

The Village of LaGrange Park
Police Pension Fund – Board of Trustees
447 N. Catherine * LaGrange Park, Illinois 60525
Phone (708) 352-2151

The Regular Meeting of the LaGrange Park Police Pension Fund was called to order on April 27, 2015 at approximately 6:30 P.M. by President O’Hea.

BOARD MEMBERS IN ATTENDANCE: President O’Hea, Vice-President Sabella, Secretary Kubisztal, Assistant Secretary Hernandez, Trustee Beaudway, along with Pension Trustee Elect - Fran Marrocco, and Pension Trustee Runoff Candidate – Tim Griffin who were present to observe.

Absent: Village Treasurer Chevalier (non-voting member)

A QUORUM WAS ESTABLISHED

MINUTES OF MEETING: Secretary Kubisztal presented to the Board his prepared minutes of the Regular Board Meeting on January 26, 2015 for approval. On a Motion made by Beaudway and a Second by Sabella, the minutes of the Regular Board Meeting of January 26, 2015 were motioned for approval as prepared. On a voice vote, the Motion was approved unanimously.

PUBLIC PARTICIPATION: Secretary Kubisztal made a call for any public participation for agenda and non-agenda related items. Hearing no response in the room for public comment, the public participation agenda item was closed and the meeting continued.

TREASURERS REPORT: No Report

INVESTMENT ADVISOR REPORT: Morgan Stanley Investment Advisor Eric Laughlin was at the meeting to discuss market trends and to present a review of the investment portfolio for the period ending March 31, 2015.

Due to time constraints, the customary Morgan Stanley Capital Markets Overview was not reviewed, but provided to the Board Members in their quarterly statement binder for their own review. There was a brief discussion regarding global diversification and the global equity markets. It was the general belief of Investment Advisor Laughlin and the Board Members that emerging markets and global equities had positive results in the first quarter, and with the U.S. dollar appreciated in relation to many emerging market currencies, the timing is such for the Board to have some more exposure in this bargain priced environment.

Mr. Laughlin recommended that an amount of \$150,000 be transferred from the U.S. S&P 500 Index Fund to the American Euro Pacific Fund. On a Motion made by O’Hea and a Second by Beaudway, the Investment Advisor was authorized to transfer \$150,000 from the U.S. S&P 500

Index Fund to the American Euro Pacific Fund. With a Motion and second on the floor, a roll-call vote was conducted as follows:

Trustee Beaudway: Yes
Trustee Hernandez: Yes
Trustee O’Hea: Yes
Trustee Sabella: Yes
Trustee Kubisztal: Yes

The Motion was approved unanimously.

The Quarter-to-Date summary (12/31/14 to 03/31/15) indicated a net increase of \$112,615 (1.83%) in Total Returns to the portfolio, with the Year-to-Date Summary (12/31/14 to 03/31/15) indicating the same.

Total Assets under control of Morgan Stanley on March 31, 2015 were \$13,517,440 with an allocation of 36.2% in Fixed Income, 53.3.0% in Equities, 3.3% in Alternative Inv. (REIT) and 7.2% in Cash & Cash Equivalents. The Board took several minutes to review and discuss the investment summary statement and the account executive summary for each manager. No changes to the investment managers were recommended.

Mr. Laughlin distributed to Board Members a copy of a letter of opinion from the Illinois Department of Insurance, addressed to the Western Spring Police Pension Fund for their information. The focus of the letter concerns the allowable net present assets in equity investments under the Illinois Pension Code. According to the opinion issued by the IDOI, pension funds with net assets of greater than \$10 million may invest up to 55% or 65% of those net assets in equities. The 55% allowed under section 1-113.4a is interpreted to be in addition to the up to 10% of net assets allowed under 40 ILCS 5/113.2(13). This opinion means that an Article 3 Police Pension Fund may have up to 65% of net assets in equities, and that the Board Members would not have to order a rebalance of equity funds until a level of 65% is exceeded.

Having no other investment activity business to discuss, Mr. Laughlin was thanked for his time and dismissed from the meeting.

On a Motion made by O’Hea and a Second by Beaudway, the Investment Managers Report was motioned for approval. On a voice vote, the Motion was approved unanimously.

COMMUNICATIONS: Secretary Kubisztal distributed to the Board Members a copy of a Legal and Legislative Update publication for April 2015 as prepared by the Fund’s Law Firm of Reimer & Karlson LLC, for their own informational purposes.

In addition, Secretary Kubisztal distributed a copy of Illinois Senate Bill 1761 which has been approved by the Senate and is currently in the House chamber. The bill would make changes to the investment powers under the Illinois Pension Code that would prohibit investment or cause divestment from any business that boycotts Israel if enacted. This was provided to the Board Members for their own informational purposes.

BOARD OFFICER'S REPORT: Secretary Kubisztal introduced to the Board, Mrs. Barb Utterback from the Fund's accounting firm of Lauterbach & Amen, who was present to give an overview, and to answer questions about Professional Services Administration for the Pension Fund. Mrs. Utterback spent several minutes reviewing the services offered through Professional Services Administration, as well as explaining the option of having Fund's records available through an electronic portal service. A couple of the Board Members had follow-up questions which were answered by Mrs. Utterback. At the end of the presentation, the Board Members agreed to discuss the engagement of a Professional Service Administrator, and decide whether to include the option of the portal service at the next regular meeting of the Fund on July 27, 2015.

Mrs. Utterback was thanked for her time and presentation to the Board and was dismissed from the meeting.

MEETING EXIT: President O'Hea advised the Board Members that he had to leave the meeting due to an evening airline flight for his employment. President O'Hea was excused from the meeting at approximately 7:30 P.M.

BILLS AND DISBURSEMENTS: Secretary Kubisztal distributed to the Board a copy of the vendor check reports from the Pension Fund's accounting firm of Lauterbach & Amen for the months of January, February and March 2015 for review. After a brief discussion, and on a Motion made by Hernandez and a Second by Sabella, the vendor check reports as prepared by Lauterbach & Amen were motioned for approval. On a voice vote, the Motion was approved unanimously.

APPLICATIONS FOR MEMBERSHIP: Secretary Kubisztal presented to the Board a membership application from newly appointed Probationary Police Officer David Escamilla. Mr. Escamilla is a 26 year old male, who is in the police academy for his basic 400 hours of police training. He does not have any prior full-time service with another Article 3 pension fund, and will be classified as a Tier II officer (hired after January 1, 2011 with no prior service). On a Motion made by Sabella and a Second by Beaudway, the membership application for Probationary Police Officer David Escamilla to join the LaGrange Park Police Pension Fund was motioned for approval. On a voice vote, the Motion was approved unanimously. The President and Secretary will affix their signatures to the approved application, which was duly recorded in the minutes of this meeting.

APPLICATIONS FOR BENEFITS: None

APPLICATIONS FOR REFUND: None

OLD BUSINESS: Secretary Kubisztal distributed to the Board Members a copy of a Village of LaGrange Park Village Board Agenda Memorandum regarding the newly created Village Pension Funding Policy. The Pension Funding Policy was reviewed and approved by the Village Board at the work session meeting on Tuesday, April 14, 2015. The information is again being

presented to the Police Pension Fund Board for their review and approval as well. The Board Members spent several minutes discussing the Village Pension Funding Policy. On a Motion made by Sabella and a Second by Beaudway, the Village Pension Funding Policy was motioned for approval as presented. On a voice vote, the Motion was approved unanimously.

Secretary Kubisztal reminded the Board Members of their need to file their mandatory on-line Economic Interest Statements with the Cook County Clerk by May 1, 2015. The Board Members in attendance indicated that they have filed their statements with the County Clerk. Board Members were asked to forward their electronic filing confirmations to Secretary Kubisztal for their training file.

NEW BUSINESS: Secretary Kubisztal advised Board Members that bi-annual elections were held on April 20, 2015 for the two active elected and one beneficiary elected Board Members. The balloting was conducted through the U.S. Mail, utilizing the Australian Balloting System as required by the Administrative Rules of the Pension Fund. Nominations were conducted during March 2015 with the slate of candidates as follows:

Active Nominees: Matt Fellers, Timothy Contois, Tim Griffin, Fran Marrocco

Beneficiary Nominees: William Beaudway, Joan Lux-Marino

The election was conducted on April 20, 2015 with the opening and counting of U.S. Mail ballots by the Assistant Village Clerk Andrea Bagley. The Election was observed by Board Secretary Philip Kubisztal, who was not a candidate.

The results of the Election were as follows:

Active Member Voting (vote for 2): Matt Fellers – 4 votes received
Tim Contois – 6 votes received
Tim Griffin – 6 votes received
Fran Marrocco – 12 votes received

Fran Marrocco was Elected Trustee for a 2-year term, expiring 05/09/2017.

Tim Contois and Tim Griffin were tied for the second Trustee position and will face a run-off election on May 20, 2015 as provided for by the Fund's Administrative Rules.

Beneficiary Member Voting (vote for 1): William Beaudway – 14 votes received
Joan Lux-Marino – 4 votes received

William Beaudway was Elected Trustee for a 2-year term, expiring 05/09/2017.

The election ballots and tally sheets were available to the Board Members for their examination and certification. The ballots and tally sheet for the May 20, 2015 Run-Off Election will be made available to the Board Member for their examination and certification, at the next regular meeting on July 27, 2015. On a motion made by Sabella and second by Hernandez, the bi-

annual election of Board Members was motioned for approval and certification. On a voice vote, the Elections of Active and Beneficiary Board Members were approved unanimously.

Secretary Kubisztal reminded the Board Members that the January quarterly meeting is the customary time to review and approve the Fund's Investment Policy Statement. The Board spent several minutes reviewing the IPS and advised that a minor change to the Asset Allocation Guidelines was needed. It was felt that the schedule of legislative change dates was no longer needed and that the Asset Allocation should reflect current pension law. Vice-President Sabella requested that a review date be added to the front cover of the Investment Policy Statement, indicating its last review. Secretary Kubisztal advised he would make the necessary changes to the document. On a Motion made by Beaudway and a Second by Kubisztal, the Investment Policy Statement, with the changes requested was motioned for approval. On a voice vote, the Motion was approved unanimously. All Board Members present at the meeting affixed their signatures to the replacement signature page. The Secretary will have President O'Hea and Village Treasurer Chevalier sign the document at their earliest convenience.

EXECUTIVE/CLOSED SESSION: Secretary Kubisztal advised the Board of no matters for Executive Session.

ADJOURNMENT: Having no other business to conduct, Secretary Kubisztal reminded all Board Members that the next quarterly meeting will be held on Monday, July 27, 2015 at 6:30 p.m. in the Village Board Room. On a Motion made by Beaudway and a Second by Sabella, the Board moved to adjourn the Regular Quarterly Pension Board Meeting for April 2015. On a voice vote, the Motion was approved unanimously.

The meeting was adjourned at approximately 7:50 P.M.

Respectfully submitted,

Secretary Philip Kubisztal
LaGrange Park Police Pension Fund