

VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD

REGULAR MEETING MINUTES
October 23, 2013

1. CALL TO ORDER

A regular meeting of the Police Pension Fund Board was called to order by President Neimark at 7:10 a.m. on Wednesday, October 23, 2013 in the Village Hall Conference Room.

2. ROLL CALL

The following members were present:

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

The following member was absent:

Chad Smith, 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
Wells Frice, Senior Portfolio Manager – Equities
Christy Coon, Senior Portfolio Manager

3. PUBLIC COMMENT TIME

No comment from the public.

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

The GLA Team presented the portfolio report for the period ending September 30, 2013. Since July 1, 2013 the portfolio increased from \$26.75 Million to \$27.75 Million, a quarterly increase of 3.75%. Cash and equivalents represented 1.25% of the portfolio, equities represented 53.54% of the portfolio and fixed income represented 46.38% of the portfolio. Mr. Weller presented transaction recommendations to the Board as follows:

Sell
\$100,000 Fidelity Diversified International Fund

Buy
\$100,000 Cohen & Steers Realty Shares Fund

The Board agreed by consensus with the recommended transactions.

Mr. Weller introduced Wells Frice who is responsible for Large Cap Value Separate Account managed by GLA. Mr. Frice reviewed the portfolio with the Board. Mr. Weller next discussed a suggestion that the Board consider moving custody from Chicago Trust to another bank. Mr. Weller indicated that there are certain limitations on the reporting received presently that moving to a new custodial bank would resolve. He provided a preliminary estimate of the cost to move to a new custodian. The Board asked GLA to make a formal proposal to the Board at the next meeting at which time the Board will consider the custody arrangement further.

GLA received a copy of the email from Chad Smith expressing certain concerns about reporting and transactions. Mr. Weller reported that a change in the custodial banking would help to resolve issues that Trustee Smith raised. Mr. Weller said that GLA will review Trustee Smith's concerns and report back at the next meeting. Mr. Clark reported that lately staff has not been receiving trade and transaction confirmations. Mr. Weller said they will investigate that as well.

Mr. Weller next suggested that he would like to bring other Manager's to meetings periodically and would like to review certain matters (i.e. modification to the investment policy during 2014 and reviewing benchmarks). The Board suggested that Mr. Weller forward a calendar to Mr. Clark for the Board's rolling calendar.

Trustee Pfaff suggested that GLA review adding master limited partnerships (MLP's) to the portfolio. Mr. Weller indicated that there are certain restrictions in place from the Illinois Department of Insurance (IDOI) that need to be considered but this matter can be reviewed at the next meeting.

5. RECEIVE COPY OF VILLAGE COMPREHENSIVE FINANCIAL REPORT

Mr. Clark presented the most recent annual financial report (Fiscal Year 2013) to the Board. The report is available at the Village's website at www.villageofglencoe.org along with other financial information. The recent history of the fund was discussed.

6. DISCUSS ACTUARIAL ASSUMPTIONS FOR THE 2013 TAX LEVY

Mr. Clark reviewed the status of the preparation of actuarial findings based on Fiscal Year 2013. He reported no change substantively in the assumptions. However, he did report that the Village's Actuary's indication that the results will need to conform with the RP2000 mortality table. He also reported that

there was support at the Finance Committee for the proceeds from sale of property to be transferred to the Police Pension Fund. That action was not approved by the Board but may be considered at the end of the fiscal year as part of the final transfer to the Police Pension Fund. Further, Mr. Clark reported that the Village Board continues to be committed to funding pension obligations consistent with the existing policy.

7. DEFER QUARTERLY PAYMENTS AND DISBUREMENTS

Discussion of this matter was deferred to the next meeting.

8. APPROVE CARY LEWANDOWSKI FOR POLICE PENSION ELIGIBILITY AS THE NEW DIRECTOR OF PUBLIC SAFETY

Trustee Walter moved, seconded by Trustee Neville to approve Cary Lewandowski for participation in the Police Pension Fund as the new Director of Public Safety effective his date of hire. Said motion was conditioned upon the received of confirmation from the State of Illinois that Mr. Lewandowski was eligible as follows from Mr. Clark's email communication with Scott Brandt at the State of Illinois:

"We have hired a new Public Safety Director who is older than 50 and has more than 20 years of service in a down state pension fund. It is my understanding that per 40 ILCS 5/3-111 (c) this individual can retire, and collect his pension from the prior employer and earn a new service pension in our police pension fund. He would have only a 1 year vesting period and will earn 2.5% per year. Beyond the vesting period, this individual will be eligible to a pension based upon [(years of service x 2.5%) x salary at rank] and as of today's date this provision is still allowed even though there have been changes in statute to establish a Tier 2 and at present there is no legal prohibitions against collecting a pension in one fund and earning a second pension in another."

Mr. Brandt replied:

"Your interpretation of Article 3 retirements as described in your attached email, for a particular scenario, is the same position the Department of Insurance Public Pension Division has taken."

Said motion was approved by the following vote:

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

9. APPROVE JAMES DECRESCENZO FOR POLICE PENSION ELIGIBILITY AS A NEW PUBLIC SAFETY OFFICER

Trustee Walter moved, seconded by Trustee Neville to approve James Decrescenzo for Tier 2 participation in the Police Pension Fund as the new

Public Safety Officer effective his date of hire. Said motion was approved by the following vote:

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

10. APPROVE CHRISTOPHER BRUBAKER FOR POLICE PENSION ELIGIBILITY AS A NEW PUBLIC SAFETY OFFICER

Trustee Walter moved, seconded by Trustee Neville to approve Christopher Brubaker for Tier 2 participation in the Police Pension Fund as the new Public Safety Officer effective his date of hire. Said motion was approved by the following vote:

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

During consideration of this item it was reported that Mr. Brubaker has service in another pension fund. Mr. Clark asked for documentation of that participation for further review. If documentation supports a change from Tier 2 to Tier 1 participation, this issue will be resubmitted to the Board for consideration at the next meeting.

11. CONDUCT TRUSTEE ETHICS 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 Fund Board, upon motion made and seconded and unanimously adopted by those present, the meeting was adjourned at 8:40 a.m.