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**GRAYSLAKE POLICE PENSION FUND**  
**10 South Seymour, Avenue, Illinois 60030-0906**  
**DOI Pension Fund Number POO9600**

MINUTES OF A REGULAR MEETING OF THE GRAYSLAKE POLICE PENSION FUND held October 19, 2017 at 8:00 a.m. at the Village Hall, 10 South Seymour Avenue, Grayslake Illinois.

**I. Call to order and roll call**

Trustees present: Stu Crowley, Brian Ernst (arrived at 8:12 a.m.), Conrad Gutraj, and Tom Morris. Trustees Absent: Linda Wegge. Also in attendance: Attorney Jeff Goodloe, Interim Finance Director Matt Beran from Lauterbach & Amen, former Finance Director Bettina O'Connell, Colleen Trela from Lauterbach & Amen, Tom Sawyer and John Falduto from Sawyer Falduto Asset Management (SFAM), and Steve Eitel from PNC.

President Crowley called the meeting to order at 8:03 a.m.

No members of the public were present.

**II. Public Discussion**

Crowley invited members of the public to speak. There being no response, Morris made a motion, seconded by Gutraj to close public discussion. All "Ayes". Motion Carried.

**III. Approval of Minutes of July 20, 2017 Regular Meeting**

The minutes of the July 20, 2017 Regular Meeting were reviewed.

Morris made a motion, seconded by Gutraj, to approve the July 20, 2017 regular meeting minutes as presented. All "Ayes." Motion Carried.

**IV. Sawyer / Falduto Financial Report – Equity Report**

John Falduto presented the 2017 Third Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 4.99% net of fees. Total account return year to date of 15.31% net of fees.

Morris asked a question regarding the Federal Reserve's decision to shrink its balance sheet and the effect on inflation. Morris asked a question about the T. Rowe Price Small cap fund's annual income report of \$0 in the report.

Gutraj made a motion, seconded by Morris to accept the 2017 Third Quarter Investment Report. All "Ayes." Motion Carried.

**V. PNC Financial Report – Fixed Income Report**

Steve Eitel presented the 2017 Third Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 0.54% net of fees. Total account return year to date of 2.22% net of fees.

Morris asked a question about the \$136,100 in "withdrawals and fees" noted in the report. Mr. Eitel explained that the amount represented the payment of pension benefits and fees. Morris asked a question regarding the fixed income allocation between treasuries and corporate bonds and whether PNC anticipated corporate bonds exceeding treasuries in the account.

Morris made a motion, seconded by Gutraj to accept the 2017 Third Quarter Investment Report. All "Ayes". Motion Carried.

**VI. Treasurer's Report**

**A) Village Treasurer's Report** – Mr. Beran presented the treasurer's report. Pension Fund net present assets at approximately \$20.3 million reflecting a 13% net increase in the portfolio for the year ended September 2017. Mr. Beran tendered a check to PNC in the amount of \$75,000 for investment in the fixed income account. Mr. Beran tendered a check to SFAM in the amount of \$300,000 for investment in the equity account. Morris asked a question regarding the 65% maximum asset allocation for equities.

**B) Compliance Report** – See VI(C) through VI(F) below.

**C) FY 2017 Audit Update** – Mr. Beran advised that the FY 2017 audit performed by Lauterbach & Amen is complete. Morris asked a question regarding the absence of the Management Discussion and Analysis ("MDA") report. Mr. Beran stated that the MDA is not required and that the audit still presents an unqualified report. Ms. O'Connell stated that most of the MDA information is contained in the complete Village audit of which the pension fund audit is included. Morris made a motion, seconded by Ernst to accept the FY 2017 audit. All "Ayes." Motion carried.

**D) Illinois Department of Insurance Annual Statement Update** – Mr. Beran advised that the Illinois Department of Insurance Annual Statement is complete and ready for filing. Ernst advised that the reporting of "not on duty" and "line of duty" disability pensions is incorrect. Mr. Beran advised that L&A would make the noted corrections, submit a new certification page for signatures, and then file the amended report. Morris made a motion, seconded by Ernst to approve the FY 2017 DOI Annual Statement subject to the corrections noted by Ernst. All "Ayes." Motion Carried.

- E) Actuarial Reports** – Ms. Trela from Lauterbach & Amen presented the actuarial valuation tax levy report as of May 1, 2017 and the actuarial valuation GASB-67/68 report as of May 1, 2017. The recommended Village contribution is \$742,216. The statutory minimum contribution is \$668,373. The pension fund's funded status on an actuarial value of assets has increased from 76.68% to 79.12%. Morris asked a question regarding the \$23,000 deficit in the proposed amount necessary to amortize the unfunded accrued liability. After discussion the Board agreed that it would accept the current recommendation and report but would like L&A to address the deficit with the recommended amount in future reports. Gutraj made motion, seconded by Ernst to accept the actuarial valuation tax levy report as of May 1, 2017. All "Ayes." Motion Carried. Morris made a motion, seconded by Gutraj to accept the actuarial valuation GASB 67/68 report as of May 1, 2017. All "Ayes." Motion Carried.
- F) Discussion and Action regarding 40 ILCS 5/3-143 report** – Ms. Trela presented the section 3-143 "Municipal Compliance Report" for FY 2017. Gutraj made a motion, seconded by Ernst to approve the Municipal Compliance Report for FY 2017. Ernst will attach the investment policy statement to the report and provide it to the Village Board. All "Ayes." Motion Carried.

Morris made a motion, seconded by Gutraj to accept the treasurer's report. All "Ayes." Motion Carried.

- VII. Attorney's Report** – Attorney Goodloe provided an update regarding new legislation and case law. (Public Act 100-281; Public Act 100-334; *Harvey Firefighters' Pension Board v. City of Harvey*).

**VIII. Old Business**

- A) Conrad Gutraj's 3% October pension increase submitted to PNC** – Mr. Eitel confirmed that PNC had received the paperwork in order to process Conrad Gutraj's 3% increase due in October.
- B) Joseph Manges – Annual Disability Evaluation** – Morris made a motion, seconded by Ernst to accept Dr. Bennett's report and to continue to pay Joseph Manges his disability pension subject to future annual examinations. All "Ayes." Motion Carried.
- C) Discuss and Vote on pursuing cyber security insurance policy** – The Board discussed the policy proposal and decided that it would not be taking action at this time.

**IX. New Business**

- A) Report on IPPFA's ATC in St. Louis, MO** – Crowley advised that all the trustees attended the IPPFA Annual Training Conference.

- B) **Pay Bills** – Morris made a motion, seconded by Gutraj, to approve the payment of the bills as presented in the treasurer’s report. Roll Call Vote: Ayes – Crowley, Gutraj, Morris, Ernst. Nays – None. Abstain – None. Absent – Wegge. Motion Carried.
- C) **Authorize Secretary Ernst to request recommended property tax levy from Village Board** – Ernst made a motion, seconded by Gutraj to authorize secretary Ernst to submit the property tax levy request for the pension fund to the Village Board in the amount of \$742,216. All “Ayes.” Motion Carried.
- D) **Set annual schedule meeting dates for 2018** – Gutraj made a motion, seconded by Ernst to set the following 2018 quarterly meeting dates as follows: January 18, April 19, July 19, October 18. The meetings will begin at 8:00 a.m. All “Ayes.” Motion Carried.
- E) **Other** – Gutraj stated that when the Board votes to admit a new member into the fund the minutes should reflect whether the member is Tier 1 or Tier 2. The Board discussed the transition to a new treasurer since former Finance Director Bettina O’Connell has left the Village. Mr. Beran will temporarily be serving as the Village’s finance director until the Village selects a new finance director. Mr. Beran will be performing the functions Ms. O’Connell performed until the Village selects a new finance director. SFAM presented new documentation to update the signer’s on the Schwab account in order to add Village Manager and interim treasurer Mike Ellis as a signer.

**X. Adjournment**

Morris made a motion, seconded by Gutraj to adjourn the meeting at 9:45 a.m. All “Ayes”. Motion carried.

MINUTES APPROVED on 11/18/18

  
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**PRESIDENT**

  
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**SECRETARY**