

Western Springs Police Pension Board Meeting Minutes
July 27, 2021

Present:

Mark Doyle, President
David Dayhoff, Representative for Retirees
John Mastandona, Asst. Director of Finance
Adrian Breems, Secretary
Aaron Riley, Asst. Secretary

Others Present:

Mary Nye, AndCo.. Consulting
James Ritchie, Lauterbach & Amen

The meeting was called to order at 7:00 p.m.

Items of Discussion:

2. Citizen Comments

No citizens chose to comment or attend the meeting.

3. Review of Actuarial Evaluation

James Ritchie of Lauterbach & Amen presented a review of the Actuarial Evaluation.

Mr. Ritchie began by explaining the recommended contribution amount for the police pension fund. In his report, the current recommended contribution amount was \$1,744,665, but he noted that there was a transition plan in place between the pension board and the Village. The current valuation was \$1,697,000 at the time of the meeting.

Mr. Ritchie then explained that the 5% increase in the fund's valuation was common for similar funds and proceeded to outline the market value of assets (\$20,163,976), the actuarial value of assets (\$18,203,344), the actuarial accrued liability (\$33,599,888), and the unfunded actuarial liability (\$15,396,544). The pension was 54.18% funded at the time of the meeting, which is the state average for similar funds.

Mr. Ritchie then outlined the fund's recommended reconciliation. He acknowledged that changes were expected at the end of the previous year's contracts, and although costs did increase at a rate greater than anticipated, it was not a cause for concern at that time. Due to the fund's high market performance, savings were achieved through higher than anticipated asset returns.

Mr. Ritchie noted that contributions to the pension fund for the fiscal year were expected to be less than the recommendation, and that this was indicated in his report. However, he clarified that this would not affect the transition amount previously indicated. He explained that the amount of employer normal costs had decreased, with the difference in amortization of unfunded accrued liability increasing by \$114,372.

Mr. Ritchie pointed out that fund's market performance exceeded expectations and benchmarks, totaling a 16.4% return on investment above the expected rate of 6.75% return on investment.

Mr. Ritchie then moved on to expected benefit payments and outlined expected payments for the next five and ten years, in addition to relevant demographic changes. Risk management was also discussed. He explained that, based on the number of active members in the plan, a moderate demographic risk was present. He was not, however, concerned at that time.

Mr. Ritchie outlined the Illinois Statutory Minimum Contribution, as well as a five-year employer contribution history, all of which echoed the recommended transition contribution amount.

Mark Doyle inquired as to the status of the fund consolidation between fire and police pension funds. Mr. Ritchie indicated the fire department pension fund was further along in the transition process than the police fund was at that time, and updates would be given when they were available.

Mr. Ritchie then concluded his report and excused himself from the meeting.

4. AndCo. Consulting Quarterly Performance Review

Mary Nye from AndCo. Consulting then began her presentation. She noted that a new report would now be included in AndCo.'s quarterly information, entitled "Executive Summary," which provided a condensed explanation of recent market activity. She then provided her own overview on the market's recent activity. She celebrated yet another quarter of positive returns and noted that the last four quarters had been similarly positive.

Ms. Nye then presented a summary of fund specific information as well as a review of the fund's current allocations.

The fund allocation at the end of the quarter was as follows: US equity at 45%, international equity at 19.9%, domestic fixed income at 31.6%, and cash at 3.4%. The fund's quarterly performance was 5.03%, ranking 53rd in the overall universe.

Ms. Nye then revisited the fund's fixed income allocation, which stood at 32.9% at the time of the meeting. While the board had previously reallocated funds to draw closer to fixed income's target, she explained that the equity markets had recently risen and this goal was not achieved. Ms. Nye's recommendations were to once again reallocate funds into fixed income or leave fixed income 'as is' and reevaluate this idea the following quarter. She noted that fixed income returns had not recently been very strong, and there was likely an opportunity for higher returns in equity. She posited whether or not the board would be comfortable remaining off target in fixed income to potentially collect on these theoretical higher equity returns.

Mark Doyle and David Dayhoff discussed this possibility, and the board agreed to leave fixed income unchanged at that time.

Ms. Nye also noted that she had no present concerns regarding the fund's individual portfolio managers.

Ms. Nye then concluded her report and excused herself from the meeting.

5. Review of Minutes

The minutes from the April 27, 2021, meeting were submitted for review.

David Dayhoff motioned to approve the minutes as submitted. Mark Doyle seconded the motion, and all were in favor. The motion carried.

6. Quarterly Review of Financial Statement

John Mastandona presented the quarterly review of the financial statement.

As of June 30, the fund's assets were \$21,348,453. According to the accrued liability as presented by Lauterbach & Amen, the funded ratio was 63.54% at quarter end. John reiterated that cash was available, should the need present.

David Dayhoff motioned to approve the quarterly financial review. Adrian Breems seconded the motion, and all were in favor. The motion carried.

7. Approval of Authorized Representatives

John Mastandona indicated that he had a proposal to appoint authorized representatives to the consolidation into the Illinois Police Officers Pension Investment Fund (IPOPPIF). This resolution identified Mark Doyle (Board President) as Representative #1 and Grace Turi (Board Treasurer) as Representative #2.

David Dayhoff motioned to initiate a roll call vote as a means of inducting these representatives into the IPOPIF. Adrian Breems seconded the motion, and all were in favor. The motion carried.

All board members present indicated their consent, and the resolution was adopted.

8. Review/Approval of Bills/Invoices

The following payments were presented for approval:

Illinois Dept. of Insurance, \$3,520.91 (already paid, approval required)

Sikich, \$1,825 for preparation of the Illinois Dept. of Insurance Report for the year ending in 12/21/20

Mesirow Financial, \$6,137.57 for Q2 Financial Services

Emily Holewczynski, \$93.75 for Secretarial Services

AndCo. Consulting, \$5,500 for Financial Services

Adrian Breems motioned to approve all invoice as stated. David Dayhoff seconded and all were in favor. The motion carried.

9. New Pension Board Members

David Dayhoff will remain as the Beneficiary Representative from April 2021—2023. Aaron Riley will serve as Assistant Secretary from April 2021—2023.

10. Approval of Attorney Engagement

Mark Doyle introduced proposal letters from Ottosen DiNolfo Hasenbalg & Castaldo, Ltd. and Puchalski Goodloe LLC regarding proposed legal representation on a possible application for disability pension. Mark explained that he had also reached out to law firm Warren & Burke for an additional opinion but believed them to be the wrong choice due to higher cost and potential conflict. Mark indicated that he was indifferent in his preference between the initial two firms. He suggested that both firms attend a pension board meeting and make presentations to the board. He volunteered to liaise with the firms and to ordinate times to meet with them.

11. New Business

There was no new business at this time.

12. Old Business

There was no old business at this time.

The next meeting will take place on October 26, 2021.

13. Adjournment

Mark Doyle motioned to adjourn the meeting. David Dayhoff seconded the motion, and all were in favor. The motion carried and the meeting adjourned at 8:00 p.m.

Respectfully Submitted,

Emily Holewczynski
Recorder of Minutes

Accepted by:

Adrian Breems
Secretary of the Board

Date: October 26, 2021

_____/s/_____
Mark Doyle
Board President

Date: October 26, 2021