

VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD

Regular Meeting
Village Hall Conference Room
675 Village Court

Wednesday, October 24, 2012
7:00 a.m.

A G E N D A

The Village of Glencoe is subject to the requirements of the Americans With Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities, are requested to contact the Village of Glencoe at least 72 hours in advance of the meeting at (847) 835-4114, or please contact the Illinois Relay Center at (800) 526-0844, to allow the Village of Glencoe to make reasonable accommodations for those persons.

1. CALL TO ORDER AND ROLL CALL

*Michael Neimark, President
Peter Neville, Trustee
Christopher Pfaff, Trustee
Chad Smith, Trustee
Joseph Walter, Trustee*

2. PUBLIC COMMENT TIME

Individuals interested in addressing the Board on non-agenda items may do so during this time.

3. APPROVAL OF THE JULY 18, 2012 MINUTES

4. APPROVE CONTRACT WITH GREAT LAKES ADVISORS, INC.

5. REVIEW FINANCIAL ACTIVITY WITH GREAT LAKES ADVISORS, INC.

6. APPROVE QUARTERLY PAYMENTS AND DISBURSEMENTS

7. REVIEW ACTUARIAL ASSUMPTIONS

8. TRUSTEE TRAINING: TRUSTEE ETHICS

Materials available at www.villageofglencoe.org, Government, Departments, Finance Department, Pension Trustee Training Materials.

9. RECEIVE FISCAL YEAR 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

This report and other annual reports available at www.villageofglencoe.org, Government, Departments, Finance Department, General Financial Reporting, See annual reports.

10. OTHER BUSINESS

11. ADJOURNMENT

VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD

REGULAR MEETING MINUTES
July 18, 2012

1. CALL TO ORDER

A regular meeting of the Police Pension Fund Board was called to order by President Neimark at 7:16a.m. on Wednesday, July 18, 2012 in the Village Hall Conference Room.

2. ROLL CALL

The following members were present:

Michael Neimark, President
Christopher Pfaff, Trustee
Joseph Walter, Trustee

The following were also present:

David A. Clark, Treasurer
Bill Gregg, Director of Fixed Income, Great Lakes Advisors, LLC
Jason Turner, Asset Allocation Manager, Great Lakes Advisors, LLC

Absent:

Peter Neville, Trustee
Chad Smith, Trustee

3. PUBLIC COMMENT TIME

No comment from the public.

4. APPROVAL OF MINUTES FROM THE APRIL 18, 2012 MEETING

Upon motion made and seconded, the minutes of the April 18, 2012 meeting were approved as submitted by unanimous vote.

5. REVIEW FINANCIAL ACTIVITY WITH GREAT LAKES ADVISORS

Bill Gregg and Jason Turner presented a portfolio report for the period ended June 30, 2012. Since March 31, 2012 the portfolio decreased from \$25.48 Million to \$24.79 Million, a quarterly decrease of 1.52%, however the fund has increased year-to-date 5.08%. Cash and equivalents represented 6.9% of the portfolio, equities represented 44.7% of the assets, taxable fixed income represented 47.9% of the assets and alternative investments (REITS and Dow Jones Commodity Index) represented 0.5% of the assets.

Following discussion, the following recommendations were made:

Sources

\$1,738,000 – Cash on hand
\$ 275,000 – T. Rowe Price Mid Cap Growth
\$ 353,000 – Cohen & Steers Realty Shares (All Shares – value estimated)
\$ 62,000 – Vanguard Developed Market Index (All Shares – value estimated)

\$2,428,000 – TOTAL SOURCES

Investments

\$ 1,000,000 – Best of Mortgage Backed Securities with 3 to 5 year average life
\$ 275,000 – Vanguard Mid Cap Value
\$ 553,000 – Vanguard REIT Index
\$ 200,000 – Credit Suisse Commodity Index
\$ 400,000 – S&P Dividend Aristocrats (SDY) – New Investment

\$2,428,000 – TOTAL INVESTMENTS

Trustee Pfaff moved, seconded by Trustee Walter, to approve the investment instructions with investments totaling \$2,428,000. Said motion was unanimously adopted by the following vote:

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

The Board had further recommendations for the financial advisors including:

1. Explore investment options to increase dividend potential including individual stocks and similar instruments;
2. Provide recommendation concerning investment in master limited partnerships (MLPs);
3. Recommend updates to investment guidelines and allocation strategy;

6. APPROVE QUARTERLY PAYMENTS AND DISBURSEMENTS

Treasurer David Clark reviewed \$21,713.41 in accounts payable disbursements since March 31, 2012 and \$392,006.57 in annuities paid since March 31, 2012. Upon motion made and seconded, the accounts payable and annuity disbursement report was unanimously approved as submitted.

7. REVIEW FY 2012 ANNUAL FINANCIAL REPORT AND ACTUARIAL ASSUMPTIONS FOR THE 2012 TAX LEVY

Treasurer David Clark briefly reviewed the Fiscal Year 2012 report and the history of assumptions used by the Village actuary for determining the actual amount of the contribution to the Police Pension Fund. Mr. Clark reported no proposed change in actuarial assumptions. The Pension Board concurred with the status quo approach to funding the Police Pension.

8. CONSIDER NEW OFFICER ANDREW ZARATE FOR TIER TWO PENSION ELIGIBILITY

Upon recommendation of President Neimark, following review of the medical information on hand, Trustee Pfaff moved, seconded by Trustee Walter to approve Andrew Zarate as a tier two participant in the Village of Glencoe Police Pension Fund. Said motion was approved by the following vote:

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

Following approval, the members of the Board expressed concern about the medical information available for the purposes of hiring versus the purpose of determining pension eligibility. The Board will reach out to the appropriate Village staff to discuss this matter further.

9. APPROVE BANKING SERVICE AND FINANCIAL SERVICES PROPOSAL FROM GREAT LAKES ADVISORS LLC.

Trustee Pfaff moved, seconded by Trustee Walter to approve the proposal submitted by Great Lakes Advisors, LLC for banking services and financial services per the terms of the Police Pension request for proposal. Said motion was approved by the following vote:

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

Following approval, Bill Gregg reported that he would prepare necessary documents for review by the Board and ratification at the next Board meeting.

10. REVIEW ANNUAL CALENDAR

The Board briefly discussed the calendar. No changes were made.

11. TRAINING: BASIC ACCOUNTING AND ACTUARIAL TRAINING

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

12. ADJOURNMENT

There being no further business to come before the Police Pension Board, upon motion made, seconded and unanimously adopted, the meeting was adjourned at 9:17 a.m.

VILLAGE OF GLENCOE
GLENCOE POLICE PENSION FUND

ROLLING CALENDAR

October Meeting October 24, 2012

1. Approve Contract with Great Lakes Advisors.
2. Review financial activity with Great Lakes Advisors.
3. Receive copy of Village Comprehensive Financial Report
4. Continue Review of Actuarial Assumptions for 2011 Tax Levy
5. Approve quarterly payments and disbursements.
6. Training: Trustee ethics.

January Meeting January 16, 2013

1. Review financial activity with Great Lakes Advisors.
2. Review investment policy.
3. Receive municipal compliance report.
4. Review quarterly payments and disbursements.
5. Approve annual budget.
6. Review Annual Calendar
7. Training: Duties and liabilities of pension fund fiduciaries.

April Meeting April 17, 2013

1. Certify Election of Retired Pension Fund Member (Biennial)
2. Select President, Vice President, Secretary and Assistant Secretary
3. Review financial activity with Great Lakes Advisors.
4. Review quarterly payments and disbursements
5. Training: Illinois Open Meetings Act and Freedom of Information Act

July Meeting July 17, 2013

1. Review financial activity with Great Lakes Advisors
2. Review quarterly payments and disbursements
3. Rebalance equity portfolio to State of Illinois limits.
4. Begin Review Actuarial Assumptions for 2012 Tax Levy
5. Approve quarterly payments and disbursements.
6. Training: Basic accounting and actuarial training.

APPROVE CONTRACT WITH GREAT LAKES ADVISORS



GREAT LAKES ADVISORS

A WEALTH MANAGEMENT COMPANY

ILLINOIS PENSION PLAN CLIENT AGREEMENT

Great Lakes Advisors, LLC
222 South Riverside Drive, 28th Floor
Chicago, Illinois 60606

Account Title: Glencoe Police Pension Fund
(Hereafter the "Client")

Account No.: 92-0347-00-2

Custodian: The Chicago Trust Company

This Agreement is made and shall be effective this date: July 1, 2012, by and between Great Lakes Advisors, LLC ("GLA") and the Client.

1. APPOINTMENT

- a. GLA is hereby appointed as investment manager of those assets described in Paragraph 2 below (the "Investment Account"), upon the terms and conditions set forth in this Agreement. The Client has provided GLA with copies of all governing trusts or other instruments and agrees to provide GLA with copies of any amendment thereto, and to provide GLA with such other documentation as GLA may from time to time require to carry out its obligations hereunder.
- b. GLA is an investment manager operating under the constitutional and statutory provisions of the SEC and the State of Illinois, specifically Article 4 of the Illinois Pension Code (40 ILCS 5/1-101 et seq.) Further, GLA shall act in accordance with the investment policy statement that is required from the Client and attached to this contract. GLA acknowledges that it is registered as an investment adviser under the Investment Advisers Act of 1940.
- c. The key investment personnel and principal advisors for Client's account are listed on Exhibit A to this Agreement.

2. INVESTMENT ACCOUNT AND ADVISORY FEE

The Investment Account shall consist of the amount of cash and other assets initially placed under GLA's management, plus all reinvestments and proceeds from the sale thereof, plus any interest, dividends or other appreciation thereon. The Client or the trustee/custodian designated by Client will promptly notify GLA of any substantial addition to or withdrawal of the assets that are from time to time to be managed as part of the Investment Account.

It is understood and agreed that an Investment Advisory Fee ("Advisory Fee") will be paid to cover the investment advisory services and Investment Account reporting provided by GLA. The Advisory Fee shall be payable quarterly in arrears, in the amount set forth in the annual percentage rate fee schedule below, and based upon the fair market value ("FMV") of the assets in the Account, as determined in good faith by GLA, as of the last business day of the calendar quarter. GLA is hereby authorized to charge such fee against the assets of the Investment Account. It is understood that this appointment

provides for an Advisory Fee that may be more or less than if the investment advisory services and brokerage services were paid for separately.

DIVERSIFIED BALANCED

Entire Account:

0.25 %

3. INVESTMENT POLICY STATEMENT

It is acknowledged that GLA shall act in accordance with the investment policy statement; however, it is agreed that GLA will not be liable for, and will be indemnified against, any losses in the Account unless GLA has acted with negligence, bad faith or willful misfeasance. The federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith; thus, nothing in this Agreement shall in any way constitute a waiver or limitation on any rights which Client may have under those laws. The obligations contained in this paragraph shall survive the termination of this Agreement.

4. INVESTMENT AUTHORITY

- a. Assets of the Investment Account shall be held by the trustee/custodian designated by the Client. GLA shall at no time have custody or physical control of such assets.
- b. GLA shall have full discretionary authority, without prior notice to or consultation with the Client or any other person but subject to direction by the Board, to manage, control, acquire, dispose of and otherwise deal with assets in the Investment Account and to direct the custodian with respect thereto.
- c. GLA shall follow the Investment Policy Statement as specified in Section 5/1-113.5 of the Illinois Pension Code and agree to only invest in investments permitted under 5/1-113.2 of the Pension Code, 40 ILCS §5/1-101 et seq. GLA is a fiduciary with respect to the pension fund, as defined in Section 5/1-101.2 of the Illinois Pension Code.
- d. Except as otherwise provided in Section 7 below, (i) GLA shall not be required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which the Investment Account may be invested from time to time; and (ii) GLA will not advise or take any action on behalf of Client in any proceedings, including bankruptcies or class action, involving securities held in or formerly held in Client's account or the issuers of those securities.

5. STANDARD OF CARE

GLA shall discharge its duties under the Agreement solely in the interest of the Client for the exclusive purpose of providing benefits to the Client and defraying its reasonable expenses of administration. GLA shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; in accordance with any plan, trust agreement and related investment guidelines. GLA shall diversify the Investment Account so as to minimize the risk of large losses unless under the circumstances, it is clearly not prudent to do so. GLA shall promptly notify Client of any material facts which affect its duties as Investment Manager including any change in its key investment personnel and/or principal advisors, such as client service personnel.

6. **BROKERAGE**

GLA shall have full discretionary authority to select brokers and dealers through or with whom transactions for the Investment Account are executed. In selecting such brokers and dealers, GLA is authorized, to the extent permitted by Section 28 (e) of the Securities Exchange Act of 1934, to consider the fact that a broker or dealer has furnished statistical, research or other information or services which enhance GLA's investment research and portfolio management capability generally. In exercising this discretion, GLA shall use its best efforts to obtain best execution. "Best execution" may be defined as executing security transactions in such a manner that the Client's total costs or proceeds in such transaction are the most favorable under the circumstances, taking into consideration such factors as commission rate, execution capability, financial responsibility, responsiveness to the Investment Manager and the Client, and factors stated above. If a client chooses a directed brokerage relationship, GLA will request trading specifications from the Client and will advise that the Client may not receive best execution, inclusive of price, commission, trading, clearance, and settlement.

7. **REPORTS**

GLA shall promptly send or cause to be sent to the trustee/custodian quarterly reports reflecting the return on the Investment Account net of Advisory Fees. GLA shall also cause to be sent the confirmations of all Investment Account transactions and other information reasonably requested so that the Client may monitor GLA's performance with respect to the Investment Account. Until further written notice, I designate the following to receive such confirmations on my behalf:

Name/Title: _____ E-Mail: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Name/Title: _____ E-Mail: _____

Address: _____

City: _____ State: _____ Zip Code: _____

For the Client:

- Please check this box if the Client has elected to receive the confirmations mentioned above.

- Please check this box if the Client has elected to waive the right to receive the confirmations.

GLA shall also prepare and file reports required by any state or federal regulatory agency having jurisdiction over GLA or as may be agreed to by GLA and the Client and, upon request of the Client, will provide copies of these reports. GLA shall meet with the Client upon reasonable notice to counsel and advise the Client regarding any matter affecting GLA's duties and responsibilities in connection with the Investment Account.

Regarding Client meeting material, reports should be sent to the following individual(s):

Primary Contact:

1: Name/Title: _____ E-Mail: _____

Please indicate: E-Mail: _____ Hard Copy: _____ Both: _____

For e-mail: Encrypted: _____ Non-Encrypted: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Additional Recipients:

1: Name/Title: _____ E-Mail: _____

Please indicate: E-Mail: _____ Hard Copy: _____ Both: _____

For e-mail: Encrypted: _____ Non-Encrypted: _____

Address: _____

City: _____ State: _____ Zip Code: _____

2: Name/Title: _____ E-Mail: _____

Please indicate: E-Mail: _____ Hard Copy: _____ Both: _____

For e-mail: Encrypted: _____ Non-Encrypted: _____

Address: _____

City: _____ State: _____ Zip Code: _____

For any additional contacts who wish to receive reporting, please send us the above data on a separate sheet of paper. Should your contacts change, please advise GLA by sending an e-mail to: operations@greatlakesadvisors.com.

Proxy Voting: The Client may elect to be the sole recipient of issuer-related communications (proxies, tender offers, proposed mergers, rights offerings, etc.) or may designate GLA to vote on their behalf.

- Please check this box if the Client has elected to be solely responsible for voting proxies.

- Please check this box if the Client has elected to have GLA exercise proxy votes in accordance with GLA's Proxy Voting Policy, available at request by e-mailing: operations@greatlakesadvisors.com.

8. **COMPENSATION AND EXPENSES**

GLA shall be compensated for its services in accordance with the Fee Schedule outlined in Section 2. This Client agreement may be amended from time to time by GLA upon 30 days' written notice to the Client. The Client will either pay or cause the trustee/custodian to pay GLA such compensation.

9. **SERVICES TO OTHER CLIENTS**

Subject to this Agreement and the Illinois Pension Code, it is understood that GLA renders investment services to other Clients. Nothing in this Agreement shall be deemed to impose upon GLA any obligation to purchase or sell or to recommend for purchase or sale by or for the Investment Account any security or other property which the employees of GLA may purchase or sell for their own accounts or which GLA may purchase or sell for the account of any other Client. The Client recognizes that transactions in a specific security may not be accomplished for all Client accounts at the same time or at the same price.

10. **ASSIGNMENT**

This agreement may not be assigned (within the meaning of the Investment Advisers Act of 1940 or applicable state securities laws) by either party without the consent of the other party.

11. **INVESTOR ACKNOWLEDGMENTS**

It is understood and agreed that GLA may invest assets of the Account in shares of investment companies (mutual funds) for which GLA may act as an investment advisor or sub-advisor (“Affiliated Funds”), as set forth in Part 2A of the Form ADV. The Account will not be charged any sales commissions or redemption fees in connection with any investment of Account assets in an Affiliated Fund. GLA will waive, refund or otherwise offset that portion of the Affiliated Fund’s management fee attributable to any portion of the Account that is invested in an Affiliated Fund for the period of time that portion of the Account is so invested in the fund. Any minimum annual fee, if applicable, similarly will be reduced by the amount of the management fee paid by an Affiliated Fund that is attributable to any portion of the Account invested in the Affiliated Fund. The minimum annual fee, if applicable, similarly will be reduced by the amount of the advisory fees paid to you by an Affiliated Fund that is attributable to any portion of the Account invested in the Affiliated Fund.

A copy of the Prospectus for each Affiliated Fund in which assets of the Account may be invested has been received and reviewed. On the basis of the foregoing, the purchase and retention of such shares of an Affiliated Fund is approved as you deem appropriate. You shall promptly notify Client in the event there is any change in the investment advisory and other fees paid by an Affiliated Fund, and shall neither (i) purchase or sell shares of the Affiliated Fund nor (ii) continue to hold shares of the Affiliated Fund on behalf of the Account for more than sixty (60) days after the date of such notice, unless the continuation of your investment of Account assets in the Affiliated Fund is approved in writing by Client.

It is understood and agreed that GLA may also invest assets of the Account in shares of Funds other than Affiliated Funds. In those instances, the Account will be charged two levels of advisory fees with respect to such assets—the advisory fees paid by the non-affiliated fund to the investment adviser of such Fund, and the Advisory Fee paid to GLA on the assets of the Account, which would include the assets invested in the non-Affiliated Fund.

It is confirmed that the Great Lakes Advisors Form ADV Part 2A Program Brochure has been received. It provides such information as required pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (the "Advisers Act").

It is understood that any notices required under this Agreement, with the exception of notice of termination as described below in Section 13, shall be delivered in person, by U.S. mail or overnight courier (postage or charges prepaid), or sent by facsimile transmission (with a hard copy sent by U.S. mail) to the address set forth below (or such other address as designated in writing) or to you at the address set forth above (or such other address as you may designate in writing).

12. INSTRUCTIONS

Instructions by GLA to the trustee/custodian may be made orally and confirmed in writing as soon as practicable thereafter. All instructions, notices and advices with respect to any matters contemplated by this Agreement shall be deemed duly given when received at the addresses below:

- a. **To the Client:** - Please check this box if the Primary Contact in Section #7 is the same name and address that should receive all instructions, notices, and advices. If not, please complete the following:

Name/Title: _____ E-Mail: _____
Address: _____
City: _____ State: _____ Zip Code: _____

- b. **To the trustee/custodian:**

Name/Title: _____ E-Mail: _____
Address: _____
City: _____ State: _____ Zip Code: _____

- c. **To GLA:** Great Lakes Advisors, LLC
222 S. Riverside Plaza 28th Floor
Chicago, IL 60606
Attn: Operations Department

The Client will immediately inform GLA when cash flows are added to or taken out of their account. GLA may be notified by email (operations@greatlakesadvisors.com), fax (312-553-3737), or telephone (312-553-3709).

13. AMENDMENT AND TERMINATION

This Agreement shall be governed by the internal laws of the State of Illinois and, where applicable, the Advisers Act of 1940. Consent is hereby granted to personal jurisdiction, service of process and venue in the federal and state courts sitting in Chicago, Illinois (Cook County), and it is irrevocably agreed that any judicial proceedings may be heard in the Illinois state courts or, to the extent permitted by law, in any federal court sitting in said city.

This Agreement may be amended at any time by written agreement executed by the Client and GLA.

This Agreement may be terminated upon ninety (90) days prior written notice by GLA or the Client. Upon termination, the Advisory Fee shall be prorated to the date of termination. Termination of this Agreement shall not affect (i) the validity of any action previously taken by you under this Agreement; (ii) liabilities or obligations from transactions initiated before termination of this Agreement; or (iii) the obligation to pay Advisory Fees. On the termination of this Agreement, GLA shall have no obligation to recommend or take any action with regard to the securities, cash, or other investments in the Account.

14. **SPECIAL INSTRUCTIONS**

15. **SIGNATURES**

Sincerely,

Date: _____

Signature of Client (Trustee)

Fed. I.D. Number

Name—Typed as it is to appear on all future correspondence.

Second Signature of Client (Second Trustee, if applicable)

Name—Typed as it is to appear on all future correspondence.

- Please check this box if the address for the Primary Contact in Section #7 is the same as the address of record. If not, please complete the following:

Address: _____

City: _____ State: _____ Zip Code: _____

Great Lakes Advisors, LLC agrees to the terms of this Agreement and acknowledges receipt of Client signature(s) above for the content contained herein:

Date: _____

By: _____

Exhibit A

List of Key Investment Personnel and Principal Advisors

APPROVE QUARTERLY PAYMENTS AND DISBURSEMENTS

Glencoe Police Pension Fund
 Accounts Payable
 July 1, 2012 through September 30, 2012

Check	Name	Check Amount	Check Date	Check Status	Invoice Total	Item Desc
40049	ANCEL, GLINK, DIAMOND, BUSH, DICIANNI&KRAFTHEFER,	440.00	07/13/2012	Cleared	440.00	LEGAL FEES FOR 06/2012
40050	GREAT LAKES ADVISORS, LLC	13,378.25	08/16/2012	Cleared	13,378.25	MANAGEMENT FEES 06/30/12
40051	LAUTERBACH & AMEN, LLP	273.00	08/16/2012	Cleared	273.00	SERVICES RENDERED FOR AUDIT FY ENDING 02/29/2012
40052	NORTHERN ILLINOIS UNIVERSITY	720.00	09/07/2012	Cleared	720.00	2012 IPPFA CONFERENCE: NEIMARK &
40053	LAUTERBACH & AMEN, LLP	482.00	09/20/2012	Outstanding	482.00	SINGLE AUDIT FOR FY ENDED

- HUMAN RESOURCE MANAGER
 DATE: 10/18/12
 TIME: 10:38:33

VILLAGE OF GLENCOE
 EARNINGS ANALYSIS REPORT

PAGE NUMBER: 1
 EARNRPT3

SELECTION CRITERIA: employee.home_orgn="376" and checkhis.iss_date between "07/01/2012" and "09/30/2012"

EMPLOYEE NO	NAME	PAY CODE	-----REGULAR-----		-----OVERTIME-----	
			HOURS	EARNINGS	HOURS	EARNINGS
95301	AYLWARD, NED	131	3.00	18,475.02	.00	.00
	TOTAL FOR EMPLOYEE: 95301		3.00	18,475.02	.00	.00
300256	BAK, THOMAS	131	3.00	11,728.65	.00	.00
	TOTAL FOR EMPLOYEE: 300256		3.00	11,728.65	.00	.00
20026	BATT, PAULA	131	3.00	6,584.01	.00	.00
	TOTAL FOR EMPLOYEE: 20026		3.00	6,584.01	.00	.00
20017	BONNEVILLE, ROBERT B	131	3.00	17,182.95	.00	.00
	TOTAL FOR EMPLOYEE: 20017		3.00	17,182.95	.00	.00
20018	CLARK, JAMES	132	3.00	8,159.94	.00	.00
	TOTAL FOR EMPLOYEE: 20018		3.00	8,159.94	.00	.00
300182	FAY, ANNE T.	139	3.00	7,997.82	.00	.00
	TOTAL FOR EMPLOYEE: 300182		3.00	7,997.82	.00	.00
300183	FAY, JOHN	131	3.00	11,448.87	.00	.00
	TOTAL FOR EMPLOYEE: 300183		3.00	11,448.87	.00	.00
20005	FEIL, WILLARD B	131	3.00	4,967.01	.00	.00
	TOTAL FOR EMPLOYEE: 20005		3.00	4,967.01	.00	.00
94501	GALFORD, JOHN D	131	3.00	20,963.34	.00	.00
	TOTAL FOR EMPLOYEE: 94501		3.00	20,963.34	.00	.00
300208	GARY GIBE, SHAPIRO DEVELOPMENTAL CNTR FOR	137	3.00	2,706.90	.00	.00
	TOTAL FOR EMPLOYEE: 300208		3.00	2,706.90	.00	.00
20020	GIBE JR, JERRY	137	3.00	2,706.90	.00	.00
	TOTAL FOR EMPLOYEE: 20020		3.00	2,706.90	.00	.00
95601	HARLOW, PAUL	131	3.00	22,162.59	.00	.00
	TOTAL FOR EMPLOYEE: 95601		3.00	22,162.59	.00	.00
20027	HENDRIX, CAROL I	131	3.00	14,200.32	.00	.00
	TOTAL FOR EMPLOYEE: 20027		3.00	14,200.32	.00	.00
20021	IVINS, JOHN	131	3.00	11,002.47	.00	.00
	TOTAL FOR EMPLOYEE: 20021		3.00	11,002.47	.00	.00
95101	JESSE, DANIEL	131	3.00	16,790.58	.00	.00
	TOTAL FOR EMPLOYEE: 95101		3.00	16,790.58	.00	.00
20022	LINOWIECKI, JOHN	131	3.00	11,142.33	.00	.00
	TOTAL FOR EMPLOYEE: 20022		3.00	11,142.33	.00	.00
97203	LOPRESTI, NICHOLAS	132	3.00	14,085.51	.00	.00
	TOTAL FOR EMPLOYEE: 97203		3.00	14,085.51	.00	.00
300179	MILKS, MIKEL	131	3.00	28,872.63	.00	.00
	TOTAL FOR EMPLOYEE: 300179		3.00	28,872.63	.00	.00
300101	MILLER, LYNN	131	3.00	13,237.02	.00	.00

- HUMAN RESOURCE MANAGER
 DATE: 10/18/12
 TIME: 10:38:33

VILLAGE OF GLENCOE
 EARNINGS ANALYSIS REPORT

PAGE NUMBER: 2
 EARNRPT3

SELECTION CRITERIA: employee.home_orgn="376" and checkhis.iss_date between "07/01/2012" and "09/30/2012"

EMPLOYEE NO	NAME	PAY CODE	REGULAR		OVERTIME	
			HOURS	EARNINGS	HOURS	EARNINGS
	TOTAL FOR EMPLOYEE: 300101		3.00	13,237.02	.00	.00
20028	MOHR, FLOYD	131	3.00	15,038.40	.00	.00
	TOTAL FOR EMPLOYEE: 20028		3.00	15,038.40	.00	.00
300248	NORRIS, ANTOINETTE E.P.	131	3.00	7,242.48	.00	.00
	TOTAL FOR EMPLOYEE: 300248		3.00	7,242.48	.00	.00
20014	POSTELNICK, THOMAS J	131	3.00	13,751.82	.00	.00
	TOTAL FOR EMPLOYEE: 20014		3.00	13,751.82	.00	.00
300118	RODSTROM, JEFFREY	132	3.00	14,224.92	.00	.00
		138	.00	547.11	.00	.00
	TOTAL FOR EMPLOYEE: 300118		3.00	14,772.03	.00	.00
300092	SACHTLEBEN, MATTHEW	132	3.00	13,412.58	.00	.00
	TOTAL FOR EMPLOYEE: 300092		3.00	13,412.58	.00	.00
20023	SEBBEN, PHYLLIS M	131	3.00	2,733.33	.00	.00
	TOTAL FOR EMPLOYEE: 20023		3.00	2,733.33	.00	.00
20001	SHARPE, DAVID D.	131	3.00	10,064.01	.00	.00
	TOTAL FOR EMPLOYEE: 20001		3.00	10,064.01	.00	.00
96701	SWEENEY JR, THOMAS J	132	3.00	11,115.45	.00	.00
	TOTAL FOR EMPLOYEE: 96701		3.00	11,115.45	.00	.00
300112	WADYCKI, THOMAS	131	3.00	22,549.53	.00	.00
	TOTAL FOR EMPLOYEE: 300112		3.00	22,549.53	.00	.00
300102	WALTER, JOSEPH	131	3.00	16,532.24	.00	.00
	TOTAL FOR EMPLOYEE: 300102		3.00	16,532.24	.00	.00
300221	WEPPLER, KATHRYN A.	139	3.00	8,337.18	.00	.00
	TOTAL FOR EMPLOYEE: 300221		3.00	8,337.18	.00	.00
95401	WEPPLER, TERRY	131	3.00	11,560.65	.00	.00
	TOTAL FOR EMPLOYEE: 95401		3.00	11,560.65	.00	.00
TOTAL REPORT			93.00	391,524.56	.00	.00

CONTINUE REVIEW OF ACTUARIAL ASSUMPTIONS

1971 GAM – Entry Age Normal

Int: 6.75%	Int: 6.5%	Int: 6.0%	Int: 5.5%	Int: 5.5%
Sal: 5.5%	Sal: 5.0%	Sal: 4.5%	Sal: 4.5%	Sal: 3.5%

1994 UP – Entry Age Normal

Int: 6.75%	Int: 6.5%	Int: 6.0%	Int: 5.5%	Int: 5.5%
Sal: 5.5%	Sal: 5.0%	Sal: 4.5%	Sal: 4.5%	Sal: 3.5%

All scenarios include 100% funding by the funding deadline.

The information highlighted in yellow is meant to indicate “State of Illinois” assumptions. I see that the rate of return was decreased from 7.0% to 6.75%. Highlighted data should be based on “State of Illinois” assumptions.



Today is September 28, 2012

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Public Acts

DOI Actuarial Changes Will Increase Employer Pension Funding Requirements

Enacted Pension Reforms

By [Roger Huebner](#), Deputy Executive Director & General Counsel, IML

[Joe McCoy](#), Legislative Director, IML

Published on Thursday September 27, 2012

Historical Public Safety Pension Enactments

Pension Legislation

The Public Pension Division of the Illinois Department of Insurance (DOI) is announcing significant changes to their actuarial assumptions and mortality tables. In a recent meeting with IML staff, the Department confirmed that the changes will result in higher employer pension contributions for municipalities that use DOI's suggested tax levies to determine annual police and firefighter pension funding requirements.

Legislation Introduced

Pension Studies

Pension Studies

2010 Reform Materials

The public safety pension reforms enacted into law in 2010 (P.A. 96-1495) required DOI to retain the services of an enrolled actuary. The Department has since engaged the services of the actuarial firm of Foster and Foster. Foster and Foster conducted an experience study that examined the actuarial assumptions utilized by DOI. The study determined that the actuarial assumptions in use were not reflective of actual fund performance and were therefore in need of revision.

Municipal Tools

Pension Data Sheet

Benefits & How They Are Funded

As a result, the Department is revising their investment return assumptions (currently 7% for all funds) downward based upon fund asset size. The changes are as follows:

TOP PENSION POLICY PAGES

- Funds with assets in excess of \$10 million will see the assumed rate of return reduced to 6.75%.
- Funds with assets between \$5 million and \$10 million see the assumed rate of return reduced to 6.50%.
- Funds with assets between \$2.5 million and \$5 million will see the assumed rate of return reduced to 6%.
- Funds with assets below \$2.5 million will see the assumed rate of return reduced to 5%.

1. DOI Actuarial Changes Will Increase Employer Pension Funding Requirements

Salary increase assumptions are also being revised downward from the current 5% assumption to 4%. Overall payroll will be assumed to grow at 4.5% per year.

2. November Election Allows Voters To Make Pension Increases More Difficult

DOI informed IML staff that the smallest funds, those with less than \$2.5 million in assets, will experience the most significant employer cost increase as a result of the various changes. This is, of course, if these funds utilize DOI suggested tax levies.

3. IML Included In Pension Crisis Story

In addition to the changes being made to investment return assumptions, DOI is modernizing its mortality tables. The current mortality table was created during the 1970s and no longer reflects actual longevity and disability experience. The new mortality table will assume longer life spans for employees and, consequently, require employer contribution increases to fund a longer draw period.

DOI had suspended the issuance of suggested tax levies while undergoing the various changes required by [P.A. 96-1495](#). With these changes largely completed, the Department will once again begin providing suggested tax levy reports to all downstate and suburban municipal police and firefighter pension funds beginning with fiscal years ending in May of 2011. Funds with annual statements filed and accepted as of Friday, October 12, 2012 will have a suggested tax levy generated no later than November 30, 2012.

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Illinois Department of Insurance

The Siren

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Pat Quinn
Governor

September 26, 2012

Andrew Boron
Director

Actuarial Services Bulletin

The Public Pension Division of the Department of Insurance will resume production of suggested tax levy reports effective September 24, 2012. Production was suspended for Fiscal Year 2011 tax levy reports due to implementation of Public Act 96-1495.

The legislation made key changes impacting the actuarial calculation required under 40 ILCS 5/3-125 and 40 ILCS 5/4-118, including:

- Suggested tax levies calculated by the Department must be determined by an Enrolled Actuary;
- The minimum employer contribution is to be calculated using the projected unit credit actuarial cost method. The amount of the amortization payment is based on attaining a 90% funded ratio by the end of the 2040 fiscal year. It will be calculated using the level percent of payroll methodology; and
- In determining the actuarial value of the fund's assets for reports issued after March 30, 2011, any actuarial gains or losses from investment returns incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

To implement the new requirements, the Department has contracted with Foster & Foster Actuaries and Consultants.

The Department will resume providing suggested tax levy reports to all Article 3 Police pension funds and Article 4 Firefighter pension funds beginning with fiscal years ending May 2011. The funds with annual statements filed and accepted as of Friday, October 12, 2012 will have a suggested tax levy produced and available no later than November 30, 2012.

Suggested tax levies will continue to be produced for the funds with annual statements filed after October 12, 2012. However, the department cannot guarantee the reports will be received in time for the setting of municipal tax levies this year.

Please note that there will be a lag between the annual statement submission and the availability of the suggested tax levy report to the pension fund due to the new Enrolled Actuary review process. For this year only, tax levy reports will be e-mailed to the current e-mail address of the pension fund's president and secretary on file with the Public Pension Division. Please ensure that this information is accurate in the fund's most current annual statement. In 2013, tax levy reports will be accessible via the online annual statement system.

The new tax levy report will consist of three pages. It will provide a summary of the pension fund liabilities, the determination and explanation of the pension fund's actuarial value of assets, the actuarially determined tax levy amount and an explanation of the actuarial methods and assumptions used in determining the liabilities and tax levy amounts.

As part of the new actuarial process to comply with Public Act 96-1495, an experience study was performed to update the actuarial assumptions used in producing the tax levies. The new assumptions resulting from the study will be incorporated into the new reports to more appropriately reflect the actual experience impacting the police and firefighter pension funds.

One substantial change the Department has implemented is to assume different "rate of return" assumptions for the funds that fall into the different asset level investment tiers (40 ILCS 5/1-113.2 to 113.4a). The new rate of return assumptions by investment tier are as follows:

<u>Fund Net Asset Value</u>	<u>Rate of Return Assumption</u>
Under \$2.5 Million	5%
\$2.5 Million - \$5 Million	6%
\$5 Million – \$10 Million	6.5%
Over \$10 Million	6.75%

Previously, a flat investment rate of return of 7% was utilized for all funds. The new rate of return assumptions are based on the results of the experience study and more accurately reflect anticipated future investment returns by fund asset tier.

Adjustments to other assumptions were also made as a result of the experience study, including adjustments to retirement, withdrawal, mortality and disability rates. Additional changes were incorporated to refine the salary progression and payroll growth rates.

The new actuarial assumptions will most likely result in higher annual employer contribution requirements to the pension fund. The amount of the change will vary depending on factors such as fund asset size, average age of fund participants and the funded status of the pension fund.

Article 3 Police and Article 4 Firefighter pension funds and their associated municipalities have the option of utilizing the Department's recommended tax levy or retaining an independent enrolled actuary to determine the annual funding requirements. Hiring an independent actuary is allowed under 40 ILCS 5/3-125 and 4-118, respectively.

If you have questions regarding this bulletin, please contact the Public Pension Division of the Department of Insurance at (800) 207-6958.