

Lake in the Hills Police Department Pension Board  
Regular Meeting Minutes  
January 21, 2019

The Police Pension Board Meeting was held at the Village of Lake in the Hills Conference Room, 600 Harvest Gate, Lake in the Hills, Illinois, in the county of McHenry.

Roll Call

The meeting was called to order at 4:00 PM. In attendance were: Vice President Helgerson, Trustee Coduto, Trustee Recchia and Trustee Wolf. President Howell, was absent. Also present was Mary Tomanek of Graystone Consulting, Village Treasurer Johnson, and Recording Secretary Carson.

Meeting Minutes

The minutes from the October 15, 2018 meeting were presented to the Board for review. Trustee Coduto made a motion to accept the meeting minutes as presented, 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.

Public Comments

None at this time.

Presentation of the Bills

Village Treasurer Johnson presented the bills for the pension check register for October, November, and December 2018, from the Lauterbach & Amen report, totaling \$218,523.21.

The vendor check registers for September, October, November and December 2018 totaling \$80,972.24, for a combined total of \$299,495.45. Trustee Coduto made a motion to approve and pay the pension and vendor check registers and as presented. 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.

Consultant's Report

Mary Tomanek then provided the Board with the fourth quarter review. She advised the "rolling bear market" will continue. She added the markets acted accordingly when the Federal Reserve raised interest rates, creating a tighter economic environment. Currently, interest rates are in a holding pattern, but the volatility will continue for at least the next two quarters. Year to date was -4.7% for the portfolio. She added that the diversified portfolio kept the loss to a minimum.

International funds hurt the performance of the portfolio, including OakMark International. Mary advised they have a less diversified portfolio in their mix, and the health care aspect of their portfolio did not perform as well as anticipated. Pax World fund was put on watch status on it.

Trustee Wolf made third motion to approve the investment report as presented. Trustee Coduto seconded the motion. There was no further discussion. A voice vote was taken with all ayes and no nays. Motion was passed.

Village Treasurer Johnson advised there was approximately \$391,000 in dividends available, with \$375,000 able to invest. The recommendation was to add the money to Large Cap investments, split between Vanguard Value Index and Vanguard Value Growth at \$187,500 each. Trustee Coduto made a motion to invest the \$375,000 in dividends per the recommendation of the investment advisor. 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.

Mary advised that the fixed income manager McDonnell was bought out by another firm, Loomis Sayles, who hold a very different strategy than McDonnell did. Mary provided a search analysis for a new fixed income manager, that fits the need of the fund. After reviewing the firms presented, and including the fees for each firm, the recommendation was to hire CS McKee. Trustee Coduto made a motion to hire CS McKee as the new fixed income manager, replacing McDonnell. Trustee Recchia seconded the motion. There was discussion about having them out to the July meeting. A roll call vote was taken with all ayes and no nays. Motion was passed.

Vice President Helgerson made a motion to terminate McDonnell as the fixed income manager due to the upcoming acquisition of McDonnell by Loomis, and the change in investment strategy, effective as soon as the paperwork can be

completed. Trustee Coduto seconded the motion. 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, 2018 from the Lauterbach & Amen report with an end of 2018 total asset being just over \$28.7 million in assets. There was a loss of \$732,000, putting the fund total at just over \$28 million dollars. Trustee Wolf made a motion to approve the Treasurer's Report through December 31, 2018. 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

None at this time.

#### New Business

The Schedule of Pension Benefits Cost of Living Adjustments (COLA), effective January 1, 2019, were presented to the Board. Vice President Helgerson advised the Board, the increases are per state statute, and the calculations schedule were provided by Lauterbach & Amen. Trustee Coduto made a motion to approve the COLA increases, per state statute, as of January 1, 2019. 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.

Vice President Helgerson provided the Board with information about the IPPFA offering services to monitoring participants death benefits. Vice President Helgerson stated it is a good service, and there is no cost to the fund for this service, along with the Board attorney had signed off on the service, as he drew up the agreement for IPPFA. Vice President Helgerson advised that no action is required today. Discussion was initiated about the benefits. Trustee Wolf made a motion to table the discussion until the April meeting. Trustee Coduto seconded the motion. There was no further discussion. A voice vote was taken with all ayes and no nays. Motion was passed.

The investment advisor Request for Proposal (RFP) was next discussed. The law requires this to be completed every five years, for investment consultants. Vice President Helgerson advised he has it, and will update it and send it out. Vice President Helgerson advised it would be ready for review at the April meeting.

#### Training Status

Trustee Recchia and Trustee Coduto advised they completed their required training. Trustee Wolf advised he would be attending class in March. Vice President Helgerson advised of additional training on February 27 in Hoffman Estates that is eight hours. In April or May there will be an annual conference in East Peoria. Also, on April 11, a one-day seminar in Naperville.

Trustee Coduto asked about longevity pay, as it came up in training he attended. Discussion included the state law vs the union contract, and if the longevity pay is pensionable. Vice President Helgerson advised this is not a pension fund issue, currently, and that it will need to be addressed. Vice President Helgerson referenced a case, possibly out of Countryside, but wasn't sure on the case. He continued as advised the attorney for the union and the village would have to come to an agreement.

#### Correspondence

None at this time.

#### Next Quarterly Meeting

The next meeting is scheduled for Monday, April 15, 2019.

#### Adjournment

There being no further business at this time, at 5:11 pm, Trustee Wolf 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.