receiving a pension check). This information will need to be gathered and will be part of the annual statement which is due October 31<sup>st</sup>. Discussion ensued. Attorney Atwell will update the retiree affidavit and also the new enrollee form for the next meeting.

Trustee Kristie made a motion to approve the Compilation Report ended March 31, 2019 and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Moehrlin, Orta, Kristie, Hejza and Stonebridge. "Nays" – None.

Expenditures/Warrant Disbursements: Trustee Kristie made a motion to approve the Disbursements through March 31, 2019 totaling \$932,914.58 and Trustee Hejza seconded the motion. A roll call vote was taken: "Ayes" – Moehrlin, Orta, Kristie, Hejza and Stonebridge. "Nays" – None.

Accounting RFP Discussion: Trustee Stonebridge stated that there was discussion at the last meeting, that in terms of best practices, it is prudent from time to time, to make sure that the terms and pricing for our external providers are competitive, what the board wants, and what the market is offering. He added that in Illinois, Sikich and Lauterbach are two of the only providers experienced in dealing with Article 3 and 4 Pensions. The board currently works with both in different capacities and each was provided with identical RFPs for a three-year term starting May 1, 2019. Both came back with proposals

satisfying the RFP terms with very similar cost proposals. It was opened up for discussion for any thoughts and concerns.

Trustee Kristie made a motion to accept and approve Sikich for three years beginning May 1, 2019 and Trustee Hejza seconded the motion. A roll call vote was taken: "Ayes" – Moehrlin, Orta, Kristie, Hejza and Stonebridge. "Nays" – None.

Police Officer Status (Lynch): Trustee Kristie made a motion to accept Officer Lynch to the Pension Plan and Trustee Orta seconded the motion. "Ayes" – Moehrlin, Orta, Kristie, Hejza and Stonebridge. "Nays" – None.

Attorney Atwell: Attorney Atwell reported that at the beginning of the year there are approximately twelve municipal bills on consolidation issues which need to get out of committee before they can move ahead. He added that a couple of other things being discussed as far as compromises, is that of a rolling type of amortization. There has also been a lot of discussion about opening up some expansion as far as authorized investments for funds under \$10 million dollars, along with talk about pooling some of the smaller funds to \$10 million. With regards to consolidation, he does not believe that anything is going to happen at this time.

Trustee Training Completed/Update: Trustee Stonebridge stated that it had been previously decided that the Trustee Training will follow the fiscal year which ends April 30<sup>th</sup>. He asked the Board members to send Trustee Moehrlin their training certificates as the specifics will need to go on the Interrogatories which is filed in October.

Financial Reports - Graystone Consulting: Mary Tomanek from Graystone Consulting presented copies of the Pension Fund Quarterly Performance Review for the period ending March 31, 2019 which reflected a gain of 9.90%, bringing the trailing one year to 5.63%. She stated that it was a good quarter. The Asset Allocations came in at a 62% equity so there is a little bit of room to bring that up to a 65% target. Small and Mid-Cap are under-weighted versus target and Large Cap is over-weighted and she recommended getting that closer to target. Value versus growth is spot on. A new part had been added to the Asset Allocation, and is a tie-back to the policy changes on the fixed income side where parameters are put in and checked off relative to the holdings. The Market Capitalization was included as an attachment and is very useful in terms of understanding where the market capitalizations lie versus the benchmark. Mary stated that they did an International Small Cap Analysis and found two Small Cap managers that they really liked a lot, Fidelity and Virtus KAR. Mary's recommendation is to transfer \$1,000,000 in the Vanguard Treasury Money Market Fund to \$500,000 Fidelity International Small Cap and \$500,000 into the Virtus KAR International Small Cap. Discussion ensued. Her other recommendation was to transfer \$1,500,000 from Vanguard Total Stock Market Index Fund to Vanguard Small Cap Value Index Fund.

Trustee Hejza made a motion to approve the transfer of \$1,000,000 from the Vanguard Treasury Money Market, \$500,000 to Fidelity International Small Cap and \$500,000 to Virtus KAR International Small Cap and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Moehrlin, Orta, Kristie, Hejza and Stonebridge. "Nays" – None.

Mary also stated that at the last quarter's meeting it was discussed about giving the manager direction if something was out of sync and added the following language, "Should the portfolio fall out of compliance with these fixed income parameters, the investment manager shall within the following three months adjust to the guidelines."

Trustee Orta made a motion to approve the amended investment policy and Trustee Hezja seconded the motion. A roll call vote was taken: "Ayes" – Moehrlin, Orta, Kristie, Hezja and Stonebridge. "Nays" – None.

Trustee Orta made a motion to approve the move of \$1,500,000 from Vanguard Total Stock Market Index Fund to Vanguard Small Cap Value Index Fund and Trustee Kristie seconded the motion. A roll call vote was taken: "Ayes" – Moehrlin, Orta, Kristie, Hezja and Stonebridge. "Nays" – None.

Trustee Hezja made a motion to approve the Investment Financial Reports dated March 31, 2019 and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Moehrlin, Orta, Kristie, Hezja and Stonebridge. "Nays" – None.

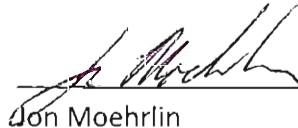
Adjournment: A motion was made to adjourn the meeting at 1117 hours by Trustee Orta and was seconded by Trustee Hezja. All were in favor and none opposed.



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**James Stonebridge**

President – Park Ridge Police Pension Board



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**Jon Moehrlin**

Secretary – Park Ridge Police Pension Board