



VILLAGE OF GLENCOE POLICE PENSION FUND

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MINUTES VILLAGE OF GLENCOE POLICE PENSION FUND BOARD MEETING MINUTES

Village Hall Conference Room
675 Village Court
Wednesday, July 22, 2020 – 7:00 a.m.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:09 a.m.

The following were present:

Michael Neimark, President
Eric Birkenstein, Trustee
Hubert Dziekan, Trustee
James Franke, Trustee
Peter Neville, Trustee (Arrived at 7:12am)

The following were also present:

Nicole Larson, Finance Director
Margie Ziegler, Financial Analyst
Julie Tappendorf, Pension Board Attorney, Ancel Glink
Kelly Weller, Managing Director - Client Services, Great Lakes Advisors, LLC
Bruce Ebel, Director - Client Portfolio Manager, Great Lakes Advisors, LLC

The following were not present:

None

Following roll call, Finance Director Nicole Larson stated that pursuant to recently adopted amendments to the Illinois Open Meetings Act (OMA) included in Public Act 101-0640, public bodies may, in certain circumstances, hold entirely virtual public meetings without a quorum physically present in any one location.

On March 19, 2020, President Levin issued a Declaration of Emergency pursuant to the authority granted by the Village Code, the Illinois Municipal Code, and the Illinois Emergency Management Agency Act to address the health threat posed by the COVID-19 pandemic.

On May 29, 2020, Governor Pritzker issued a Disaster Proclamation that declared in-person attendance at public meetings of more than ten people at the regular public meeting location to be infeasible, in accordance the Open Meetings Act, as amended by Public Act 101-0640.

In accordance with the Governor's Disaster Proclamation and the Village President's Declaration of Emergency, Director Larson on behalf of the president of the Police Pension Board hereby determined that in-person meetings of the Police Pension Board are not practical or prudent at this time and until further notice.

Accordingly, this meeting of the Police Pension Board is being conducted virtually with members participating through the Zoom Webinar Platform. Finance Director Larson is in the Village Hall Conference Room as required by the Open Meetings Act.

2. PUBLIC COMMENT

Director Larson stated that no public comments were received via email or voicemail prior to the meeting and that no members of the public were physically present at Village Hall for the meeting.

3. REVIEW FINANCIAL ACTIVITY WITH GREAT LAKES ADVISORS

Mr. Weller thanked members of the Public Safety Department for their service during this challenging time. He began the investment review by acknowledging the significant change in the market since the Board and Great Lakes Advisors last met, noting the rapid transition to a bear market as a result of the pandemic. On a more positive note, Mr. Weller stated that the Police Pension account posted a 4.8% return for the fiscal year ending February 28, 2020, prior to the market downturn in March.

In addition, Mr. Ebel provided an overview the economy and the markets in general for the year-to-date period ending June 30, 2020. He stated that the stock market was up though the economy was in a recession. He discussed unemployment rates as well as market declines and rebounds. He also discussed market rationality through a review of various asset class performances. Mr. Ebel highlighted the uniqueness of the current economic situation through a series of key metric charts.

Moving on to the Pension Fund performance, Mr. Ebel began his review by confirming that the account is managed according to the Fund's current Investment Policy and Illinois Compiled Statutes (ILCS) guidelines. Recognizing the Fund's actuarial rate of return and inflation assumptions with the goal of meeting or exceeding expectations over time while minimizing volatility as much as possible. Next, he reviewed the second quarter 2020 Fund performance in which the portfolio balance finished at \$35.57M with over \$3.76M in dollar appreciation representing an 11.58% return. In response to President Neimark's inquiry, Mr. Weller confirmed that the appreciation strictly reflected market gains and was not inclusive of deposits. Mr. Ebel noted the strong portfolio aggregate yield of 2.7% and reviewed portfolio asset allocations and performance history. Upon Trustee Birkenstein request, Mr. Ebel confirmed that the maximum equity percentage allowed according to bylaws is sixty-five percent and noted that the account is very near this maximum. Mr. Ebel stated that Great Lakes Advisors manages approximately 52% of the total portfolio in individual securities and then reviewed their performance by asset category. Trustee Franke requested a more in-depth discussion of the small cap equity asset category approach and performance at the next Pension Board meeting. Mr. Weller stated that he would request for the portfolio manager to attend the next scheduled meeting. Lastly, Mr. Ebel reviewed the fee disclosure summary which estimated total annual Great Lakes Advisor direct fees and annual indirect investment expenses of 0.54%. He noted that this total cost is very competitive within the industry.

President Neimark asked Mr. Weller to provide an overview of the new investment policy required by the state. Mr. Weller stated that in accordance with the Illinois Compiled Statutes, 40 ILCS 5/ Illinois Pension Code, requires the incorporation of language that enacts sustainable investment principles as part of the Pension Fund's investment policy statement. The new language should state

that the Board will consider sustainable investment principles and develop a process that integrates these principles into the portfolio. Mr. Weller noted that Great Lakes Advisors has been using sustainable investment principles since its inception and continues to expand their integration.

Mr. Weller also reviewed two additional required minor updates. The first clarifies the low and high ranges of the equity portfolio and what these ranges are relevant to as well as removes old language that no longer applies. The second, updates the corporate bond rating requirements. The Board and Mr. Weller discussed the equity portfolio ranges, how they are applied and their implications. They also discussed specific language used in these investment policy updates and their applications. Trustee Birkenstein stated that he would be interested in discussing the Board's ability to avoid individual stocks or investments based on social perspective. Mr. Weller offered to invite Great Lakes Advisors' resident expert on environmental and social governance investing to a future Board meeting to help facilitate a discussion on this topic. President Neimark directed staff to include language pertaining to Sustainable Investment principles consistent with the Investment Policy Statement on the January Board meeting agenda for discussion.

Lastly, Mr. Weller asked the Board to consider a letter of authorization to allow for a more expeditious movement of funds for asset allocations purposes. President Neimark thanked Great Lakes Advisors for their presentation. President Neimark stated that the Board will discuss the policy and transfer agreements and follow-up with Great Lakes Advisors later this afternoon.

4. CLOSED SESSION

At 8:08 a.m., Trustee Birkenstein motioned, seconded by Trustee Neville, to convene into closed session pursuant to Illinois Open Meetings Act section 2(c)(11) for the purpose of discussing pending litigation. The motion was approved unanimously.

At 8:40 a.m., Trustee Birkenstein made a motion, seconded by Trustee Neville to go into Open Session. The motion was approved unanimously.

5. APPROVAL OF JANUARY 22, 2020 MINUTES

Trustee Neville moved, seconded by Trustee Birkenstein, to approve the minutes for the January 22, 2020 meeting. The motion was adopted with the following vote:

AYES: Neimark, Birkenstein, Franke, Dziekan, Neville (5)

NAYS: (0)

ABSENT: (0)

It was noted that the April 2020 Police Pension Board meeting was cancelled due to the Covid-19 pandemic.

6. REVIEW QUARTERLY PAYMENTS AND DISTRIBUTIONS

Trustee Birkenstein moved, seconded by Trustee Neville, to approve the first and second quarter payments and disbursements. The motion was adopted with the following vote:

AYES: Neimark, Birkenstein, Franke, Dziekan, Neville (5)

NAYS: (0)

ABSENT: (0)

7. CONSIDERATION OF PERSONNEL REPORT

A. QUARTER 1: SCHEDULED INCREASES PER STATUTE

Director Larson reviewed schedule A which included scheduled increases in accordance with statute. She noted that the schedule will be amended to include values in the final minutes.

She stated that the January 1 increases presented at the January Board meeting occurred within the first quarter. Lastly, Director Larson reviewed the February benefit increases for pensioners Robert Taira and Hiroshi Witt upon the attainment of age fifty-five.

B. QUARTER 2: RESIGNATION – J. WINDHAM

Director Larson reviewed the resignation of Public Safety Officer Jeffrey Windham effective May 20, 2020 with 10.4 years of creditable service and contributions totaling \$93,070.14. She stated that he is not yet eligible to retire and explained his options for retirement or refund. In response to Trustee Franke inquiry, Direct Larson explained that a refund would include only contributions and not interest.

Trustee Birkenstein moved, seconded by Trustee Neville, to accept the reports as presented. The motion was adopted with the following vote:

AYES: Neimark, Birkenstein, Franke, Dziekan, Neville (5)

NAYS: (0)

ABSENT: (0)

8. CONSIDERATION OF RETIREE ELECTION RESULTS

Director Larson stated that the Board's retiree position was up for election with only one candidate running for the position. She stated that retiree Michael Neimark won by a unanimous vote.

Trustee Neville moved, seconded by Trustee Franke, to accept the election results as presented. The motion was adopted with the following vote:

AYES: Birkenstein, Franke, Dziekan, Neville (4)

ABSTAIN: Neimark (1)

NAYS: (0)

ABSENT: (0)

9. OTHER BUSINESS

President Neimark asked Director Larson for an update on the Police Pension State Investment consolidation. Director Larson replied that there was no update on the police side but there has been significant activity on the fire side. She provided an overview of the state's investment consolidation initiative including recent activity and future requirements.

10. ADJOURNMENT

Trustee Neville moved, seconded by Trustee Birkenstein, to adjourn the meeting. The meeting was adjourned at 8:50 a.m.

Approved by: Peter Neville Date: 10/28/20

Trustee Name: Peter Neville