

VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD

REGULAR MEETING MINUTES
July 16, 2014

1. CALL TO ORDER

A regular meeting of the Police Pension Fund Board was called to order by President Neimark at 7:05 a.m. on Wednesday, July 16, 2013 in the Village Hall Conference Room.

2. ROLL CALL

The following members were present:

Michael Neimark, President
Bruce Becker, Trustee
Peter Neville, Trustee
Joseph Walter, Trustee

The following member was absent:

Christopher Pfaff, Trustee

The following were also present:

David A. Clark, Treasurer

The following were present representing Great Lakes Advisors, LLC:

Bill Gregg, Senior Portfolio Manager – Fixed Income
Kelly Weller, Director of Client Services and Sales

3. PUBLIC COMMENT TIME

No comment from the public.

4. WELCOME NEW TRUSTEE BRUCE BECKER

The President joined by the rest of the Board and those in attendance welcome Bruce Becker to his first meeting as Trustee.

5. APPROVAL OF APRIL 23, 2014 MINUTES

Upon motion made, seconded and unanimously adopted by those present, the minutes of the April 23, 2014 meeting were approved as submitted.

6. SELECT PRESIDENT, VICE PRESIDENT, SECRETARY AND ASSISTANT SECRETARY

Upon motion made, seconded and unanimously adopted by those present, the following officers were appointed:

President: Michael Neimark
Vice President: Bruce Becker
Secretary: Peter Neville
Assistant Secretary: Joseph Walter

7. REVIEW OF FINANCIAL ACTIVITY WITH GREAT LAKES ADVISORS (GLA)

The GLA team presented the portfolio for the period ending June 30 2014. Since April 1, 2014 the portfolio increased from \$29.51 Million to \$30.50 Million. Year-to-date the net return on total account investments is 5.02% compared to the blended benchmark of 4.72%. Cash and cash equivalents represented 2.99% of the portfolio, equities represented 53.47% of the portfolio, and fixed income represented 43.22% of the portfolio.

The GLA Team introduced a new section of the report called the investment objective summary which describes responsibility and delegation of authority, investment instruments, diversification of investments, investment goals and measurements, ranges, and rebalancing. The GLA team next discussed a recommendation to move to 10% fixed income equity using resources from the intermediate government credit fixed income portfolio, with an allocation as follows:

- High Yield at 2% - Original recommendation Ivy Funds, later changed to HYG
- Floating Rate Fund at 2% - Using Eaton Vance;
- Emerging Markets at 2% - Using TCW Emerging Markets Income Fund; and
- Global Bond Fund at 4% - Using Templeton Global Bond Fund Advisor Class.

GLA stated that they needed to create another sub-account with the custodian for the Fixed Income Equity portion of the portfolio. The members of the Board present concurred with the recommendation for a “not hold order” of 10% over the next 6 months from the intermediate government credit separate account.

GLA also made the following recommendations:

Sell

\$82,500	Vanguard Reit Index Fund
\$82,500	Cohen & Steers Realty Shares FD
\$90,000	Cash Equivalents
\$255,000	Total Sold

Buy

\$150,000	Vanguard Growth Index Fund
\$105,000	GLA – Fixed Income

Members of the Board present concurred with recommendations made by GLA.

The Board next discussed review of custodial banking services. Treasurer Clark mentioned that he had the proposals and would review and forward a recommendation to the Board for review. If any of the Board members have any concerns with the recommendation of the Treasurer than the matter will be placed on the next agenda for consideration, otherwise the Treasurer will act as appropriate based upon the recommendation forthcoming.

Trustee Becker left after this portion of the meeting.

8. REVIEW QUARTERLY PAYMENTS AND DISBUREMENTS

Treasurer Clark presented the quarterly pension fund annuity payments in the amount of \$484,131.68 and quarterly accounts payable payments of \$6,761.97. Trustee Neville moved, seconded by Trustee Walters, to approve payments and disbursements presented by the Treasurer.

Said motion was adopted by the following vote:

AYES:	Neville, Walter, Neimark (3)
NAYES:	None (0)
ABSENT:	Becker, Pfaff (2)

9. REVIEW ACTUARIAL ASSUMPTIONS FOR 2014 PROPERTY TAX LEVY

Treasurer Clark presented a report to the Board which reviewed the various Village policies for funding and reporting pension obligations. The Village uses a different set of assumptions for funding the Police Pension versus reporting the Police Pension status in the annual financial report. The Village used the following assumptions in the annual financial report:

Interest Rate:	6.75%
Salary:	5.50%
Funding Target:	100.00%
Mortality Table:	RP-2000
Levy Amount:	\$1,114,467

The Village used the following assumptions to establish the funding budget for Fiscal Year 2015:

Interest Rate:	5.50%
Salary:	4.50%
Funding Target:	100.00%
Mortality Table:	RP-2000
Budget Amount:	\$1,476,314

The amount budgeted is \$349,851 greater than actually required by the reporting assumptions. On average since Fiscal Year 2007 the Village has contributed on average 134.8% of the required contribution amount. Since Fiscal Year 2006, \$3.9 Million or 28.9% of the contribution to the Police Pension Fund has come from sources other than property tax. Through Fiscal Year

2013, the police pension obligation is 66.4% funded versus a funding progress target of 68.6%. The Village continues to move towards the funding target of 100% by 2040. Since Fiscal Year 2007 assets have grown by 7.2% and liabilities have grown by 5.8%

10. TRAINING: BASIC ACCOUNTING AND ACTUARIAL TRAINING

The training topic was addressed in accordance with the Police Pension Board's Training Policy.

11. OTHER BUSINESS

Following discussion by the Board, the President asked that Trustees forward a list of any policy or procedure topics for review at the next meeting with the Pension Fund Attorney Julie Tappendorf. Also Trustees were asked to forward a list of any operational issues to be discussed with the Director of Public Safety Cary Lewandowski.

12. ADJOURNMENT

There being no further business to come before the Police Pension Fund Board, upon motion made and seconded and unanimously adopted by those present, the meeting was adjourned at 8:55 a.m.