

PARK RIDGE POLICE PENSION FUND

BOARD OF TRUSTEES

JULY 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 July 21, 2020 at 1000 a.m. via Teleconference in compliance with Governor's Pritzger's Stay-at-Home Order and also in person at City Hall 505 Butler Place, Park Ridge, IL. Information was provided on the agenda for remote participation options.

1. Call to Order

Trustee Stonebridge called the meeting to order at 1004 hours.

2. Roll Call

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

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 April 21, 2020

The minutes from the previous quarterly meeting held on April 21, 2020 were reviewed. A motion was made by Trustee Orta to approve the minutes and was seconded by Trustee Hejza. A roll call vote was taken: "Ayes" – Stonebridge, Moehrlin, Orta, Cavender, and Hejza. "Nays" – None.

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

Attorney Atwell reported that under the new executive order for teleconference meetings, the meetings are to be recorded, and all motions are to be done by a roll call vote. Currently, the city is planning on having virtual meetings through August. Prior to the October meeting, it will be determined whether or not the meeting will continue to be held virtually.

b. Board Elections/Appointments

Trustee Stonebridge welcomed Trustee Cavender. Trustee Cavender stated that he was previously on the board in the late 1990's. He was accepted to the board at the April meeting.

Trustee Hejza's reappointment to the board was approved at the May 4th City Council meeting. It is a two year term ending May 10, 2022. Trustee Cavender made a motion to accept Trustee Hejza's reappointment and was seconded by Trustee Orta. A roll call vote was taken: "Ayes" – Stonebridge, Cavender, Moehrlin, Hejza, and Orta. "Nays" – None.

Trustee Orta made a motion to accept the current board and Trustee Cavender seconded the motion. A roll call vote was taken: "Ayes" – Cavender, Hejza, Orta, Moehrlin, and Stonebridge. "Nays" – None.

c. Audit

Trustee Moehrlin reported that he has submitted everything he has and was notified that the new documents have been put into the rough draft of their report. He added that they are requesting records for members that were on disability in 2009. The members will need to obtain the records from their doctors. Andrea Lamberg stated that they have two things that are outstanding that staff is working on, which includes payroll records for pensioners that retired prior to 2009 and actual payroll registers. Other than that, the city has provided all of the necessary documents.

d. Deceased Pensioner Protocols

Trustee Stonebridge stated that at the last meeting, pensioner Tuene had passed away with no surviving spouse. The full month benefit had been paid which caused an overpayment of four days, and there was discussion about trying to get a refund for the overpayment. He spoke to Sikich about it and stated that the way the cycle works, this situation doesn't happen often as there is a good chance to catch it early in the month prior to the pay cycle. Trustee Stonebridge asked the board members if they had any concerns about not seeking a refund if a check goes out through the month of somebody passing away and is not caught in time. The board members all agreed that it is the right thing to do and that going forward, the money would not need to be refunded.

e. Fiduciary Insurance Renewal

Trustee Stonebridge stated that he forwarded the Policy Renewal Quote of \$3,992.00, which was identical to last year and asked if anyone had any questions or concerns. Trustee Orta made a motion to approve the ULLICO Casualty Fiduciary Insurance Policy for the board for the period of August 15, 2020 to August 15, 2021 and Trustee Hejza seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Orta, Moehrlin, Cavender, and Stonebridge. "Nays" – None.

f. DOI Annual Report Review

Trustee Stonebridge had forwarded the DOI Interrogatory questions and answers to the group and stated that most of the items were sent to Debbie. Andrea Lamberg reported that the audit will come in late September or early October. Lauterbach & Amen will be at the city for field work starting the following week. It takes several weeks after field work to come up with a

draft report. She stated that the actuary likes to have the final audit before they complete the actuary report and the City likes to have the final actuary report for completing the audit. Andrea stated that she is already working on the Tax Levy, and in November, both Pension Boards will come to the finance and budget committee meeting to present their official request.

Trustee Stonebridge asked Trustee Moehrlin to scan and send him the Investment Policy with the signatures and he will send it out. He added that the Annual Statement will be on the October agenda for final approval.

Lastly, Trustee Stonebridge discussed Trustee Training and stated that he and Trustee Hejza have received their certificates. Trustee Moehrlin reported that he called IPPFA about getting a hard copy of the certificate for him and Trustee Orta. Trustee Cavender asked if he needs to recertify as a Pension Trustee, stating that he went through the training years ago. Attorney Atwell believes that he would be grandfathered on that, and he would just need to keep up with the current training of eight hours and an additional four hours on the new consolidation bill for the fund year which is May 1st through April 30th.

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

a. *Contribution Refunds, as necessary*

None

b. *Applications for Membership, as necessary*

None

c. *Special Contributions, as necessary – Taylor*

Brian LeFevre reported that Taylor had sent a personal check for \$1,171.12 for his contributions while he was in the military for a year, and is now up-to-date.

8. Application for Retirement/Disability Benefits

a. *Approve Regular Retirement Benefits - Jogmen*

Trustee Moehrlin reported that the board needs to approve Jogmen from a deferred pensioner to a pensioner. Brian LeFevre stated that his benefit was effective June 6, 2020 and he was paid the prorated amount for June which is \$4,967.13 and beginning in July, his full monthly benefit will be \$5,960.55. Trustee Orta made a motion to approve Jogmen from a deferred pensioner to an active pensioner with the monthly benefit amount as stated and Trustee Moehrlin seconded the motion. A roll call vote was taken: "Ayes" – Cavender, Orta, Moehrlin, Hejza, and Stonebridge. "Nays" – None.

b. *Disability Application Status Update, as necessary*

Trustee Moehrlin stated that there is an officer who is currently on PETA and his PETA will be running out in August. He imagines that he will be filing an on-duty disability claim in August or September. Attorney Atwell stated that the application process takes time under normal circumstances, but is currently backed up due to Covid, and advised to relay this information. At this point, the board cannot do anything. Once Trustee Moehrlin receives the information, he will forward it to Attorney Atwell.

c. *Deceased Pensioner – Delfosse (spouse)*

Trustee Moehrlin reported that the spouse of a “deceased” pensioner had died. Brian LeFevre added that the spouse received the pension in June for three days and now her pension has ended. This is for information only and no motion is needed.

9. Communication and Reports

a. *Affidavits of Continued Eligibility Update*

None

b. *Active Member File Update*

Trustee Moehrlin reported that Officer Michael Speciale was finally able to complete the academy after four months in limbo due to Covid, and is now in field training. He was formally accepted into the fund in January.

Brian LeFevre asked to clarify and confirm whether there are any outstanding spousal affidavits. As of the April 30, 2019 Annual Statement, the Department of Insurance requires spouse information. Trustee Orta will forward all updates to Sikich. Trustee Stonebridge stated that Sikich will assume that whatever they have is accurate unless they hear differently going forward.

c. *Trustee Training Update*

Nothing additional was discussed.

10. Accountant’s Report – Sikich, LLP

a. *Monthly Financial Report*

Brian LeFevre from Sikich presented the Compilation Report for the Fiscal Year ending April 30, 2020, which reflected an increase of \$424,880.67. The Cash and Investments show the Mutual Funds at 62% and Stock Equities at 3%, which total 65%.

The Expense Report for the pension for the current month of April, was at \$312,777.39. Brian LeFevre stated that almost 96% of the expenses in the pension fund are in paid benefits.

Brian LeFevre presented the Compilation Report for the Fiscal Year ending June 30, 2020, which reflected an increase of \$2.753 million.

The 2019 Levy is at 51% collected and ended up at 99% collected in 2018. The Disbursement Warrant for the time period of April 1, 2020 through June 30, 2020 totaled \$991,648.00.

Trustee Orta made a motion to approve the April 30, 2020 Compilation Report and Trustee Hejza seconded the motion. A roll call vote was taken: “Ayes” – Cavender, Hejza, Orta, Moehrlin, and Stonebridge. “Nays” – None.

Trustee Orta made a motion to approve the June 30, 2020 Compilation Report and Trustee Hejza seconded the motion. A roll call vote was taken: “Ayes” – Hejza, Cavender, Moehrlin, Orta, and Stonebridge. “Nays” – None.

Trustee Cavender made a motion to approve the Disbursement Warrant for the time period of April 1, 2020 through June 30, 2020 totaling \$991,648.00 and Trustee Hejza seconded the motion. A roll call vote was taken: “Ayes” – Hejza, Cavender, Moehrlin, Orta, and Stonebridge. “Nays” – None.

b. Presentation and Approval of Bills

None

c. Additional Bills, as necessary

None

11. Actuarial Report

a. Tax Levy Request/Municipal Compliance Report

Trustee Stonebridge stated that the Actuarial Report had already been discussed and are expecting to get the reports within the next month and will forward it to the group. Brian LeFevre stated that they will prepare the Municipal Compliance Report for the board’s approval at the October meeting.

12. Attorney’s Report – Atwell & Atwell

a. Legal Updates

Attorney Atwell reported that the teleconference meeting protocols were discussed earlier. In regards to the consolidation, he reported that it is moving forward, but has been somewhat delayed with the current environmental situation with Covid. The Board is in place on the consolidation and they are working on trying to get members appointed to the permanent board. The fiduciary counsel has been appointed. There is nothing further as far as the auditing of the funds on the actual consolidation. Trustee Moehrlin asked Attorney Atwell about a letter that he received in which they are requesting all of the members’ personal contact information so they can vote. Attorney Atwell recommended emailing the individual members and letting them make their own decision.

Trustee Stonebridge reported that the phone conference service and recording costs a nominal amount each month, which he has been covering. He has converted it to annual and wanted to make sure that the group has it on record.

b. Consolidation Update

See above

13. Investment Report – Graystone Consulting

a. Quarterly Investment Performance Report

Mary Tomanek from Graystone Consulting reported that the combined fund came in a little over 16% as of June 30, 2020. On the equities side, the return was just under 23% and the year-to-date was down a little more than 2%. Most of the active equities managers outperformed their benchmark. She thinks that there is a really good balance between active and passive. Capital appreciation had an ending value of a little over \$55 million. At the end of June the fund was running a little over 67% allocations to equities. Mary stated that one of the things that is a little out of sync is value and growth allocation and her suggestion was to rebalance with the

equities allocation being over 67%. Mary's recommendation was to take up to \$2 million out of large growth and put it into large value. Discussion ensued. Mary also stated that a fixed income analysis was done from the last quarterly meeting and discussion ensued.

Trustee Hejza made a motion to sell \$1.0 million of Clearbridge Large Growth and sell \$1.0 million of Vanguard Growth Index and buy \$1.6 million of CS McKee and buy \$400,000 of Vanguard Small Cap Value Index and Trustee Cavender seconded the motion. A roll call vote was taken: "Ayes" – Cavender, Moehrlin, Hejza and Orta, and Stonebridge. "Nays" – None.

Trustee Orta made a motion to approve the Quarterly Report dated June 30, 2020 and Trustee Hejza seconded the motion. A roll call vote was taken: "Ayes" – Cavender, Moehrlin, Orta, Hejza, and Stonebridge. "Nays" – None.

b. Review of Investment Policy and Amendments, as necessary

Mary stated that she needs an updated Letter of Authority for Sikich. She also stated that the current authorization amount on file is \$300,000 and thinks that it should be raised to \$350,000. She will send Trustee Stonebridge a new letter.

Trustee Cavender made a motion to raise the Sikich Authorization number to \$350,000 and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Orta, Moehrlin, Cavender, Hejza, and Stonebridge. "Nays" – None.

c. CS McKee/Fixed Income Manager Review

See above

14. Closed Session, as necessary

None

15. Adjournment – Roll Call

A motion was made to adjourn the meeting at 1144 hours by Trustee Cavender and was seconded by Trustee Orta. A roll call vote was taken: "Ayes" – Orta, Moehrlin, Cavender, Hejza, and Stonebridge. "Nays" – None.