

**PARK RIDGE POLICE PENSION FUND
BOARD OF TRUSTEES
July 28, 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, July 28, 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 10:07 a.m. Trustee Kappler took a roll call vote of the trustees. Present were trustees Laura Kappler, Tom Ahlbeck, Robert Kristie, Carl Brauweiler and Duane Mellema. Also in attendance was Debbie Crabtree from Sikich LLP, Mary Tomanek from Graystone Consulting, Charlie Atwell, the Board's attorney, Richard Paul a retiree, and Joseph Gilmore the City Finance Director.

Approval of Minutes: The Trustees reviewed the minutes from the April 28, 2015 meeting. Upon a motion made by Carl Brauweiler, seconded by Robert Kristie the minutes of the April 28, 2015 meeting were unanimously approved.

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

The advisor notes that our portfolio had a negative return for the quarter but a positive return for the year to date. She said that their analysis are expecting a very positive return in the range of 9% coming year and also they are not concerned about a recession at this time.

Some of the issues that she said they are focusing on to monitor are the risk to our portfolio. She mentioned these include the effect of Greek economic problems, the slowdown in China, and also the credit problem of Puerto Rico.

Going forward the investor advisors feel they are going to focus on unemployment, manufacturing, and the Presidential election. The investment advisors were very satisfied with the strong contribution of the international sector to the value of the portfolio.

Regarding the fixed income portion of the portfolio the next maturity is November 2015. The investment advisor mentioned that there is a gap in our rolling ladder of maturity in 2023. Also discussed was the 65% maximum amount that can be invested in equities, which the fund is currently below.

A roll call vote was taken: "Yeas" – Kristie, Ahlbeck, Brauweiler, Kappler and Mellema. "Nays"-none.

A motion was made by Robert Kristie and seconded by Carl Brauweiler to approve the investment financial report as electronically submitted dated December 31, 2013 as presented. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler, Kappler and Mellema. "Nays"-none.

A motion was made by Robert Kristie and seconded by Carl Brauweiler to approve the continuing transfer of funds from the fixed income portfolio to the equity portfolio at a rate of \$350,000 per month.

Accounting Firm: Debbie Crabtree from Sikich LLP presented the financial statement for the fiscal year ended April 30, 2015. The position of the Fund had a \$2,056,175 net increase since April 30, 2014. The accountant reviewed the report, various schedules, the mix of investments, and the sources of various funds. The graphs which provided an excellent visual representation of the various issues included the amount of administrative expenses in relation to the pension paid. She then presented the financial statements for the two months ending June 30, 2015.

On a motion made by Carl Brauweiler and seconded by Robert Kristie to approve the sending by Sikich of the required work papers for the preparation of the annual city audit. A roll call vote was taken: "Yeas" – Kristie, Ahlbeck, Brauweiler, Kappler and Mellema. "Nays"-none.

On a motion made by Tom Ahlbeck and seconded by Robert Kristie to approve the sending by Sikich of the required work papers for the preparation of actuarial report by **Lauderbach and Amen**. A roll call vote was taken: "Yeas" – Kristie, Ahlbeck, Brauweiler, Kappler and Mellema. "Nays"-none.

A motion was made by Duane Mellema and seconded by Robert Kristie to approve the financial report dated April 30, 2015 as presented. A roll call vote was taken: "Yeas" – Kristie, Ahlbeck, Brauweiler, Kappler and Mellema. "Nays"-none.

A motion was made by Robert Kristie and seconded by Carl Brauweiler to approve the financial report dated June 30, 2015 as presented. A roll call vote was taken: "Yeas" – Kristie, Ahlbeck, Brauweiler, Kappler and Mellema. "Nays"-none.

Approval of Expenditures: A motion was made by Robert Kristie and seconded by Duane Mellema to approve the expenditures for the second quarter of 2015 as detailed in the attached report amounting to \$797,791.20. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler, Kappler, and Mellema. "Nays"-none. The motion unanimously carried.

Ongoing Matters:

1. The board reviewed the required funding projection disclosures in the financial report, which falls under the Generally Accepted Accounting Standards Board requirements.
2. The board reviewed the amount of the current tax levy which will be presented to the City of Park Ridge.
3. The board reviewed the current actuarial assumption of 6.75% and believes it is justified based on the obligation of the fund considering investment returns.

Legal Issues:

Charlie Atwell discussed a Canadian conference that he attended. It was interesting that the funds in that country are funded in the range of 80%. The funding is more statutory as established by law.

Also, discussed is the underfunding of the pension, which is a concern of the board. The board reviewed with the Charlie Atwell the possible effect of a municipal bankruptcy. A bankruptcy could have the effect of renegotiating the contracts and changing the nature of the unfunded liability.

Charlie Atwell reviewed some of the recent court cases related to the unconstitutionality of reducing pension benefits and/or the related deductions. Also reviewed was the legality of increasing the contributions to the pension fund by the participants.

Appointment of Officers of the board

1. Laura Kappler – President
2. Robert Kristie – Secretary
3. Duane Mellema – Vice-President
4. Thomas Ahlbeck – Assistant Secretary
5. Carl Brauweiler – Co-Treasurer

A vote was taken:

“Yeas” - 5. “Nays” – 0. The motion was unanimously carried.

The board reviewed the status of Trustee Ahlbeck who has not been reappointed by the Mayor of Park Ridge due to term limitations. The Mayor is currently seeking a replacement.

Employment and retiree status update:

Officer Bill Vallas died on April 30, 2015. He was hired on August 1, 1966 and retired on October 28, 1996. A motion was made by Robert Kristie and seconded by Carl Brauweiler to approve the calculation by Sikich of the spousal benefit annual amount of \$59,328.84. A roll call vote was taken: “Yeas” - Kristie, Ahlbeck, Brauweiler, Kappler, and Mellema. “Nays”-none. The motion unanimously carried.

John Barrett died on July 13, 2015. He was hired on February 13, 1961 and retired on April 19, 1986. A motion was made by Robert Kristie and seconded by Carl Brauweiler to acknowledge there is no beneficiary to his pension benefits. Roll call vote was taken: “Yeas” - Kristie, Ahlbeck, Brauweiler, Kappler, and Mellema. “Nays”-none. The motion unanimously carried.

Gerald Delfosse died on June 28, 2015. He was hired on 07/10/1972 and retired on 07/10/2002. The deceased’s benefits have ceased. A motion was made by Duane Mellema and seconded by Robert Kristie to approve the calculation by Sikich of the spousal benefit annual amount of \$67,958.64. A roll call vote was taken: “Yeas” - Kristie, Ahlbeck, Brauweiler, Kappler, and Mellema. “Nays”-none. The motion unanimously carried.

David Keller, a 29 year veteran of the police force, who was hired on July 7, 1986, retired on July 6, 2015. A motion was made by Robert Kristie and seconded by Duane Mellema to approve the calculation by Sikich of the spousal benefit annual amount of \$81,213.36. A roll call vote was taken: "Yeas" - Kristie, Ahlbeck, Brauweiler, Kappler, and Mellema. "Nays"-none. The motion unanimously carried.

Adjournment: On a motion made by Robert Kristie and seconded Duane Mellema the meeting was adjourned at 11:40 a.m. Approved unanimously carried in a roll call vote. The next meeting of the board will be October 20, 2015.

Respectfully submitted,

Laura Kappler, President

Robert Kristie, Secretary

Approved by the Board of Trustees on October 20, 2015

These minutes were prepared by Tom Ahlbeck and Laura Kappler.