

Lake in the Hills Police Department Pension Board
Regular Meeting Minutes
April 13, 2020

The Police Pension Board Meeting was held remotely due to the Governor's order restricting gatherings of people in an effort to minimize the potential spread of COVID-19.

Roll Call

The meeting was called to order at 4:00 PM. In attendance were: President Howell, Vice President Helgerson, Trustee Recchia, Trustee Coduto, and Trustee Wolf. Also present was Mary Tomanek, Graystone Consulting, Village Treasurer Johnson, and Recording Secretary Carson. Kevin Cavanaugh and Eric Endriukaitis of Lauterbach & Amen (L&A) were also in attendance on the call. Village President Russ Ruzanski also attended the meeting.

Meeting Minutes

The minutes from the January 13, 2020 meeting were presented to the Board for review. Vice President Helgerson made a motion to accept the meeting minutes as presented, and Trustee Wolf seconded the motion. A voice vote was taken with all ayes, and no nays. Motion was passed.

Public Comments

None at this time.

Consultant's Report

Mary Tomanek then provided the Board with the first quarter review. She stated these are interesting times we are living in. The markets have been volatile and it happened very quickly. She spoke about the uncertainty with the COVID-19 virus and the economic impact that this has had, specifically the energy sector and the bond markets. There has been unprecedented stimulus from the government, and the market has rebounded, but advised this is still a work in progress. She continued and explained to expect an extreme amount of volatility for the fund going forward for at least the next five quarters.

The stimulus money being provided by the government is being referred to as 'helicopter money'. The federal government is throwing money at everything, and it is not out of the question for them to purchase stocks. The fund is down approximately 9% year to date, but all things relative it is better than it was and looks to be improving.

Vice President Helgerson advised of new money becoming available soon. He continued and advised if the Board would be making the authorization of the \$100,000 incremental investments as new money becomes available. Discussion included continuing that process but allocating 45% to fixed income and 55% to equities. Vice President Helgerson made a motion to authorize the Village Treasurer to move \$100,000 increments to the financial advisor, when available, and to invest 45% to fixed income manager and 55% to Vanguard S&P 500. Mary Tomanek spoke about the S&P expectation hitting 3000. She expected a lot of 'yo-yoing' with the markets, with a lot of changes. Vice President Helgerson advised of being ready for the up potential. Trustee Recchia seconded the motion. There was further discussion regarding the recovery model. A roll call vote was taken with all ayes and no nays. Motion was passed.

Vice President Helgerson discussed putting a rebalancing strategy in place to take advantage of the markets, if needed. Vice President Helgerson made a motion to authorize the Village Treasurer to sign and move \$750,000.00 from the fixed income manager to the Vanguard S&P 500 if the S&P 500 were to hit the 2400's trigger point, and to invest it in the equity markets. He continued and stated that if the S&P 500 were to hit the 2200's, that the same authorization be made to sign and move \$750,000.00 from the fixed income manager to the Vanguard S&P 500 and to invest in the equity markets. He continued and stated that this is version of dollar cost averaging. He added these may never happen, but wanted to be ready in case it happens. President Howell seconded the motion. A roll call vote was taken with all ayes and no nays. Motion was passed.

Presentation of the Bills

Village Treasurer Johnson presented the bills for the pension check register for January, February and March 2020, from the Lauterbach & Amen (L&A) report, totaling \$243,139.35. The vendor check registers for December 2019, and January and February 2020 totaled \$64,643.34, for a combined total of \$307,782.69. Vice President Helgerson made a motion to approve and pay the bills as presented. Trustee Wolf seconded the motion. There was no further discussion. A roll call vote was taken with all ayes and no nays. Motion was passed.

Treasurer's Report

Treasurer Johnson presented the financial statements through December 31, 2019 from the Lauterbach & Amen report with total assets being just over \$34.2 million. There was a gain of approximately \$6.1 million in gains, with \$5.6 million earned in investments. With the turbulent markets, as of February 29, the total assets were approximately \$32.7 million, being down \$1.5 million. Vice President Helgerson made a motion to approve the Treasurer's Report through February 29, 2020. Trustee Recchia seconded the motion. There was no further discussion. A voice vote was taken with all ayes and no nays. Motion was passed.

Old Business

The Contribution Ceased Verification form for Officer Lewis was provided to the Board for information only. L&A requested the form be completed for their records. Vice President Helgerson advised Officer Lewis has filed for a disability claim, but that process would most likely be slowed down due to COVID-19.

New Business

Kevin Cavanaugh from L&A presented the Actuarial Report Review, as of December 31, 2019 to the Board. The fund is approximately \$88,000 above expectation. The approval of the final version of the report will be completed at the next meeting.

The certification of the election of employee representative. Trustee Coduto advised, via the chat feature, that this was not completed, but that it would be completed in April. Vice President Helgerson advised that there needs to be an election every March so it is ready for the April meeting.

The Fiduciary Liability Renewal was next presented to the Board. Village Treasurer Johnson completed the application; however, the final amount was not available at this time. Vice President Helgerson advised the raise in premiums historically have not been that large.

The annual medical review for the officers receiving disability benefits was next discussed. Vice President Helgerson requested authorizing the Board attorney to complete this process, as they have handled this in the past. He continued and advised this process may be slowed down due to COVID-19.

The FY19 Draft Audit Report was next presented. Village Treasurer Johnson advised there were no audit findings or comments, with a \$6.1 million increase, to net assets of \$34.2 million as of December 2019.

The FY19 Draft Department of Insurance (DOI) Report was next discussed. This report is compiled and completed by L&A, and matches the FY19 Audit Report. The only change is to change Trustee Wolf's occupation, not a police officer. A motion was made by Vice President Helgerson to accept and approve the DOI annual report and to file it with the DOI, with the changes. Trustee Wolf seconded the motion. There was no further discussion. A voice vote was taken with all ayes and no nays. Motion was passed.

The FY20 Budget was presented to the Board for review. Vice President Helgerson said the budget looks good for now, and can be modified as needed as the year progresses.

The Investment Policy Update was next presented to the Board for review. Vice President Helgerson advised that a section was added under Section 13.0, involving sustainability factors.

Added language: "Sustainability Factors: Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, the Lake in the Hills Police Pension Fund will include material, relevant, and decision-useful sustainability factors that may be considered by the Pension Bond within the bounds of financial and fiduciary prudence, in evaluating investment decisions. These factors consist of but are not limited to:

- a. Corporate governance and leadership factors
- b. Environmental factors
- c. Social capital factors
- d. Human capital factors
- e. Business model and innovation factors"

He continued and said the language was required to be in there, but were not mandated to use and follow these procedures. The addition was approved by the financial advisor's legal department. Vice President Helgerson made a motion to approve the changes in the Investment Policy and instruct the Village Treasurer to forward it on to the DOI, along with the annual report. President Howell seconded the motion. There was no further discussion. A voice vote was taken with all ayes and no nays. Motion was passed.

The refund contribution balance for Officer Anderson was next presented. Village Treasurer advised Officer Anderson was owed retro pay, associated with the union contract negotiations that were not yet complete upon his departure. It was determined that an additional \$208.04 in pension contributions was to be returned to Officer Anderson, with the 20% withholding. Vice President Helgerson made a motion to authorize L&A to refund the \$208.04 to Officer Anderson. Trustee Recchia seconded the motion. There was no further discussion. A roll call vote was taken with all ayes and no nays. Motion was passed

Correspondence

Eric Endriukaitis from L&A responded and advised of the DOI annual fee required to be paid, not to exceed \$8000.00. Vice President Helgerson made a motion to authorize L&A to make payment to the DOI not to exceed \$8000.00. Trustee Recchia seconded the motion. There was no further discussion. A roll call vote was taken with all ayes and no nays. Motion was passed

Training Status

Vice President Helgerson advised there was no current training scheduled, due to the COVID-19. He continued and advised hopefully there will be some online training that will satisfy the need of the required training, but that all scheduled training has been cancelled.

Next Quarterly Meeting

The next year's quarterly meetings are scheduled for Monday, July 20, 2020, at 4:00 pm.

Adjournment

There being no further business at this time, at 5:27 pm, Vice President Helgerson made a motion for adjournment, and Trustee Recchia seconded the motion. There was no further discussion. A voice vote was taken with all ayes, and no nays. Motion was passed.

Pension Board Secretary

Recording Secretary