

PARK RIDGE POLICE PENSION FUND

BOARD OF TRUSTEES

OCTOBER 23, 2018 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 October 23, 2018 at 10:00 a.m. at City Hall, 505 Butler Place, Park Ridge, Illinois.

Call to Order: Trustee Stonebridge called the meeting to order at 10:03 a.m. A roll call vote was taken of present Trustees. Present were Trustees Jon Moehrlin, Robert Kristie, Jeff Hejza, and James Stonebridge. Absent was Trustee Greg Orta. Also in attendance was Debbie Crabtree from Sikich LLP, Mary Tomanek from Graystone Consulting, Jessica Fain from Lauterbach and Amen, Charles Atwell, Board Attorney, Andrea Lamberg, City Finance Director, Sue Tunzi, Police Administrative Assistant and Carl Brauweiler, citizen of Park Ridge.

Approval of Minutes: The minutes from the previous Quarterly meeting held on August 7, 2018 were reviewed. A motion was made by Trustee Kristie to approve the minutes and was seconded by Trustee Hejza. All were in favor and the minutes were unanimously approved by the Board.

Accounting Firm: Debbie Crabtree from Sikich presented the Compilation Report for the preceding five months, ending September 30, 2018. The Cash and Investments show the Mutual funds at 63% and Stock Equities at 3%, which total 66%, which is on target. There were no new retirees. The following officers joined the fund, Michael Fitzgerald, Scott Pearson, and Ryan Brown. A motion was made by Trustee Hejza and seconded by Trustee Moehrlin to accept the report ending on September 30, 2018. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Kristie and Stonebridge. "Nays" – None.

Debbie Crabtree from Sikich reported that as of September 30th there are twelve active Tiered 2 employees out of 53 which is 23% and went over the Municipal Compliance Report for the Year Ended April 30, 2018, to be signed by the President and Secretary.

Trustee Stonebridge moved to accept the Municipal Compliance Report for the year ended April 30, 2018 and Trustee Moehrlin seconded the motion. A roll call vote was taken: "Ayes" – Kristie, Hejza, Moehrlin and Stonebridge. "Nays" – None.

Debbie Crabtree stated that an Engagement Letter had been emailed to Trustee Stonebridge. Since it was not on this agenda, it will be put on the January agenda.

Expenditures/Warrant Disbursements: Debbie Crabtree from Sikich presented the Disbursement Warrant dating from July 1, 2018 through September 30, 2018 totaling \$912,846.44. She stated that going forward, this report will be put into the Compilation Report. Trustee Moehrlin made a motion to accept the report and it was seconded by Trustee Kristie. A roll call vote was taken: "Ayes" – Moehrlin, Kristie, Hejza and Stonebridge. "Nays" – None.

DOI Interrogatories: Debbie Crabtree from Sikich stated that she received the Vanguard Statements from Mary Tomanek from Graystone Consulting. Trustee Stonebridge will send Sikich the electronic copy of the training certification memo by October 31, 2018 for the period of May 1, 2017 through April 30, 2018. Andrea Lamberg stated that the status of the April 30, 2018 audit report is completed and she will send it to Sikich. Debbie Crabtree also stated that starting October 1, 2018, the DOI updated their website for electronic certification. In the past they required manual signatures, but this is no longer the case. Sikich can now sign on your behalf at the point of filing. A simple form was created authorizing Sikich to do so. All board members have the Draft Interrogatories which were emailed out. Trustee Hejza made a motion to approve the Draft DOI Interrogatories dated April 30, 2018 and authorization for Sikich to submit and Trustee Moehrlin seconded the motion. All were in favor and unanimously agreed to by the Board.

Lauterbach & Amen Levy Report Update: Jessica Fain from Lauterbach & Amen presented the Actuarial Valuation Report as of May 1, 2018. Last year's recommended Tax Levy was \$2,319,112 and this year there was an increase of \$128,506 or about 5 ½ % to the current recommended of \$2,447,618. Last year's Funded Percentage was at the 62.4-63.7% range and this year it is at the 63.7-64.1% range. Outside of annual demographic and performance factors (which will vary), the Tax Levy is amortized to increase at about 3.5% every year.

Levy Report Approval: Trustee Stonebridge made a motion to accept Lauterbach & Amen's Actuarial Report dated April 30, 2018 and Trustee Hejza seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Kristie and Stonebridge. "Nays" – None.

Trustee Stonebridge made a motion to request the Levy Amount from the City for the Police Pension of \$2,447,618 and Trustee Hejza seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Kristie and Stonebridge. "Nays" – None.

Andrea Lamberg will send Trustee Stonebridge a copy of last year's formal request letter to the municipality for reference and revision and invite him to come to the November 26th Finance and Budget Committee of the Whole Meeting. A copy of the Actuarial Report will be attached to the letter referencing page 3 of the Actuary Report Levy Amount and a copy of the Municipal Compliance Report also.

Trustee Stonebridge moved to authorize Trustee Moehrlin to sign up for the Death Audit Service and Trustee Kristie seconded the motion. A voice vote and all were in favor and none opposed.

Police Officer Status: There are three officers on FTO that need to be accepted to the fund. Their names will be put on the January Agenda for approval.

Retirements: There have been no retirements and no terminations.

Attorney Atwell: Attorney Atwell did not have anything to report.

Rules & Regulations Update: Trustee Stonebridge stated that he had communicated with Attorney Atwell about the rules. Although they are still valid, they are ten years old and he feels it makes sense to review and re-approve them. Attorney Atwell has prepared a simple attachment addendum page in

which they are reconfirming the rules from 2008. Attorney Atwell responded that he is comfortable with the 2008 rules as they are pretty general and loose and he prefers to keep them that way as they parrot the statute. He will forward the current rules to Trustee Stonebridge to forward to the group. Trustee Stonebridge addressed Disabilities, adding that there are two: duty and non-duty. Every year anyone on disability under 50 years of age, should be on the agenda for re-examination. Discussion ensued. Attorney Atwell will look at the rules and it will be put on the agenda for the next meeting.

Trustee Training Completed/Update: As discussed previously, Trustee Moehrlin will send Stonebridge electronic copies of the training certification memo by October 31, 2018 for the period of May 1, 2017 through April 30, 2018, who will then forward them to Andrea Lamberg at the City. Lamberg will then send a letter to Sikich certifying the training for submission to DOI. Going forward, Fund Trustees will be submitting training sessions for the Fund's fiscal year, which correlates to the DOI interrogatories cadence.

Financial Reports-Graystone Consulting: Mary Tomanek from Graystone Consulting presented copies and went over the Pension Fund Quarterly Performance Review for the period ending September 30, 2018, adding that we ended up just under 4%. The largest contributors were Growth and Large Cap. Year to date we were tracking about a 5% return. She added that we are in a time period of a lot more volatility compared to last year. Two items for the Board's attention was review of Cash Flow for upcoming monthly pension payments, currently two months of liquidity; and Rebalance equity/fixed allocation by reducing equity. Discussion ensued.

At Mary Tomanek's recommendation, Trustee Stonebridge moved to liquidate \$500,000 Vanguard Small Cap Index Fund and \$500,000 Vanguard Total Stock Market Index Fund and transfer it to the money market and Trustee Moehrlin seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Kristie and Stonebridge. "Nays" – None.

Mary Tomanek presented to the Board copies of the Asset Allocation Review - Private Real Estate Analysis and stated that they working on a diversification strategy of private real estate. No action was requested at this time, but for future consideration. She stated that it is done through an insurance company in order to comply with Illinois Pension Code. There is a limited number of providers that do this. Historically, a real estate allocation could provide the Fund the benefit of diversification and another growth tool. Lastly, Mary Tomanek discussed Fixed Income Investment Guidelines and Risk Parameters. Trustee Stonebridge believes it is good to have a policy and supports putting something into the investment policy. Mary will propose draft language for the next meeting.

Trustee Stonebridge motioned to accept the Financial Report from Graystone Consulting dated September 30, 2018 and Trustee Hejza seconded the motion. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Kristie and Stonebridge. "Nays" – None.

Adjournment: A motion was made to adjourn the meeting at 12:01 p.m. by Trustee Stonebridge and was seconded by Trustee Kristie. A roll call vote was taken: "Ayes" – Hejza, Moehrlin, Kristie and Stonebridge. "Nays" – None.

The next meeting will be on Tuesday, January 22nd at 10:00 a.m. Trustee Stonebridge will send out to the Board proposed dates for the remainder of the year.