

VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD

REGULAR MEETING MINUTES
July 17, 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, July 17, 2013 in the Village Hall Conference Room.

2. ROLL CALL

The following members were present:

Michael Neimark, President
Peter Neville, Trustee
Christopher Pfaff, Trustee
Chad Smith, Trustee
Joseph Walter, 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. APPROVAL OF MINUTES FROM THE APRIL 17, 2013 MEETING

Upon motion made and seconded, the minutes of the April 17, 2013 meeting were approved as submitted by unanimous vote.

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

Bill Gregg and Kelly Weller presented the portfolio report for the period ending June 30, 2013. Since April 1, 2013 the decreased slightly from \$26.78 Million to \$26.66 Million, a quarterly decrease of 0.4%. Cash and equivalents represented 0.67% of the portfolio, equities represented 52.53% of the portfolio and taxable fixed income represented 46.38% of the portfolio.

Mr. Weller presented transaction recommendations to the Board as follows:

Sell
\$115,000 Vanguard Growth Index Fund

Buy
\$ 50,000 iShare MSCI Emerging Markets ETF
\$ 65,100 Vanguard REIT Index Fund

Trustee Pfaff moved, seconded by Trustee Smith to approved the recommendations as presented. Said motion was approved by the following vote:

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

Mr. Weller next introduced a draft investment policy for discussion. The recommended draft incorporates previous comments discussed by the Board and further introduces language that would allow total allocation in equities to increase to 65% so long as 10% remain in mutual funds. The Board discuss the various possibilities of using this increased equity allocation for “fixed income equity” or a substitute for fixed income included in the equity allocation. For the purposes of investment, “fixed income equity” is any security classified as fixed income by general market classifications, but considered equity for the purposes of portfolio allocation limitations under the Illinois Pension Code, examples include: foreign debt (developed and emerging), floating rate debt, high yield, and/or any other debt security not allowed as a fixed income investment under Illinois law but permissible as an equity under Illinois Law. Mr. Weller discussed the issue of benchmarking performance with the new strategy. The following changes to the draft investment policy were recommended:

1. Introduce definition of Benchmark
2. Delete definition of “Illinois Funds”
3. Expand Appendix B to include minimum allocation thresholds and definition of benchmarks used per allocation type.

Mr. Weller indicated that he would incorporate suggested changes and forward a copy to the Pension President so that the Pension Attorney could review the document in advance of the next meeting.

Mr. Weller reported that the portfolio did not require rebalancing to statutory guideline limits.

The Board discussed various aspects of the report presented, including:

1. Reporting of the Small Cap portfolio managed by GLA as a separate account
2. The basis of reporting performance versus reporting for State of Illinois allocation limits

3. The need for enhancements to reports from custodial bank which may be subject to additional fees
4. The 45 day requirement for posting financial reports on website or otherwise releasing under the Freedom of Information Act.

6. APPROVE QUARTERLY PAYMENTS AND DISBURSEMENTS

Following review, Trustee Smith moved seconded by Trustee Neville, to approve payments and disbursements for the quarter ended June 30, 2013. Said motion was adopted by the following vote:

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

7. CONDUCT BASIC ACCOUNTING AND ACTUARIAL TRAINING

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

8. OTHER BUSINESS

1. Approve Retirement of Officer Deborah Litwitz – Trustee Neville moved, seconded by Trustee Walter, to approve the retirement of Deborah Litwitz effective August 7, 2013. Said motion was adopted by the following vote:

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

2. Approve Retirement of Director of Public Safety Michael Volling – Trustee Neville moved, seconded by Trustee Walter, to approve the retirement of Michael Volling effective May 15, 2013. Said motion was adopted by the following vote:

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

3. Meeting with Pension Attorney – In order to maximize value of time with the Pension Attorney, the President will meet with the attorney in order to make sure that the attorney is prepared to answer topical questions at the next meeting.

9. ADJOURNMENT

There being no further business to come before the Police Pension Fund Board, upon motion made, seconded and unanimously adopted by those present, the meeting was adjourned at 8:20 a.m.