

PARK RIDGE POLICE PENSION FUND

BOARD OF TRUSTEES

JULY 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 July 23, 2019 at 1000 a.m. at City Hall, 505 Butler Place, Park Ridge, Illinois.

1. Call to Order

Trustee Stonebridge called the meeting to order at 1003 hours. A motion was made by Trustee Hejza to begin the meeting and it was seconded by Trustee Orta. All were in favor.

2. Roll Call

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

Also in attendance were Brian LeFevre from Sikich LLP, Mary Tomanek from Graystone Consulting, Jessica Fain from Lauterbach & Amen, LLP, Charles Atwell (Board Attorney), Joe Gilmore, City Manager, Sue Tunzi, Police Administrative Assistant and Carl F. Brauweiler, Citizen of Park Ridge.

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 23, 2019*

The minutes from the previous quarterly meeting held on April 23, 2019 were reviewed. A motion was made by Trustee Hejza to approve the minutes and was seconded by Trustee Orta. 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. *Board Elections*

Trustee Stonebridge announced that there is an open seat for a retiree. Notice will be sent to all current retirees prior to August 15th and nominations will be due by September 15th with a possible target election date of October 15th. The spot would be for the remainder of the term which is through April 30, 2020.

Renewing the slate for the pension board members was discussed. Trustee Orta made a motion to renew the slate of Secretary, Jon Moehrlin, Assistant Secretary, Greg Orta, Vice President, Jeff Hejza, and President, Jim Stonebridge and Trustee Hejza seconded the motion. All were in favor.

b. Board Officer Elections/FOIA Officer/OMA Designee

Trustee Stonebridge stated that there was an election for Trustee Orta. There were thirty-four yeases and the term is from May 1, 2019 through April 30, 2021. Trustee Orta made a motion to accept the results of the election and Trustee Hejza seconded the motion. All were in favor.

c. Board Fiduciary Insurance Policy Renewal

Trustee Stonebridge stated that the policy was sent out to the group. It is the second renewal. The policy is similar and the premium was not significantly higher. The total premium is \$3,992.00. Trustee Hejza made a motion to renew ULLICO Casualty Fiduciary Policy for the board and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Orta, Hejza and Stonebridge. "Nays" – None.

7. Applications for Membership/Withdrawals from Fund

a. Contribution Refunds, as necessary

None

b. Applications for Membership, as necessary

None

8. Application for Retirement/Disability Benefits

a. Approve Regular Retirement Benefits – (Broderick)

Discussion ensued about Jodi Broderick's retirement date. She had a break in service beginning January 22, 2019 and has been on the payroll until May 6th. On May 1st she received a raise but had not been paying contributions. As of January 22nd she had 20 years of service and she turns 50 years old in October when her benefit begins. The issue is the pay raise on May 1st. Attorney Atwell stated that there would need to be verification on the medical side what the break in service is and will also need certification from the employer as long as it is based on medical fact. This however, only applies if she pays the contributions to the pension fund from January 22nd to May 6th in order to get her raise. Trustee Stonebridge will work with Joe Gilmore and/or Andrea Lamberg. He also stated that based on Jodi's 50th birthday being before the next meeting, once it is settled he would like to have it approved prior to the next meeting which may require a side meeting. The retirement date will either be January 22nd or May 6th. Trustee Orta made a motion to table Broderick's retirement benefit approval and Trustee Hejza seconded the motion. All were in favor. "Ayes" – Orta, Hejza and Stonebridge. "Nays" – None.

b. Disability Application Status Update, as necessary

None

c. *Deceased Pensioner, as necessary*

There were two deceased pensioners this past quarter. Donald Scheunemann passed away on April 28th and John Rochocki passed away on July 10th. Both names will be added to the October meeting for formal approval.

9. Communication and Reports

a. *Affidavits of Continued Eligibility Update*

Trustee Orta received Agnes Szpiganowicz' paperwork for Physician's Certification for Disability. Trustee Orta made a motion to continue the disability status for Agnes Szpiganowicz and Trustee Hejza seconded the motion. All were in favor and none were opposed.

Trustee Orta announced that Karyn Wisniewski will be retiring in October. This will be added to the agenda for the next meeting.

b. *Active Member File Update*

Trustee Stonebridge stated that as part of the outreach for DOI, it has been requested that all spouse information needs to be updated. Brian LeFevre stated that notice went out to the pensioners and he has not heard back from twenty, which is about half. He will give the trustees the information that he does have so that the files can be updated on the remaining ones left. Once updated, it will then be sent back to Sikich to give them a current status. Trustee Hejza volunteered to reviewed the files. The goal would be by the October meeting. Best practice going forward would be to send these out on an annual basis and when there is a life event. When someone is retiring, they should give spousal information prior to them retiring.

c. *Trustee Training Update*

Trustee Stonebridge stated that it was previously decided that Trustee Training will be done on a fiscal year basis from May 1st through April 30th. The training records will be emailed to Trustee Stonebridge and he will forward them to Brian LeFevre at Sikich.

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, 2019, which reflected a gain of \$3.36 million. The Cash and Investments show the Mutual Funds at 61% and Stock Equities at 3%, which total 64%, which is in compliance with the investment policy.

The Expense Report for the current month of April, for the pension was at \$298,103.84. The Member Contribution Report and the total contributions for the year were at \$484,176.15. As of April 30th, the fund collected \$1.24 million for the Property Tax Receipt Report for the 2018 taxes and once we get the tax extension report, we will start checking the percentages. The prior tax year was at 98.85% collected.

Brian LeFevre presented the Compilation Report for the preceding two months, ending June 30, 2019, which reflected a gain of \$10.45 million. The Cash and Investments show the Mutual

Funds at 63% and Stock Equities at 3%, which total 66%. When this was prepared, the Property Tax Receipt Report didn't have the tax extension report from the county and therefore had 50.48% collected on the Tax Levy. The Disbursement Warrant for the time period April 1, 2019 through June 30, 2019 totaled \$937,640.79.

Trustee Hejza made a motion to approve the April 30, 2019 Compilation Report, the June 30, 2019 Compilation Report, and the June 30, 2019 Disbursement Warrant Report and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Orta, Hejza and Stonebridge. "Nays" – None.

b. Presentation and Approval of Bills

None

c. Additional Bills, as necessary

None

d. DOI Interrogatories

Trustee Stonebridge stated that the DOI Interrogatories were similar to last year thanks to Sikich and their crew who provided guidance. Waiting on the final Levy Report, the Audit in October, two Continuing Education Certificates, and the approved minutes from the April meeting. He is not aware of any open questions.

11. Actuarial Report

a. Tax Levy Request/Municipal Compliance Report

Jessica Fain from Lauterbach & Amen presented the Draft Report, the Audited Assets, and the NCR Report which will be formally voted on at the next meeting. Last year's recommended Tax Levy was just shy of \$2.5 million and this year coming \$200,000 higher and just shy of \$2.7 million. The Funded Percentage on an Actuarial basis stayed pretty flat for the year but the funded percentage on the Market Value basis had a 1% increase over a twelve month period. On a market value basis, have gone from 60% to 65% in three years and heading in the direction that we want to which is at 100% funding target. This year's tax recommendation was expected to increase \$85,667 or roughly 3.5%. Overall salary increases came in a little higher than estimated. Overall they did come in only slightly higher than estimated and the impact is quite minimal which created an increase of \$8,664. She went over Demographic changes or how the population shifted and discussion ensued. The rest of the items that impacted the tax levy were minor and did incorporate the collective bargaining agreement. Asset returns are beating the rate of return assumption of 6.75 over the last couple of years which is great. The last thing that impacted the tax levy was contributions in. At the next meeting she will have the updated report. She will reach out between now and then with more details behind the data pieces. No action was taken on this draft report.

12. Attorney's Report – Atwell & Atwell

a. Legal Updates

Attorney Atwell reported that there has not been too much since the last meeting. His understanding is that there are five mayors that are pushing the consolidation. Gov. J.B. Pritzger

apparently has a committee on it. There has been talk about consolidation not only on Police and Fire but maybe all public funds in Illinois. He added that nothing has gotten out of committee and we will see what happens in the fall.

13. Investment Report – Graystone Consulting

a. *Quarterly Investment Performance Report*

Mary Tomanek from Graystone Consulting stated that it was a very good quarter and came in just under 14% year to date and 3.54% for the quarter. Equities rallied to lower interest rates. International had a good contribution this quarter. Growth came in better than value and pretty much in expectation. International Small Cap had been added. The last quarter didn't do as well as it was hoped, but it was still positive and she thinks we are going to see more strength overseas. The increase in the value of the funds was just under \$2 million for the quarter and ended up just under \$52 million. Allocations are at 66% equity vs 34% fixed income. Overweight to value 51/49. Over the course of the quarter, Graystone Management to reduce the fee to the fund from 18 to 15 basis points. We have the allocations vs a variety of benchmarks. Mary mentioned that there was a significant change at CS McKee as one of the partners has left the firm in terms of active involvement. He was involved on the equities side and not the fixed income side but because his ownership interest is in the upper 40's, she wanted to make us aware of it. She added that there has been conversations with our analysts covering CS McKee and three or four conversations with CS McKee and they have a very strong balance sheet of roughly \$60 million in cash on hand. They have a lot of choices when it comes to succession and she stated that we are not concerned, but want to stay on top of it and hopes that they have it resolved in the next quarter. Mary stated that we are over by one percentage point on the equities allocation and if we choose to rebalance, she suggested taking \$500,000 out of Vanguard Total Stock Market Index Fund and putting it into the Vanguard Treasury Money Market Fund which is yielding 2.17%. She stated that there are roughly \$850,000 in cash equivalents as of the end of June and virtually nothing in the Vanguard Money Market Fund.

Trustee Hejza made a motion to approve the Quarterly Report dated June 30, 2019 and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Orta and Stonebridge. "Nays" – None.

Trustee Hejza made a motion to rebalance equities to 65% by transferring \$500,000 from Vanguard Index to the Vanguard Money Market and Trustee Orta seconded the motion. A roll call vote was taken: "Ayes" – Orta, Hejza and Stonebridge. "Nays" – None.

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

None

14. Closed Session, as necessary

None

15. Adjournment – Roll Call

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