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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 April 19, 2018 at 8:00 a.m. at the Village Hall, 10 South Seymour Avenue, Grayslake Illinois.

I. Call to order and roll call

Trustees present: Brian Ernst, Conrad Gutraj, Tom Morris and Linda Wegge (arrived at 8:06 a.m). Trustees Absent: Stu Crowley. Also in attendance: Attorney Jeff Goodloe, Finance Director Thomas Lyons of Lauterbach & Amen, John Falduto and Dave Harrington from Sawyer Falduto Asset Management (SFAM), and Steve Eitel and Jeff Eberhardt from PNC.

Vice President Gutraj called the meeting to order at 8:00 a.m.

No members of the public were present.

II. Public Discussion

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

III. Approval of Minutes of January 18, 2018 Regular Meeting

The minutes of the January 18, 2018 Regular Meeting were reviewed.

Morris made a motion, seconded by Ernst, to approve the January 18, 2018 regular meeting minutes as presented. All "Ayes." Motion Carried.

IV. Sawyer / Falduto Financial Report – Equity Report

John Falduto presented the 2018 First Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of -0.21% net of fees. Total account return year to date of -0.21% net of fees.

Gutraj made a motion, seconded by Ernst to accept the 2018 First Quarter Investment Report. All "Ayes." Motion Carried.

V. PNC Financial Report – Fixed Income Report

Steve Eitel presented the 2018 First Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of -1.13% net of fees. Total account return year to date of -1.13% net of fees.

Gutraj asked a question about the portfolio's overweight to mortgage backed securities and whether the portfolio was in compliance with the benchmarks set in the pension board's investment policy.

Morris asked a question about whether to invest the \$300,000 in available cash into the fixed income or equity portfolio.

Ernst asked a question about the impact of a bond rally on the equity markets.

Morris made a motion, seconded by Ernst to accept the 2018 First Quarter Investment Report. All "Ayes." Motion Carried.

VI. Treasurer's Report

- A) Financial Report** – Mr. Lyons presented the treasurer's report. Pension Fund net present assets at approximately \$20.9 million reflecting an 11.7% increase in the portfolio for the year ended March 2017.
- B) Tax Levy Update** – Mr. Lyons anticipated property tax receipts of approximately \$730,269. Mr. Lyons reported that the Village added an extra \$157,222 to the pension fund in February 2018 for a total contribution of \$827,440 compared to the actuary's recommended contribution of \$670,888. The pension fund is approximately 79% funded compared with the state average of 57.9% funded for all Article 3 pension funds. Morris noted that the Village has consistently contributed more to the pension fund than the actuary's recommended contribution. The Pension Board voiced its appreciation for the Village's commitment to properly fund the pension fund.
- C) Audit Update** – Mr. Lyons reported that the fiscal year-end financial audit is underway, and he anticipated that the audit will be completed by the end of September.
- D) Department of Insurance Annual Statement Update** – Mr. Lyons reported that he anticipated that the pension fund's Illinois Department of Insurance Annual Statement will be filed before the October 31, 2018.
- E) Compliance** – Based on discussions regarding the deployment of \$300,000 in available cash for investment, Morris made a motion, seconded by Wegge, to transfer \$200,000 to SFAM for investment in the equity portfolio and \$100,000 to PNC for investment in the fixed income portfolio. All "Ayes." Motion Carried.

The Pension Board had a discussion regarding its current investment policy statement. SFAM and PNC will review the current investment policy statement for possible amendments. The Pension Board will include discussion and possible amendment of the investment policy statement as an item on the next quarterly agenda.

All Pension Board trustees have filed their statement of economic interest forms in accordance with 5 ILCS 420/4A-101 *et seq.*

- F) **Illinois Finance Form** – Mr. Lyons reported that First Midwest Bank completed and returned its High Risk Home Loan Act servicer certification pursuant to 40 ILCS 5/1-110.10.

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

VII. Attorney's Report

- A) **Joseph Manges – Annual Disability Evaluation** – Morris made motion, seconded by Wegge, to accept Dr. Craig Bennett's report that pensioner Manges remains disabled and to continue pensioner Manges on disability subject to annual examinations. All "Ayes." Motion Carried.
- B) **Legal Updates** – Attorney Goodloe provided an update regarding new legislation and case law. (*Harvey* intercept; HB 5571; proposed consolidation bills; and *Gilliam v. Pontiac Police Pension Board*). Morris discussed the reasons that he was opposed to consolidation. Morris made a motion, seconded by Wegge, to authorize Attorney Goodloe to draft a letter in opposition to consolidation addressed to the Mayor of Grayslake, Representative Yingling, and Senator Bush. All "Ayes." Motion Carried.

VIII. Old Business

- A) **Approval of written "decision and order" and "certificate of payment" on retirement of Randulf Hegland** – Wegge made a motion, seconded by Ernst, to approve the written "decision and order" and "certificate of payment" in the matter of the retirement pension of Randulf Hegland. Roll Call Vote: Ayes – Gutraj, Morris, Ernst, Wegge. Nays – None. Abstain – None. Absent – Crowley. Motion Carried.

IX. New Business

- A) **Statement of Economic Interest Forms due by May 1, 2018** – See Section VI(E) ¶3 above.
- B) **New officer Nicholas Behan to be sworn in on April 23, 2018** – Ernst advised that he had not yet received Officer Behan's completed application for admission into the pension fund. Attorney Goodloe advised that this matter would be included on the next meeting agenda.

C) **Pay Bills** – Wegge made a motion, seconded by Ernst, to approve the payment of the bills as presented in the treasurer’s report. Roll Call Vote: Ayes – Gutraj, Morris, Ernst, Wegge. Nays – None. Abstain – None. Absent – Crowley. Motion Carried.

D) **Other** – Pensioner Gutraj tendered his application and affidavit for his annual pension increase pursuant to 40 ILCS 5/3-114.1(d) and requested that the matter be placed on the July meeting agenda.

Mr. Lyons inquired as to whether he should be added as a signer on the pension fund’s accounts. Mr. Lyons advised that the Village appointed the firm of Lauterbach & Amen as the Village’ treasurer and that Mr. Lyons is the Lauterbach & Amen employee assigned to work for the Village in this capacity. Attorney Goodloe advised that he would contact Scott Brandt at the Illinois Department of Insurance (DOI) to get an advisory opinion regarding the question. Attorney Goodloe advised that this matter would be included on the next agenda.

X. **Adjournment**

Gutraj made a motion, seconded by Morris to adjourn the meeting at 9:38 a.m. All “Ayes”. Motion carried.

MINUTES APPROVED on 7/19/18



PRESIDENT



SECRETARY