

VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD

REGULAR MEETING MINUTES
July 20, 2011

1. CALL TO ORDER

President Neimark called a regular meeting of the Police Pension Fund Board to order at 7:00 a.m. on Wednesday, July 20, 2011 in the Village Hall Conference Room.

2. ROLL CALL

The following members were present:

Michael Neimark, President
Peter Neville
Christopher Pfaff (by electronic attendance)
Joseph Walter
Chad Smith

The following were also present:

David A. Clark, Treasurer
Bill Gregg, Director of Fixed Income, Wintrust Wealth Management

3. APPROVAL OF MAY 11, 2011 MINUTES

Trustee Smith moved, seconded by Trustee Neville to approve the minutes of the May 11, 2011 meeting as submitted. Said motion was unanimously adopted.

4. PUBLIC COMMENT TIME

There were no comments.

5. CERTIFY ELECTION OF RETIRED PENSION FUND MEMBER TO BOARD

David Clark reported that 16 of the 31 eligible annuitants cast a ballot for the re-election of Joseph Walter as the retired pension fund member to the Police Pension Fund Board. Upon motion made and seconded, the Board unanimously accepted the results of the election.

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

Position	Nominee	Motion	Second
President	Michael Neimark	Neville	Smith
Vice President	Peter Neville	Smith	Walter
Secretary	Joseph Walter	Smith	Pfaff
Assistant Secretary	Christopher Pfaff	Smith	Neville

Upon motions made and seconded as noted above, motions to approve appointments (as nominated) of President, Vice-President, Secretary and Assistant Secretary were unanimously adopted.

7. CONSIDER PROPOSAL TO MANAGE CORPORATE BOND PORTFOLIO

Bill Gregg began by announcing that Samuel Carpenter was no longer with Wintrust Wealth Management and that he left for other opportunities. Mr. Gregg next announced that Wintrust Wealth Management has combined with Great Lake Advisors. Great Lake Advisors manage \$2 Billion in assets and has a strong presence in police and fire pensions. Great Lakes Advisors is a strong equity group and manages \$215 Million in equities for the Chicago Police Union. As result of the merger, the Wintrust Wealth Management name will be changed to Great Lakes Advisors. Trustee Smith asked that information be provided including resumes of individuals from Great Lakes who would be involved with the Glencoe Police Pension Fund. Mr. Gregg recommended the following:

- a) Amend the existing investment advisory agreement to make it a consultant agreement for the equity portion of the portfolio only.
- b) Conduct a request for proposal (RFP) on the fixed income portion of the portfolio.
- c) Create an agreement for fixed income manager which would allow the manager to make investment decisions within the general framework of the fund's investment guidelines and investment instructions.

Mr. Gregg indicated that he would forward a draft RFP and draft agreements for consideration. The Board indicated that between now and the next meeting the RFP will be released and the Board will review the submittals at the next meeting. Interviews will be conducted after the October 2011 meeting with an award made by January 2012.

8. REVIEW OF FINANCIAL ACTIVITY WITH WINTRUST WEALTH MANAGEMENT AND REBALANCE PORTFOLIO (IF NECESSARY)

Bill Gregg presented a portfolio report for the period ending June 30, 2011. Since March 31, 2011, the value of the portfolio increased from \$23.78 Million to \$23.98 Million. Cash and equivalents represented 2.2%, equities represented 46.1% and fixed income represented 51.7%. There was no need to rebalance the portfolio.

Mr. Gregg recommended certain changes to the pension fund investment allocation strategy that may be implemented over time, including:

- a) Increasing allocation to international, emerging markets;
- b) Introducing commodities using an index fund (i.e. Dow Jones Commodity Index); and
- c) Increase exposure to real estate by 1%

Trustee Smith stated that some of the investments in equities overlap into more than one category. Mr. Gregg suggested that the overlap could be addressed as part of review of the allocation strategy. Mr. Gregg also suggested using a weighted average benchmark based on the Pension Fund's portfolio mix versus the S&P.

Following further discussion, the following recommendations were made:

Sources

\$100,000 – FHLB maturing on 8/19/2011
\$100,000 – DPL INC Corporate Bond Maturing on 9/1/2011
\$290,000 – Cash on Hand

\$490,000 – TOTAL SOURCES

Investments

\$ 90,000 – Purchase Cohen & Steers Fund (Real Estate)
\$200,000 – Mortgage backed securities (FNMA, etc.)
\$200,000 – Best of treasuries, agencies, CD's (3 to 6 months)

\$490,000 – TOTAL INVESTMENTS

Trustee Smith moved, seconded by Trustee Neville to approve the investment instructions. Said motion was adopted by the following vote:

AYES: Neville, Walter, Pfaff, Smith, Neimark (5)
NAYES: NONE (0)
ABSENT: NONE (0)

9. REVIEW ACTUARIAL ASSUMPTIONS TAX LEVY REPORT

David Clark reviewed a report entitled "2011 Tax Levy - Consideration of Issues Related to Police Pension Fund". Recent legislative changes have resulted in changes that will impact the 2011 Tax Levy Report from the State of Illinois. These changes include:

- a) A change in the actuarial method from Entry Age Normal to Projected Unit Credit;
- b) An extension of the amortization period from 2033 to 2040; and
- c) A reduction in the amortization target from 100% to 90% by 2040.

Following discussion of the report, the following recommendations were made by the Pension Board:

Assumption	Current	Recommended	State of Illinois
Interest Rate	6.50%	6.50%	7.00%
Salaries	5.50%	5.00%	5.50%
Amortization Period	2033	2040	2040
Amortization Target	100%	100%	90%
Actuarial Method	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Mortality Table	1994	1994	1971

Trustee Neville moved, seconded by Trustee Smith to approve the recommended actuarial assumptions for the 2011 Tax Levy. Said motion was adopted by the following vote:

AYES: Neville, Walter, Pfaff, Smith, Neimark (5)
 NAYES: NONE (0)
 ABSENT: NONE (0)

10. REVIEW FINANCIAL ACTIVITY AND DISBURSEMENT REPORT

David Clark reviewed \$16,964.25 in accounts payable disbursements since April 1, 2011 and the \$375,778.15 in annuities paid since April 1, 2011. Upon motion made and seconded, the accounts payable and disbursement report was unanimously approved as submitted.

11. TRAINING BASIC ACCOUNTING AND ACTUARIAL TRAINING

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

12. OTHER BUSINESS

The Board discussed the requirement for Matt Sachtleben to have an annual physical.

13. NEXT MEETING

The next meeting will be on Wednesday, October 19, 2011 at 7:00 a.m. in the Finance Conference Room.

14. ADJOURNMENT

There being no further business to come before the Police Pension Fund Board, upon motion made and seconded, the meeting was adjourned at 8:30 a.m. The motion was unanimously adopted.