

VILLAGE OF LA GRANGE
POLICE PENSION FUND
May 14, 2020

This rescheduled/special meeting was conducted remotely by a telephone conference due to the COVID-19 pandemic/health crisis, in accordance with the Governor's Executive Order suspending certain requirements of the Open Meetings Act, allowing public boards to meet and conduct board meetings remotely. For this meeting both Secretary Ljubenko and Assistant Secretary Nemecek were located at the LaGrange Police Department station, which is the normal host location for quarterly Police Pension Board Meetings.

Meeting was called to order by Secretary Ljubenko at 4:03 P.M. Present were President Beaver, Vice-President James, Secretary Ljubenko, Assistant Secretary Nemecek, Trustee Lannan and Finance Director/Treasurer Cipparrone. Also present were Investment Advisors Richard Barrett and Jessie Barrett (The Barrett Group) of Wells Fargo Advisors, and Greg Kiesewetter of Cook Castle Associates LLC.

Upon motion by Lannan, second by Nemecek, the Board unanimously approved the January 22, 2020, Board Minutes presented by Secretary Ljubenko.

Treasurer Cipparrone presented the April 30, 2020 Police Pension Fund Activity Report.

Greg Kiesewetter, insurance broker with Cook Castle Associates LLC, provided the Board with a renewal proposal on the Fiduciary Liability Insurance policy the Board currently has with The Euclid Vanguard/Hudson Insurance Company. The policy renewal will be for a one year period, June 1, 2020-June 1, 2021. Upon motion by James, second by Beaver, the Board unanimously approved renewing a one year contract for a Pension Board Fiduciary Liability Insurance policy with The Euclid Vanguard (underwriter)/Hudson Insurance Company, at a total premium cost of \$4985.00.

Richard Barrett and Jessie Barrett (The Barrett Group) presented the Wells Fargo Advisors Asset Allocation Report and market update. The Barrett Group advised that due to the COVID-19 health crisis the U.S. economy is currently in a recession, markets are very volatile, but they believe that by the 4th quarter this year, the economy should show improvement and start to grow again. The pension fund currently has 58.04% of its assets allocated in equities which is heavily weighted in U.S. Large Cap stocks. The fund's overall portfolio is down 8.2% year to date (YTD). The DISP account is down 10.8% YTD, the DMA account is down 13.5% YTD, the Fund Source (International Market) account is down 17.8% YTD and the Mesirow fixed income account is up 3.3% YTD. The Barrett Group recommended moving \$395,000.00 from the Mesirow fixed income account into the DISP account to increase the portfolio's equity exposure to 60% which would be heavily weighted in U.S. Large Cap quality named stocks. Trustee Lannan expressed some worry of putting a heavy weight on U.S. Large Cap stocks. The Board discussed the proposal and agreed with the idea of increasing the equity exposure, which would put the fund in a good position once the market begins to recover.

Upon motion by James, second by Beaver, the Board unanimously approved to accept the Barrett Group recommendation to move \$395,000.00 out of the Mesirow fixed income account, into the DISP account, to reach an asset allocation of 60% in equities.

The Board discussed the possibility of continued market volatility in the coming months due to the COVID-19 pandemic. The Board further discussed that if there is a large market change between now and the next scheduled board meeting in July, the possible need to call and conduct on short notice, a special board meeting to act on rebalancing the portfolio if our equity exposure falls below a certain

percentage and also the need to act if the equity exposure reaches too high a percentage. The Barrett Group will closely monitor the fund's portfolio and if the equity exposure falls to 54% or grows to 70%, they will contact the Board to arrange holding a special meeting to address rebalancing the portfolio.

Upon motion by Lannan, second by James, the Board unanimously approved holding a special meeting to address rebalancing the portfolio if the equity exposure falls to 54%.

Upon motion by James, second by Beaver, the Board unanimously approved holding a special meeting to rebalance the portfolio and bring down equity exposure if the equity exposure rises to 70%.

The Board discussed the possibility of liquidating the Transamerica Landmark Variable Annuity and reinvesting the money in a different account with lower fees. The Board decided to table this issue and further discuss it at the July 2020 board meeting.

Treasurer Cipparrone advised the Board that during an audit of pension benefit calculations issued during the 2019-2020 fiscal year, an overpayment in monthly pension benefit to recently retired Sgt. Tom Cimbalista, was discovered for the period August 2019-April 2020. Due to a clerical error in the finance department, an incorrect hire date was used in the pension benefit calculation for Sgt. Cimbalista, resulting in an overpayment during the nine month period totaling \$1992.42. A letter will be sent to Sgt. Cimbalista advising of the overpayment and giving the option of repaying the amount through a lump sum deduction from a future monthly benefit payment, or through installment by deductions over a twelve month period.

Sec. Ljubenko advised the Board that the only nomination received for the Beneficiaries' Trustee position was that of Bryan Beaver, therefore no election was held. Bryan Beaver will retain the Trustee position and remain in office until April 30, 2022.

The Board was advised of the resignation from the Department by Ofc. Laura Ramirez, effective February 13, 2020. Ofc. Ramirez served from December 30, 2019 to February 12, 2020. Ofc. Ramirez submitted her Application for Refund of Contributions to the Pension Fund upon Resignation. She contributed \$846.74 to the Pension Fund and requests that her contributions be transferred/rollover to her qualified retirement account IRA. She has provided the transfer/direct rollover request paperwork from her bank. Upon motion by Beaver, second by James, the Board unanimously approved payment/transfer of Ofc. Ramirez's contributions of \$846.74 to her IRA.

Upon motion by Nemecek, second by Ljubenko, the Board unanimously accepted the Application to Participate by Police Officer Casey J. Gomorzak. Ofc. Gomorzak is 22 years old and was born on April 11, 1998. He is single, has no children or other dependents and lives in North Riverside. He was hired on March 17, 2020, will obtain the age of 55 years old on April 11, 2053 and will obtain 20 years of creditable service on March 16, 2040. He is under the "Tier II" Pension Plan, which took effect Jan. 1, 2011.

Upon motion by Lannan, second by Beaver, the Board unanimously accepted the Application for Pension upon Retirement by Deputy Chief Andrew Peters. D/C Peters was hired on October 9, 1995 and resigned on May 13, 2020, completing over 24 years dedicated service as a LaGrange Police Officer. In 2019, D/C Peters purchased 2 years (24 months) of military service time, as allowed per the IL. Pension Code, to be added to his creditable years of service for pension purposes. For pension purposes, D/C Peters start/hire date was adjusted to October 9, 1993, giving him 26 years of creditable service. D/C Peters paid a total of \$249,046.93 by way of salary deductions to the fund. His final pensionable salary is \$122,574.92. D/C Peters' initial benefit is \$6639.48 per month. His first cola increase occurs July 1, 2023.

Treas. Cipparrone advised that the Board's actuary will begin working on the upcoming Actuarial Valuation Report for presentation at the Board's October 2020 meeting. The Board discussed and reviewed the actuarial assumptions being used by the Board and determined there would be no changes to the current actuarial assumptions to be used in the upcoming Actuarial Valuation Report.

The Board was advised that Ofc. Comstock and his wife had a baby girl born in February 2020. Required documents were placed in his file.

There being no other business the meeting was adjourned at 6:15 P.M. The next meeting is scheduled for Wednesday July 29, 2020, 4:00 P.M. at the LaGrange Village Hall Auditorium.

Respectfully Submitted,

Stephen Ljubenko,
Secretary