

Tel: (847) 223-2341

Fax: (847) 223-4831

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 **July 18, 2019 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, Matt Gore, Conrad Gutraj, Tom Morris, Linda Wegge. Trustees Absent: None. Also in attendance: Attorney Jeff Goodloe, Finance Director Thomas Lyons from Lauterbach & Amen (L&A), Ed Lavin from Sawyer Falduto Asset Management (SFAM), 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, Wegge made a motion, seconded by Morris to close public discussion. All "Ayes." Motion Carried.

III. Approval of Minutes of April 18, 2019 Regular Meeting

The **minutes of the April 18, 2019 Regular Meeting** were reviewed.

Morris made a motion, seconded by Wegge, to approve the April 18, 2019 regular meeting minutes as presented. All "Ayes." Motion Carried.

IV. Sawyer / Falduto Financial Report – Equity Report

Ed Lavin presented the 2019 Second Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 3.31% net of fees. Total account return year to date of 17.52% net of fees. SFAM sold the Bridgeway Ultra-Small Cap Index fund and replaced it with the TIAA Nuveen Small Cap Index fund.

Wegge made a motion, seconded by Ernst to accept the 2019 Second Quarter Investment Report. All "Ayes." Motion Carried.

V. PNC Financial Report – Fixed Income Report

Jeff Eberhardt presented the 2019 Second Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 2.48% net of fees. Total account return year to date of 4.95% net of fees.

Mr. Eberhardt reported on institutional changes at PNC. PNC will sell a number of divisions primarily in its “managed equity portfolio” in order to focus on its “taxable fixed income in separately managed accounts portfolio.” PNC manages \$18 billion in its remaining taxable fixed income portfolio. PNC manages the Pension Fund’s taxable fixed income portfolio in a separately managed account. Therefore, PNC’s institutional changes will not affect the services it provides with respect to the Pension Fund’s fixed income portfolio. The PNC team managing the Pension Fund’s fixed income portfolio is not changing and there will be no changes in management fees.

Wegge made a motion, seconded by Morris to accept the 2019 Second Quarter Investment Report. All “Ayes.” Motion Carried.

VI. Discussion and possible action regarding updated investment policy

SFAM and PNC did not propose any changes to the current investment policy.

VII. Treasurer’s Report

- A) Village Treasurer’s Report** – Mr. Lyons presented the treasurer’s report. Pension Fund net present assets at approximately \$23.3 million reflecting an 8% increase in the portfolio for the year ended June 2019.

Mr. Lyons reported the Pension Fund currently has \$430,000 available for investment. The Pension Board discussed economic scenarios and conditions with Mr. Lavin and Mr. Eberhardt to determine how to invest the \$430,000. Morris made a motion, seconded by Wegge, to transfer \$215,000 from the cash account to the Schwab account for investment in the equity portfolio and to transfer \$215,000 from the cash account to PNC for investment in the fixed income account. Roll Call Vote: Ayes – Gutraj, Morris, Ernst, Gore, Wegge. Nays – None. Abstain – None. Absent – None. Motion Carried.

- B) Actuarial Valuation Report** – L&A will attend the next regular meeting in order to present the final actuarial valuation tax levy report. Ernst made a motion, seconded Gutraj, to approve the 3-year agreement with L&A as presented to perform the actuarial valuation tax levy reports and GASB 67 & 68 reports. Roll Call Vote: Ayes – Gutraj, Morris, Ernst, Gore, Wegge. Nays – None. Abstain – None. Absent – None. Motion Carried.

- C) Audit Update** – Mr. Lyons advised the fiscal year 2019 preliminary audit field work is underway.

- D) Department of Insurance (DOI) Annual Statement Update** – Mr. Lyons advised preparation of the fiscal year 2019 DOI Annual Statement is underway and that it will be ready for filing on or before the October 31, 2019 due date.
- E) Annual Report to the Village Board (40 ILCS 5/3-141)** – Mr. Lyons presented the 40 ILCS 5/3-141 report for the fiscal year ended April 30, 2019. Morris asked a question regarding the actuarial tax levy recommendations and the Village’s contributions.

Wegge made a motion, seconded by Ernst to accept the treasurer’s report. All “Ayes.” Motion Carried.

VIII. Attorney’s Report

- A) Legal Updates** – Attorney Goodloe provided an update regarding Joseph Manges’s annual examination report. This matter will be included on the next agenda for the Pension Board to vote to accept the report and to continue Joseph Manges on disability subject to annual examination. Attorney Goodloe advised that he has received all the IME reports in the Kurt Newman disability matter and that he is in the process of assembling the Pension Board’s proposed exhibits. Attorney Goodloe provided an update regarding new case law and legislation.

IX. Old Business

- A) IPPFA-ATC, Lake Geneva, WI – Grand Geneva October 1-4 – Secretary Ernst will complete and submit online registration for all board members.** – Morris made motion, seconded by Wegge, to authorize payment for the registration fee to the IPPFA for all trustees to attend the IPPFA annual training conference. Roll Call Vote: Ayes – Gutraj, Morris, Ernst, Gore, Wegge. Nays – None. Abstain – None. Absent – None. Motion Carried.
- B) Discussion and vote to accept Conrad Gutraj’s application and tax filing for increase in disability pension pursuant to 40 ILCS 5/3-114.1(d).** – Morris made a motion, seconded by Wegge, to accept Conrad Gutraj’s application and tax filings for his annual 3% pension increase in October pursuant to 40 ILCS 5/3-114.1(d). Roll Call Vote: Ayes – Morris, Ernst, Gore, Wegge. Nays – None. Abstain – Gutraj. Absent – None. Motion Carried.
- C) Discussion and action regarding updated Pension Board rules and regulations** – The trustees provided their comments with respect to the Pension Board’s draft rules and regulations. Attorney Goodloe will incorporate the trustees’ recommendations into a final set of rules and regulations. The Pension Board will hold a special meeting on August 20, 2019 at 8:00 a.m. in order to approve the rules and regulations. Ernst made a motion, seconded by Morris, to table approval of the rules and regulations. All “Ayes.” Motion Carried.

X. New Business

- A) Pay Bills** – Wegge made a motion, seconded by Morris, to approve the payment of the bills as presented in the treasurer’s report. Mr. Lyon’s will submit an amended treasurer’s report reflecting the additional invoices presented during the meeting. Roll Call Vote: Ayes – Crowley, Gutraj, Morris, Ernst, Gore. Nays – None. Abstain – None. Absent – None. Motion Carried.
- B) Vote to approve Officer Matthew Lyons’ application for admission into the pension fund as Tier 2** – The Village hired Officer Matthew Lyons as a police officer on June 10, 2019. He is a Tier 2 participant. He has prior service with the Round Lake Park Police Pension Fund. Officer Lyons has submitted the appropriate application and supporting documentation. Gutraj made a motion, seconded by Gore, to approve Officer Matthew Lyons’ application for admission into the Pension Fund. All “Ayes.” Motion Carried. Attorney Goodloe advised the Pension Code does allow Officer Lyons to transfer his prior creditable service with the Round Lake Park Police Pension Fund into the Pension Fund. Attorney Goodloe outlined the process for transferring service.
- C) Vote to approve Officer Dylan Thomas’ application for admission into the pension fund as Tier 2** – The Village hired Officer Dylan Thomas as a police officer on July 15, 2019. He is a Tier 2 participant. Officer Thomas has submitted the appropriate application and supporting documentation. Morris made a motion, seconded by Wegge, to approve Officer Dylan Thomas’ application for admission into the Pension Fund. All “Ayes.” Motion Carried. Attorney Goodloe advised the Pension Code does not allow Officer Thomas to transfer his police service time from Las Vegas into the Pension Fund.
- D) Selection of Board Officers** – Ernst made a motion, seconded by Gutraj, to select the following slate of Pension Board Officers: President (Gore); Vice President (Gutraj); Secretary (Ernst); Assistant Secretary (Morris). All “Ayes.” Motion Carried.
- E) Other** – Gutraj presented the Pension Board with a letter resigning from his position on the Pension Board effective July 18, 2019. Morris thank Gutraj for his long service on the Pension Board. Ernst will conduct a special election of the Pension Fund’s beneficiaries to replace Gutraj for the remainder of his term.

XI. Adjournment

Morris made a motion, seconded by Wegge to adjourn the meeting at 9:46 a.m. All "Ayes".
Motion carried.

MINUTES APPROVED on 10/17/19



PRESIDENT



SECRETARY