



WESTCHESTER POLICE PENSION FUND

10300 Roosevelt Road, Westchester, Illinois | 708-345-0060

Keith Suchy
President

Bruce Lill
Vice President

Joe Manna
Secretary

Phil Grollo
Asst. Secretary

Bruce Horek
Trustee

MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE WESTCHESTER POLICE PENSION FUND JANUARY 15, 2019

A regular meeting of the Board of Trustees of the Westchester Police Pension Fund was held on **Tuesday, January 15, 2019 at 6:00 p.m.** at 10300 West Roosevelt Road, Westchester, Illinois, pursuant to Notice.

CALL TO ORDER: The meeting was called to order by Trustee Suchy at 6:03 p.m.

ROLL CALL:

PRESENT: Trustees Keith Suchy, Phil Grollo, Joe Manna, Bruce Lill and Bruce Horek

ABSENT: None

ALSO PRESENT: Dave Plyman, Village Manager; Barb Brandt, Village Treasurer; Tom McShane, Graystone Consulting; Brian LaBardi, Reimer & Dobrovolny, PC (R&D); Allie Rysell, Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT: Mr. Plyman reviewed the Pension Fund's tax levy request and opportunities to raise revenue. Mr. Plyman noted that the Village must operate with the resources available. All questions were answered by Mr. Plyman.

Mr. Plyman left the meeting at 6:28 p.m.

APPROVAL OF MEETING MINUTES: *Regular Meeting – October 16, 2018:* The minutes of the October 16, 2018 regular meeting were reviewed by the Board. A motion was made by Trustee Horek and seconded by Trustee Lill to approve the minutes from the October 16, 2018 regular meeting as written. Motion carried unanimously by voice vote.

Special Meeting – December 11, 2018: The minutes of the December 11, 2018 special meeting were reviewed by the Board. A motion was made by Trustee Manna and seconded by Trustee Lill to approve the minutes from the December 11, 2018 special meeting as written. Motion carried unanimously by voice vote.

TREASURER'S REPORT – BARB BRANDT: *Village Financial Report:* Mrs. Brandt reviewed the Village of Westchester Financial Report for the period September 30, 2018 through December 31, 2018. As of 12/31/18, the balance in the BMO Harris Bank Money Market Account is \$143,563.24. As of 12/31/18, the balance in the NOW Account is \$18,203.12. All questions were answered by Mrs. Brandt.

Review/Approve Disbursement Log: The Board reviewed the Village of Westchester Disbursement Log for the period September 15, 2018 through December 31, 2018, showing total disbursements in the amount of \$59,092.58.

Village Financial Report (Continued): A motion was made by Trustee Horek and seconded by Trustee Grollo to accept the Village Financial Report as presented. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek

NAYS: None

ABSENT: None

Review/Approve Disbursement Log (Continued): Mrs. Brandt noted that the Disbursement Log will be revised to include corrected check dates. A motion was made by Trustee Manna and seconded by Trustee Grollo to approve the Disbursement Log in the amount of \$59,092.58, as amended. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

Mrs. Brandt informed the Board that deductions will now be issued twice per month and funds will be needed for pension payments for the quarter. The Board will discuss rebalancing the portfolio with Mr. McShane to fund Mrs. Brandt's request.

Status Update – Morgan Stanley IRS Withholding Discrepancy: Mrs. Brandt noted that the Morgan Stanley IRS withholding discrepancy has been resolved. A deposit of \$35,147.41 was deposited into the BMO Harris Bank Money Market account on December 3, 2018. No further action is needed.

Status Update – Fiduciary Liability Insurance Renewal: The Board reviewed the Fiduciary Liability Insurance Policy renewal and noted that payment was approved at the last regular meeting. The policy premium was \$6,566 for the one-year policy period effective November 1, 2018 through November 1, 2019. No further action is needed

Status Update – Annual Audit Report: Mrs. Brandt did not have an update concerning the status of the annual audit. Mrs. Brandt will follow up with the Village and will notify the Board with any updates. Further discussion will be held at the next regular meeting.

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report:* L&A presented the Monthly Financial Report for the period ending November 30, 2018. As of 11/30/18, the net position held in trust for pension benefits is \$26,332,855.69 with a change in position for the seven months ended 11/30/18 of (\$647,022.70). The Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report and Payroll Journal were reviewed with the Board.

Presentation and Approval of Bills: The Board reviewed the Vendor Check Report for the period 09/01/18 through 11/30/18 in the amount of \$122,619.18, as prepared by L&A.

A motion was made by Trustee Grollo and seconded by Trustee Lill to accept the Monthly Financial Report as presented and to approve the disbursements shown on the Vendor Check Report in the amount of \$122,619.18. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

Additional Bills, if any: There were none at this time.

INVESTMENT REPORT – GRAYSTONE CONSULTING: *Purchase/Sale of Investment Securities, Hiring or Termination of Investment Managers, and/or Rebalancing of Assets, if needed:* Mr. McShane distributed copies of the Westchester Police Pension Fund's "Opportunistic Strategy in Market Strength" to the Board and reviewed the following orders:

- Order 1: Sell 277 shares IVV at \$275 (0.25% of the portfolio or approximately \$62,546)
- Order 2: Sell 439 shares IVV at \$285 (0.50% of the portfolio or approximately \$125,093)
- Order 3: Sell 625 shares IVV at \$300 (0.75% of the portfolio or approximately \$187,639)

Mr. McShane distributed copies of the Westchester Police Pension Fund's "Opportunistic Strategy in Market Weakness" to the Board and reviewed the following orders:

- Order 1: Purchase 236 shares IVV at \$265 (0.25% of the portfolio or approximately \$62,546)
- Order 2: Purchase 500 shares IVV at \$250 (0.50% of the portfolio or approximately \$125,093)
- Order 3: Purchase 798 shares IVV at \$235 (0.75% of the portfolio or approximately \$187,639)

Mr. McShane noted that the purpose of the Opportunistic Investment Strategy is to take advantage of the increased volatility in the market and to rebalance the portfolio in an orderly fashion. This Opportunistic Investment Strategy is effective for one year and will be reviewed on a quarterly basis. All questions were answered by Mr. McShane. A motion was made by Trustee Horek and seconded by Trustee Lill to approve the Opportunistic Investment Strategy in Market Weakness/Strength orders as presented. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

Mr. McShane reviewed the results of the Emerging Markets Manager Search with the Board. The Emerging Market Manager Comparison Report was reviewed in detail. Mr. McShane recommended the Board transfer the balance of the Emerging Markets Index Fund of approximately \$1,517,434 split equally between the American Funds New World Fund and Harding Loevner Fund. All questions were answered by Mr. McShane. A motion was made by Trustee Grollo and seconded by Trustee Manna to approve Mr. McShane's recommendation as discussed. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

Mr. McShane reviewed the results of the Manager Comparison for Fixed Income Intermediate Gov/Credit Report and reviewed his recommendations with the Board. All questions were answered by Mr. McShane. A motion was made by Trustee Lill and seconded by Trustee Manna to terminate McDonnell Investment Management Fixed Income and to hire and transfer the funds to Garcia Hamilton & Associates Fixed Income, subject to attorney review and approval of Garcia Hamilton & Associate's investment contract. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

Quarterly Investment Report: The Board reviewed the Quarterly Investment Report for the period ending December 31, 2018. As of 12/31/2018, the market value of the portfolio is \$24,896,396 with a quarter to date rate of return of (7.82%) net of fees. The portfolio composition is 61.41% in Equities, 34.43% in Fixed Income and 4.15% in Cash & Cash Equivalents.

Purchase/Sale of Investment Securities, Hiring or Termination of Investment Managers, and/or Rebalancing of Assets, if needed (Continued): Mr. McShane reviewed his recommendation with the Board to fund Mrs. Brandt's funding request needed for pension payments for the quarter. All questions were answered by Mr. McShane and Mrs. Brandt. A motion was made by Trustee Manna and seconded by Trustee Grollo to transfer \$300,000 from the Cash Management Account to the BMO Harris Bank Money Market Account for the purposes of quarterly pension payments. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

A motion was made by Trustee Lill and seconded by Trustee Manna to authorize Mrs. Brandt to transfer up to \$200,000 from the Cash Management Account to the BMO Harris Bank Money Market Account for the purposes of quarterly pension payments, no later than April 15, 2019. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

Quarterly Investment Report (Continued): A motion was made by Trustee Horek and seconded by Trustee Lill to accept the Quarterly Investment Report as presented. Motion carried unanimously by voice vote.

Review/Update Investment Policy: There were no changes to the Investment Policy at this time.

COMMUNICATIONS AND REPORTS: 2019 IRS Mileage Rate: The Board noted that as of January 1, 2019, the IRS Mileage Reimbursement Rate has increased 3.5 cents to 58 cents per mile. All Trustees submitting Trustee training reimbursement requests must use the new IRS Mileage Reimbursement Rate.

Statements of Economic Interest: Trustee Manna informed the Board that the List of Filers were submitted to the County prior to the February 1, 2019 due date. Statements of Economic Interest will be sent to all registered filers who will need to respond by the deadline of May 1, 2019.

Review/Approve – Death Audit Service Authorization: The Board discussed the Death Audit Service offered through IPPFA and L&A and designated Mrs. Brandt as the Pension Fund Representative to communicate with L&A regarding the service. A motion was made by Trustee Manna and seconded by Trustee Lill to authorize the Death Audit Service as discussed and to execute the Death Audit Service Authorization form provided by L&A. Motion carried unanimously by voice vote.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM THE FUND: There were none at this time.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: There were none at this time.

OLD BUSINESS: Military Service Purchase – Victor M. Valle Jr.: The Board reviewed the military service purchase calculation for Victor M. Valle Jr., prepared by L&A. As of February 28, 2019, the balance due from Officer Valle to the Westchester Police Pension Fund is \$19,661.99 to transfer 18 months of military service. Trustee Grollo reviewed the military service purchase calculation with Officer Valle in advance of the meeting and noted that Officer Valle intends to proceed with his military service purchase. The Board discussed establishing a payment schedule with Attorney LaBardi. A motion was made by Trustee Manna and seconded by Trustee Grollo to preliminary approve Victor M. Valle Jr.'s military service purchase, for payments not to exceed 5 years, if Officer Valle elects to proceed with this purchase. Motion carried unanimously by voice vote. Once Officer Valle submits the required forms to L&A stating his intent to pursue his military service purchase, L&A will prepare the 5-year payment schedule for the Board's review at the next regular meeting.

Status Update – Records Retention & Destruction – Lauterbach & Amen, LLP: L&A provided a status update to the Board concerning the Pension Fund's records retention and destruction process. All questions were answered by L&A.

Discussion/Possible Action – Lauterbach & Amen Trustee Portals: The Board tabled the review of the proposal for L&A Trustee Portal services until the next regular meeting.

Trustee Training Update: The Board reviewed the Trustee Training Summary and upcoming opportunities for continuing education. Trustees were reminded to submit all certificates of completion to L&A for recordkeeping.

NEW BUSINESS: *Approve Annual Cost of Living Adjustments (COLAs) for Pensioners:* The Board reviewed the 2019 Cost of Living Adjustments as calculated by L&A. A motion was made by Trustee Lill and seconded by Trustee Grollo to approve the 2019 Cost of Living Adjustments as required by statute and calculated by L&A. Motion carried by roll call vote.

AYES: Trustees Suchy, Grollo, Manna, Lill and Horek
NAYS: None
ABSENT: None

Review Trustee Term Expirations and Election Procedures: The Board noted that the active member term currently held by Trustee Manna is expiring in April 2019. Trustee Manna expressed his desire to remain on the Board if nominated. L&A will conduct an election on behalf of the Pension Fund for one of the two active member Trustee positions. The election results will be reviewed at the next regular meeting. The Board also noted that the appointed Trustee position held by Trustee Horek is expiring in April 2019 and he wishes to remain on the Board. The Board will contact the Village and seek reappointment of Trustee Horek to the Board. Further discussion will be held at the next regular meeting.

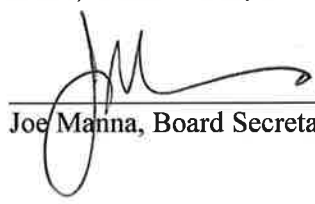
ATTORNEY'S REPORT – REIMER & DOBROVOLNY, PC: *Review/Approve – Revised Pension Fund Administrative Rules and Regulations:* The Board tabled the review the revised Administrative Rules and Regulations until the next regular meeting.

Legal Updates: The quarterly *Legal and Legislative Update* newsletter was distributed to all Trustees with information regarding recent case decisions and legislation pertaining to Article 3 and 4 Pension Funds. All questions were answered by Attorney LaBardi.

CLOSED SESSION, IF NEEDED: Closed session was not needed.

ADJOURNMENT: A motion was made by Trustee Horek and seconded by Trustee Manna to adjourn the meeting at 8:05 p.m. Motion carried unanimously by voice vote.

The next regular meeting is scheduled for Tuesday, April 16, 2019 at 6:00 p.m. at 10300 West Roosevelt Road, Westchester, Illinois.



Joe Manna, Board Secretary

Date Approved by Board 4.16.19

Minutes prepared by Allie Rysell, Pension Services Administrator, Lauterbach & Amen, LLP