



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 APRIL 17, 2018

A regular meeting of the Board of Trustees of the Westchester Police Pension Fund was held on **Tuesday, April 17, 2018 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 6:00 p.m.

ROLL CALL:

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

ABSENT: Trustee Bruce Lill

ALSO PRESENT: Barb Brandt, Village Treasurer; Tom McShane, Graystone Consulting; Rick Reimer and Chris Potthoff, Reimer, Dobrovolny & Karlson, LLC (RDK); Jim Ritchie and Allie Rysell, Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT: There was no public comment.

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

Semi-Annual Review of Closed Session Meeting Minutes: There were no closed session meeting minutes to review.

TREASURER'S REPORT: Ms. Brandt reviewed the Village of Westchester Financial Report for the period December 31, 2017 through March 31, 2018. As of 03/31/18, the balance in the BMO Harris Bank Money Market Account is \$519,762.99. As of 03/31/18, the balance of the NOW Account is \$27,888.17. A motion was made by Trustee Horek and seconded by Trustee Grollo to accept the Village of Westchester Financial Report as presented. Motion carried unanimously by voice vote.

Review/Approve – Disbursement Log: The Board reviewed the Village of Westchester Disbursement Log for the period November 30, 2017 through March 31, 2018, showing total disbursements in the amount of \$72,099.83.

Additional Bills, if any: Ms. Brandt presented RDK invoice #23642 in the amount of \$750.00 for the quarterly retainer fee.

A motion was made by Trustee Grollo and seconded by Trustee Manna to approve the Disbursement Log in the amount of \$72,099.83 and the RDK invoice as presented. Motion carried by roll call vote.

AYES: Trustees Suchy, Manna, Grollo and Horek

NAYS: None

ABSENT: Trustee Lill

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report:* L&A presented the Monthly Financial Report for the period ending February 28, 2018. As of 02/28/18, the net position held in trust for pension benefits is \$27,055,545.39 with a change in position for the ten months ended 02/28/18 of \$905,717.80. The Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report and Payroll Journal were reviewed with the Board. A motion was made by Trustee Grollo and seconded by Trustee Manna to accept the Monthly Financial Report as presented. Motion carried unanimously by voice vote.

Presentation and Approval of Bills: The Board reviewed the Vendor Check Report for the period 12/01/17 through 02/28/18 in the amount of \$140,593.82, as prepared by L&A. A motion was made by Trustee Manna and seconded by Trustee Grollo to approve the disbursements shown on the Vendor Check Report in the amount of \$140,593.82. Motion carried by roll call vote.

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

Additional Bills, if any (continued): Illinois Department of Insurance Compliance Fee: The Board noted that the Illinois Department of Insurance Compliance Fee invoice will be issued and payment is due by July 2nd. A motion was made by Trustee Suchy and seconded by Trustee Grollo to approve the payment of the IDOI Compliance Fee upon receipt of the invoice, in an amount not to exceed \$6,000. Motion carried by roll call vote.

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

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM THE FUND: *Application for Membership – Gary F. Padalik II:* The Board reviewed Gary F. Padalik's Application for Membership. Officer Padalik had a date of hire of March 29, 2018 as a Tier 2 participant. A motion was made by Trustee Grollo and seconded by Trustee Manna to accept Gary F. Padalik II into the Westchester Police Pension Fund effective March 29, 2018 as a Tier 2 participant. Motion carried unanimously by voice vote.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: The Board noted that Ronald J. Miklas recently submitted an Application for Retirement Benefits. The Board will review his paperwork and submit a copy to L&A for processing. Further discussion will be held at the next regular meeting.

Post meeting note: On April 23rd Trustee Grollo informed L&A that Officer Miklas is no longer interested in retiring at this time and requested to withdraw his Application for Retirement Benefits. No further Board action is needed at this time.

OLD BUSINESS: *Military Service Purchase – Brian K. Lamphere:* The Board noted that Brian K. Lamphere submitted a request to calculate the amount of money due to the Westchester Police Pension Fund to transfer 12 or 17 months of military service under Public Act 096-1260. As of March 15, 2018 the total amount due to the Westchester Police Pension Fund for 12 months of service is \$23,537.21. As of March 15, 2018 the total amount due to the Westchester Police Pension Fund for 17 months of service is \$33,333.68. The Board noted that L&A sent the military service purchase calculation to Officer Lamphere on February 2nd for his review and a response has not been received to date. No Board action is needed at this time.

Military Service Purchase – Victor M. Valle Jr.: L&A stated that they are currently completing the military service purchase calculation for Victor M. Valle Jr., pending Board direction on whether to use the data from

the April 30, 2017 Actuarial Valuation or to freeze the interest upon the completion of the April 30, 2018 Actuarial Report. A motion was made by Trustee Horek and seconded by Trustee Suchy to freeze the interest from the date Officer Valle Jr. submitted his military service purchase calculation request, pending receipt of the latest copy of the Actuarial Valuation for proper calculation. Motion carried unanimously by voice vote. Further discussion will be held at the next regular meeting.

Break in Service Purchase – Brian K. Lamphere: The Board noted that Brian K. Lamphere submitted a request to calculate the amount of money due to the Westchester Police Pension Fund to “make whole” his unpaid service break of 15 unpaid days during various dates between March 13, 2009 and December 31, 2013. As of March 15, 2018 the total amount due to the Westchester Police Pension Fund is \$606.52. The Board noted that L&A sent the creditable service purchase calculation to Brian K. Lamphere on February 9th for his review and a response has not been received to date. L&A noted that Brian K. Lamphere’s break in service will be documented in the 2018 IDOI Annual Statement. No further Board action is needed at this time.

NEW BUSINESS: Status Update – Year-End Reports: Mr. Ritchie provided a brief status update regarding the April 30, 2018 Audit Report. Further discussion will be held at the next regular meeting.

Mr. Ritchie requested the Board provide a list of the active member salaries for preparation of the April 30, 2018 Actuarial Valuation and IDOI Annual Statement. The Board will submit a list of the active member salaries to L&A as requested. Further discussion will be held at the next regular meeting.

Mr. Ritchie left the meeting at 6:35 p.m.

INVESTMENT REPORT – GRAYSTONE CONSULTING: Quarterly Investment Report: Mr. McShane presented the Quarterly Investment Report for the period ending March 31, 2018. As of 03/31/2018, the market value of the portfolio is \$26,489,022 with a quarter to date rate of return of (0.59%) net of fees. The portfolio composition is: 66.57% in Equities, 31.75% in Fixed Income, and 1.68% in Cash & Cash Equivalents. Current asset allocation within the equity and fixed income funds were reviewed as well as the individual fund performance and market outlook. All questions were answered by Mr. McShane.

Purchase/Sale of Investment Securities, if needed: Mr. McShane informed the Board that the portfolio is over-allocated in equity investments. In order to comply with state statute regarding investment allocation, the Board will need to rebalance the portfolio prior to the fiscal year-end. Mr. McShane reviewed his recommendation for rebalancing the portfolio with the Board. All questions were answered by Mr. McShane and Attorney Reimer. A motion was made by Trustee Grollo and seconded by Trustee Horek to sell \$150,000 of the S&P 500 Index Fund and \$150,000 of the S&P Small Cap Index Fund and to transfer the proceeds to the Money Market Account at Morgan Stanley. Motion carried by roll call vote.

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

Mr. McShane informed the Board that the original W-9 Form on file at Morgan Stanley had the incorrect tax identification number listed for the Pension Fund. Because of this error, the IRS withheld \$33,178.89 of taxes from the Pension Fund. Mr. McShane noted that Morgan Stanley will file a 990-T tax form with the IRS on the Pension Fund’s behalf at the end of the April 30, 2018 fiscal year end. Morgan Stanley will credit the Pension Fund’s account the full amount of \$33,178.89 with interest. All questions were answered by Mr. McShane and Attorney Reimer. A motion was made by Trustee Manna and seconded by Trustee Horek to authorize Ms. Brandt or President Suchy to sign the completed 990-T tax form. Motion carried unanimously by voice vote.

A motion was made by Trustee Suchy and seconded by Trustee Horek 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: *Annual Affidavits of Continued Eligibility – Discussion/Possible Action – Randall W. Sladek:* The Board noted that L&A received Randall W. Sladek's 2017 affidavit on March 5, 2018. No further Board action is needed at this time.

The Board noted that L&A will mail the 2018 Affidavits of Continued Eligibility to all pensioners with the June payroll cycle. A status update will be presented at the next regular meeting.

Statements of Economic Interest: The Board noted that the Statements of Economic Interest have been submitted by all Trustees prior to the May 1st due date.

OLD BUSINESS (CONTINUED): *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 (CONTINUED): *Certify 2018 Board Election Results – Active and Retired Member Positions:* L&A conducted an election for one of the Active Member positions of the Westchester Police Pension Fund Board of Trustees. Phil Grollo ran unopposed and was reelected by acclamation for a two-year term expiring April 30, 2020.

L&A conducted an election for the Retired Member position of the Westchester Police Pension Fund Board of Trustees. The Board noted that 22 ballots were received 22 ballots were counted. The Retired Member election results are as follows: Bruce Lill received 14 votes and Marc Gallion received 8 votes. Bruce Lill was elected as the Retired Member on the Board of Trustees for a two-year term expiring April 30, 2020. A motion was made by Trustee Manna and seconded by Trustee Grollo to certify the Retired Member election results by ballot. Motion carried unanimously by voice vote.

A motion was made by Trustee Suchy and seconded by Trustee Horek to certify the Active Member election results by acclamation. Motion carried unanimously by voice vote.

Appointed Member Term Expirations: The Board contacted the Village to request reappointment confirmations for Keith Suchy and Bruce Horek to the Board of Trustees of the Westchester Police Pension Fund. Ms. Brandt will request that reappointment confirmations for Keith Suchy and Bruce Horek are added to the May 12th Village Board of Trustees meeting agenda. Further discussion will be held at the next regular meeting.

ATTORNEY'S REPORT – REIMER DOBROVOLNY & KARLSON, LLC: *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 Reimer.

Review/Approve – Revised Pension Fund Administrative Rules and Regulations: Attorney Reimer informed the Board that the Administrative Rules and Regulations are being revised. Draft copies will be sent to the Board for review prior to the July 17th meeting. Further discussion will be held at the next regular meeting.

Discussion/Possible Action – Current Personnel File Medical Records: Attorney Reimer discussed the proper protocol in maintaining personnel medical records as well as the records retention and destruction process with the Board. Attorney Reimer informed the Board that L&A provides the records retention and destruction service to Pension Funds. All questions were answered by Attorney Reimer and L&A. The Board directed L&A to prepare an engagement letter for the Board to review at the July 17th meeting. Further discussion will be held at the next regular meeting.

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

ADJOURNMENT: A motion was made by Trustee Grollo and seconded by Trustee Horek to adjourn the meeting at 7:29 p.m. Motion carried unanimously by voice vote.

The next regular meeting is scheduled for **Tuesday, July 17, 2018 at 6:00 p.m.** at 10300 West Roosevelt Road, Westchester, Illinois.



Joe Manna, Board Secretary

Date Approved by Board 7-17-18

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