Agenda
Village of Glen Ellyn
Police Pension Fund
Regular Meeting
Wednesday, October 21, 2015
7:30 PM
Glen Ellyn Civic Center, Room 301

A. **Call to Order**

B. **Public Comment (Non Agenda Items)**

C. **Approval of Minutes**

1. Police Pension Fund - Regular Meeting - Jul 22, 2015 7:30 PM

D. **Quarterly Investment Manager Report**

1. Third Quarter Investment Report

E. **Approval of Expenses**

1. October 2015 Vouchers - Police Pension Fund

F. **Approval of Membership Changes/Contribution Refunds/Transfers**

G. **Pension Funding and Annual Report to the Village Board**

1. Police Pension Funding and Annual Report to the Village Board

H. **Draft Investment RFP**

1. Draft RFP for Consultant Services

I. **Other Business**

1. Meeting schedule for 2016: January 20, April 20, July 20, October 19

J. **Adjournment**

1. Motion to Adjourn

Individuals with disabilities who plan to attend the hearing and who require certain accommodations in order to allow them to observe and participate, or who have questions regarding the accessibility of the meeting or facilities, are requested to contact the Village at least 24 hours before the meeting.

Minutes
Village of Glen Ellyn
Police Pension Fund
Regular Meeting
Wednesday, July 22, 2015
7:30 PM
Glen Ellyn Civic Center, Room 301

A. Call to Order

Attendee Name	Title	Status
John Kenwood	Trustee	Present
John Adduci	Board Member	Present
Anthony Terranova	Board Member	Present
Bill Housey	Board Member	Present
Jim Monson	Board Member	Present
Jim Mullany	Board Member	Present
Debbie Solomon	Recording Secretary	Present

Also Present: Investment Manager Merrill Rajeck and Finance Director Christina Coyle

B. Public Comment (Non Agenda Items)

None.

C. Approval of Minutes

1. Approve the Minutes of the April 8, 2015 Regular Meeting

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Jim Mullany, Board Member
SECONDER:	Jim Monson, Board Member
AYES:	Adduci, Terranova, Housey, Monson, Mullany

D. Quarterly Investment Manager Report

1. Investment Manager Report - 2nd Quarter

Manager Rajeck presented the Quarterly Investment Manager's Report and reviewed the Investment Management Review with the board.

The net total fund investment return decreased 0.35% for the past quarter and increased 3.62% for the past 12 months. The quarterly segment rates of return for GEPPF U.S. Treasury & GSE decreased 0.02%, GEPPF Corporate Fixed Income decreased 3.22%, and GEPPF Domestic Stocks increased 0.25%.

The fund ended the quarter by being funded by 55.0% total corporate investments; 37.9% total GSE & U.S. Treasury Bonds; and 7.1% total cash. The funding level is currently at approximately 65%. The CD portfolio is funded by 64.4% zeros and 35.6% coupons.

Manager Rajeck stated it was a quiet quarter as not much changed. He stated he did add total investment returns for the 3-year, 5-year and 10-year periods to the Investment Performance chart at the request of the Pension Board and added a new GEPPF Asset Mix graph to the report as well. He stated the US Treasury has talked about raising interest rates, but has not acted on this yet. Manager Rajeck stated he thinks these interest rates could be raised nominally this year.

At this point, Manager Rajeck left the meeting at 8:07 p.m.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Bill Housey, Board Member
SECONDER:	Jim Mullany, Board Member
AYES:	Adduci, Terranova, Housey, Monson, Mullany

E. Approval of Expenses

1. Approval of Expenses - July 2015

The following expenses were recommended for approval:

IPPFA, Conference Registration, $650.00
Illinois State Treasurer, DOI Filing Fee, $4,976.11
James Mullany, Conference Reimbursement, $455.11
Jay Company, Investment Manager Fees, $9,749.00
MB Financial, Custodial Fees, $4,410.35
Timothy W. Sharpe, Actuarial Report, $1,450.00
Lauterbach & Amen, DOI Report, $575.00
Rockwood Company, Fiduciary Liability Insurance, $4,344.00

Trustee Mullany moved, and Trustee Terranova seconded, to approve the expense vouchers in the amount of $26,609.57 and pension expenditures in the amount of $440,265.87 for a total of $466,875.44. The Motion carried unanimously.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Jim Mullany, Board Member
SECONDER:	Anthony Terranova, Board Member
AYES:	Adduci, Terranova, Housey, Monson, Mullany

F. Approval of Membership Changes / Contribution Refunds / Transfers

1. Approval of Membership Changes / Transfers / Contribution Refunds

Trustee Monson reported one new hire, Jake Wollenberg.
There were no transfer or refund activities.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Anthony Terranova, Board Member
SECONDER:	Jim Mullany, Board Member
AYES:	Adduci, Terranova, Housey, Monson, Mullany

G. Election of Pension Board Trustees and Officers

1. Election of Pension Board Trustees and Officers

Trustee Monson stated all officers were re-elected and asked how long the ballots should be retained. Ms. Coyle stated she will find out this information. President Adduci agreed to remain as president.

Trustee Mullany moved that all current positions by nominated for re-appointment, and Trustee Housey seconded. The motion passed by a vote of 4 to 1 with President Adduci dissenting.

RESULT:	**APPROVED [4 TO 1]**
MOVER:	Jim Mullany, Board Member
SECONDER:	Bill Housey, Board Member
AYES:	Terranova, Housey, Monson, Mullany
NAYS:	Adduci

H. Investment Firm Presentations

1. Investment Firm Presentations

Ms. Coyle stated three investment firms were invited to give presentations to the Pension Board to inform the board on their company and their services and to allow the board to gain knowledge of the marketplace for investment consultants. Ms. Coyle stated this information will help as the board drafts a Request for Proposal (RFP) in the future.

Marquette Associates
Marquette Associates is a Chicago-based independent consultant investment firm. Marquette Associates was represented by Mike Piotrowski, Vice President, and Chris Caparelli, Assistant Vice President. Mr. Piotrowski stated their firm is an independent investment consulting firm that guides institutional investment programs with a focused three-point approach and research. Mr. Caparelli stated their firm does consulting for 35 individual pension funds across 23 municipalities in Illinois. Mr. Caparelli stated stability of the team and consistency of the process is important to Marquette Associates. Mr. Piotrowski stated there are at least two consultants on each account, and they do attend pension board meetings.

Strategic Capital Investment Advisors
Strategic Capital Investment Advisors is based in the Chicago suburbs and is an independent investment consultant. Strategic Capital was represented by Daniel Gross, Principal, and Rich Weikal, Senior Analyst.

Mr. Gross stated their firm does not manage the money, but is an advisor to the board as to who should be working for the board and how the advisor should be working. Mr. Gross stated most of the clients that they advise today are pension funds. Mr. Weikal stated he is a full-time firefighter who is able to assist in feedback on police and firefighter pension funds. Mr. Gross stated consistency and persistence are important to Strategic Capital, and they do attend board meetings.

DeMarche Associates, Inc.
DeMarche Associates, Inc. is a Kansas City-based independent investment consulting firm. DeMarche Associates was represented by Don Lennard, Senior Consultant, and Ryan Pickert, Sales Associate. Mr. DeMarche stated their firm is an independent business consultant that consults in Detailed Performance Analysis, Outsourced CIO, and Manager Due Diligence among other services. Mr. DeMarche stated their firm has over 40 years in assisting clients and a great track record of picking money managers that outperform.

Board Debrief
There was a discussion on a possible timeline for succession planning and the issuing of an RFP. Trustee Mullany stated they need to find out from Manager Rajeck what his timing for retirement might be. Ms. Coyle stated it would be good if two or three of the Pension Board Trustees worked with her on drafting an RFP. Trustee Housey asked if the Board could see sample RFPs to which Ms. Coyle stated she will contact other villages to obtain samples and will bring these samples to the October meeting.

President Adduci exited the meeting at 10:25 p.m.

RESULT:	**DISCUSSION ONLY**

I. Other Business

None.

J. Reminders

1. Remaining Meetings in 2015 - October 21

K. Adjournment

1. Motion to Adjourn

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Jim Mullany, Board Member
SECONDER:	Bill Housey, Board Member
AYES:	Terranova, Housey, Monson, Mullany
ABSENT:	Adduci

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/21/15 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Report
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 1958) DOC ID: 1958

Third Quarter Investment Report

Attached is the third quarter investment report.

ATTACHMENTS:

- Investment Manager Report (PDF)

JAY COMPANY
337 Merton Avenue
Glen Ellyn, Illinois 60137

Portfolio Management & Equity Research Services

Merrill F. Rajeck, CFA
rajeck@att.net
(630) 469-5771

GLEN ELLYN POLICE PENSION FUND

Investment Management Review

Meeting - October 14, 2015

Portfolio Guidelines	Equity funds up to 40% of total assets. Corporate fixed income funds up to 15% of total assets. Ten year ladder of CD's, U.S. Treasury or GSE fixed income notes. Liquidity reserves in IPTIP or Fidelity Government Cash Portfolio.
Investment Performance.	Portfolio performance compared to selected benchmarks.
Portfolio Operations.	Asset valuation, allocation, and transactions. Composition of equity and fixed income portfolios. Cash flow projections and funding level.
Investment Outlook	The economy, stock, bond and money markets.
Investment Plan.	Likely investment activity.

		MARKET VALUE		TRANSACTIONS		TICKER			MARKET VALUE		PERFORMANCE FACTORS		PERFORMANCE	
Amount	Investment Description	06/30/15	% of Total	Sales or Funds In	Buys or Funds Out		Amount	Price	09/30/15	% of Total	Market Values	Income Received	Net $ Gain (Loss)	Percent Return
12,000	Extended Market ETF - Vanguard	1,103,880.00	4.2			VXF	12,000	81.63	979,560.00	3.8	(124,320.00)	8,316.00	(116,004.00)	(10.51)
10,000	Mid-Cap Growth ETF Russell	968,500.00	3.7			IWP	10,000	88.61	886,100.00	3.6	(82,400.00)	2,258.10	(80,141.90)	(8.27)
14,000	Mid-Cap Growth ETF Vanguard	1,491,980.00	5.6			VOT	14,000	97.27	1,361,780.00	5.3	(130,200.00)	6,132.00	(124,068.00)	(8.32)
5,982	Mid-Cap Index Fund Vanguard	942,759.03	3.6			VIMAX	5,982	144.50	864,340.33	3.4	(78,418.70)	8,356.29	(70,062.41)	(7.43)
9,000	SmallCap Growth ETF Vanguard	1,208,160.00	4.6			VBK	9,000	117.78	1,060,020.00	4.1	(148,140.00)	-	(148,140.00)	(12.26)
16,000	Total Stock Mkt Index Fd Vgd	1,712,320.00	6.5			VTI	16,000	98.72	1,579,520.00	6.2	(132,800.00)	7,488.00	(125,312.00)	(7.32)
66,982	Total - Equity Index ETFs	7,427,599.03	28.1	-	-		66,982		6,731,320.33	26.3	(696,278.70)	32,550	(663,728.31)	(8.94)
	Sector ETFs													
10,000	Consumer Descretionary SPDR	764,800.00	2.9			XLY	10,000	74.26	742,600.00	2.9	(22,200.00)	2,889.70	(19,310.30)	(2.52)
7,000	Financial Services SPDR	658,070.00	2.5			IYG	7,000	85.48	598,360.00	2.3	(59,710.00)	-	(59,710.00)	(9.07)
11,000	Health Care SPDR	818,290.00	3.1			XLV	11,000	66.23	728,530.00	2.8	(89,760.00)	2,867.92	(86,892.08)	(10.62)
12,000	Industrials SPDR	648,720.00	2.5	642,348.16		XLI				-	(6,371.84)	-	(6,371.84)	(0.98)
20,000	Technology SPDR	828,000.00	3.1			XLK	20,000	39.50	790,000.00	3.1	(38,000.00)	3,668.60	(34,331.40)	(4.15)
60,000	Total - Sector ETFs	3,717,880.00	14.1	642,348.16	-		48,000		2,859,490.00	11.2	(216,041.84)	9,426.22	(206,615.62)	(5.56)
	Securities Sold													
126,982	Total U.S. Stock Funds	11,145,479.03	42.1	642,348.16	-		114,982		9,590,810.33	37.5	(912,320.54)	41,976.61	(870,343.93)	(7.81)
-	Total Foreign Stock Funds	-	-	-	-		-		-	-	-	-	-	
50,000	PIMCO Corporate & Income Strategy Fund	710,000.00	2.7		105,073.50	PCN	57,500	13.14	755,550.00	[illegible]	(59,523.50)	17,718.75	(41,804.75)	(5.13)
40,000	PIMCO Corporate Opp Fund	579,200.00	2.2		225,736.68	PTY			[illegible]		(65,456.68)	17,628.00	(47,828.68)	(5.94)
27,000	PIMCO Income Opp Fund	653,400.00	2.5		156,186.55	PKO					(43,776.55)	16,625.00	(27,151.55)	(3.35)
66,000	PIMCO Income Strategy Fund	716,760.00	2.7		102,482.88	PFL	75,600				(87,434.88)	18,684.00	(68,750.88)	(8.39)
75,000	PIMCO Income Strategy Fund II	737,250.00	2.8		89,170.26	PFN	84,300				(81,208.26)	18,744.00	(62,464.26)	(7.56)
258,000	Total Corp Fixed Income Funds	3,396,610.00	12.8	-	678,649.87		306,500		3,737,860.00	14.6	(337,399.87)	89,399.75	(248,000.12)	(6.09)
	Total Corporate Investments	14,542,089.03	55.0	642,348.16	678,649.87				13,328,670.33	52.1	(1,249,720.41)	131,376.36	(1,118,344.05)	(7.35)

Par Value		Coupon	Maturity	MARKET VALUE		TRANSACTIONS		TICKER Totals		MARKET VALUE			PERFORMANCE FACTORS		PERFORMANCE	
500,000	FNMA STRIPS	0.000	11/15/15	499,412.00	1.9				500,000	99.97	499,854.00	2.0	452.00	-	452.00	0.[illegible]
250,000	Key Bank NA	0.450	12/21/15	250,524.25	0.9			750,000	250,000	100.05	250,113.50	1.0	(410.75)	-	(410.75)	(0.16)
425,000	TVA STRIPS	0.000	05/01/16	423,110.03	1.6				425,000	99.68	423,653.60	1.7	543.57	-	543.57	0.13
775,000	FNMA STRIPS	0.000	05/15/16	772,351.83	2.9				775,000	99.80	773,422.88	3.0	1,071.05	-	1,071.05	0.14
350,000	FHLB STRIPS	0.000	07/15/16	347,846.10	1.3			1,550,000	350,000	99.58	348,532.80	1.4	686.70	-	686.70	0.20
	Capital One Bank CD	0.800	01/03/17		-		250,000.00		250,000	99.98	249,946.00	1.0	(54.00)	-	(54.00)	(0.02)
	TCF National Bank CD	0.700	01/30/17		-		250,000.00		250,000	99.98	249,961.50	1.0	(38.50)	-	(38.50)	(0.02)
250,000	Bank of North Carolina CD	0.850	03/30/17	249,936.75	0.9				250,000	99.94	249,857.75	1.0	(79.00)	535.62	456.62	0.18
500,000	FHLMC 6/23/17 Call 9/23/15	0.850	06/23/17	500,309.50	1.9				500,000	100.13	500,632.00	2.0	322.50	-		
	Compas Bank CD	1.300	07/31/17		-		250,000.00		250,000	99.98	249,951.00	1.0	(49.00)	-	(49.00)	(0.02)
400,000	FHLMC STRIPS	0.000	09/15/17	388,852.80	1.5				400,000	98.17	392,680.00	1.5	3,827.20	-	3,827.20	0.98
500,000	FHLB Call 5/13/16 1x	0.000	11/13/17	499,378.50	1.9				500,000	100.04	500,184.00	2.0	805.50	-	805.50	0.16
859,000	TVA STRIPS	0.000	12/15/17	834,941.99	3.2			3,259,000	859,000	97.54	837,869.46	3.3	2,927.47	-	2,927.47	0.35
250,000	American Express Centur CD	1.600	06/25/18	248,524.75	0.9				250,000	99.27	248,164.75	1.0	(360.00)	-	(360.00)	(0.14)
250,000	Discover Bank CD	1.550	06/25/18	248,523.50	0.9				250,000	99.27	248,163.50	1.0	(360.00)	-	(360.00)	(0.14)
250,000	Goldman Sachs Bank CD	1.550	06/25/18	248,164.75	0.9				250,000	99.13	247,834.75	1.0	(330.00)	-	330.00)	(0.13)
250,000	BMW Bank North America CD	1.500	06/26/18	249,161.50	0.9				250,000	99.50	248,745.50	1.0	(416.00)	-		
500,000	FNMA STRIPS	0.000	07/15/18	475,892.50	1.8				500,000	96.50	482,478.50	1.9	6,586.00	-		
	Everbank Jacksonville FL CD	1.350	07/30/18		-		250,000.00		250,000	99.65	249,135.00	1.0	(865.00)	-		
400,000	FHLMC STRIPS	0.000	09/15/18	380,466.80	1.4				400,000	96.06	384,225.60	1.5	3,758.80	-	[illegible]8.80	0.99
400,000	FNMA STRIPS	0.000	11/15/18	383,164.40	1.4			2,550,000	400,000	95.52	382,097.20	1.5	(1,067.20)	-	[illegible]7.20)	(0.28)
800,000	TVA STRIPS	0.000	01/15/19	750,885.60	2.8				800,000	95.38	763,019.20	3.0	12,133.60	-	12,133.60	1.62
500,000	FNMA STRIPS	0.000	07/15/19	463,190.50	1.8			1,300,000	500,000	93.96	469,802.50	1.8	6,612.00	-	6,612.00	1.43
500,000	FNMA STRIPS	0.000	05/15/20	458,274.00	1.7				500,000	92.31	461,573.00	1.8	3,299.00	-	3,299.00	0.72
1,000,000	TVA STRIPS	0.000	07/15/20	901,676.00	3.4			1,500,000	1,000,000	91.39	913,870.00	3.6	12,194.00	-	12,194.00	1.36
525,000	FNMA STRIPS	0.000	11/15/21	456,605.63	1.7			525,000	525,000	89.16	468,115.73	1.8	11,510.10	-	11,510.10	2.52
10,434,000	Total GSE & U.S. Treasury Bonds			10,031,193.68	37.9	-	1,000,000.00	11,434,000	11,434,000		11,093,893.72	43.3	62,700.04	535.62	63,235.66	0.57
	Income Received					131,944.55								131,911.98		
	Contributions - Payments					981,367.05	780,946.54									
	Cash Balance - MBFB			1,806,119.91	6.8	1,350,792.71	2,008,083.55	FIGXX		100.00	1,148,829.07	4.5				
	Cash Balance - IPTIP			75,297.12	0.3	404,878.59	451,512.86			100.00	28,662.85	0.1				
	Total Cash Balance			1,881,417.03	7.1						1,177,491.92	4.6		44.11	44.11	0.00
	Total Fund			26,454,699.74	100.0						25,600,055.97	100.0	(1,187,020.37)	131,956.09	(1,055,064.28)	(3.85)

Attachment: Investment Manager Report (1958 : Third Quarter Investment Report)

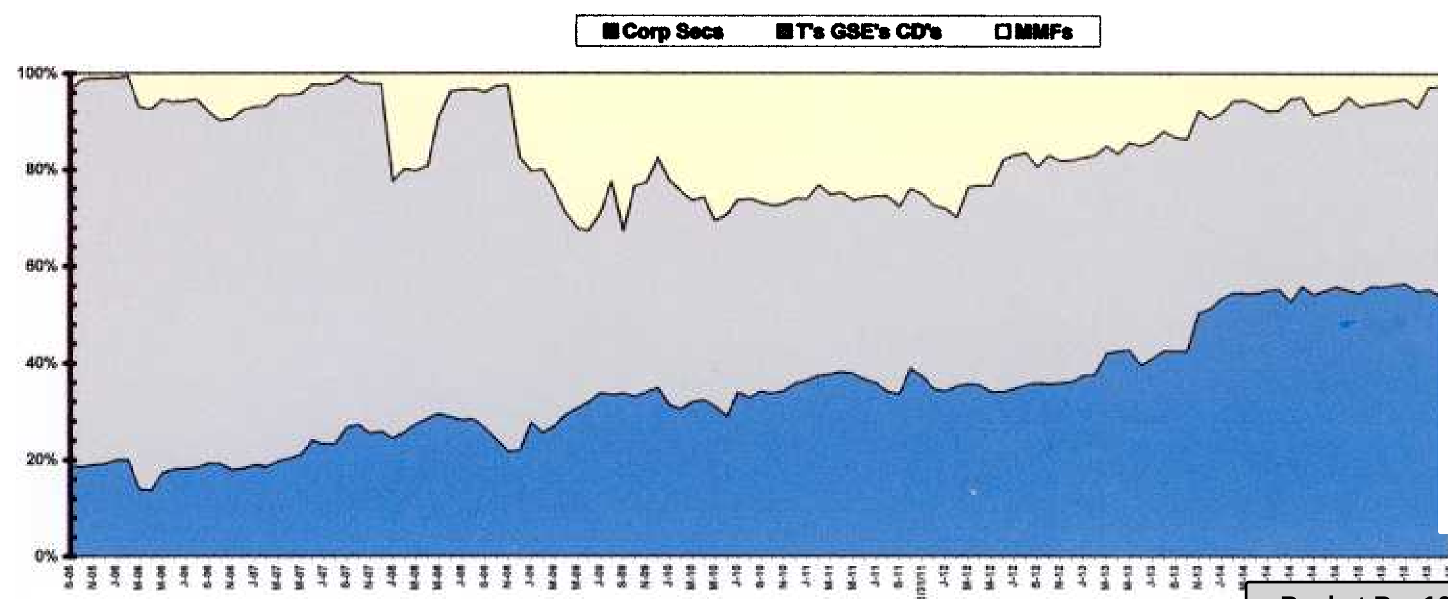
D.1.a

Glen Ellyn Police Pension Fund - Investment Performance

Periods Ended 9/30/15	***3 Months***	***12 Months***	***3 Years***	***5 Years***	***10 Years***
Total Fund:					
Beginning Balance:	$ 26,454,700	$ 25,831,738	$ 23,471,803	$ 20,973,095	$ 17,606,683
Contributions	656,367	1,524,354	4,152,093	6,763,523	12,027,527
Withdrawals	(455,947)	(1,875,755)	(5,171,966)	(8,125,945)	(14,662,497)
Adjusted Investment Base	$ 26,655,120	$ 25,480,337	$ 22,451,930	$ 19,610,672	$ 14,971,714
Market Value 9/30/15	$ 25,600,056	$ 25,600,056	$ 25,600,056	$ 25,600,056	$ 25,600,056
Earnings	**$ (1,055,064)**	**$ 119,719**	**$ 3,148,126**	**$ 5,989,384**	**$ 10,628,342**
Total Fund Investment Return	(3.85)	0.44	4.36 a	5.27 a	4.98 a
Less: Management Fees	(0.04)	(0.15)	(0.15) a	(0.15) a	(0.15) a
Net Total Fund Investment Return	**(3.89)**	**0.29**	**4.21 a**	**5.12 a**	**4.83 a**
Segment Rates of Return:	***3 Months***	***12 Months***	***3 Years***	***5 Years***	***10Years***
GEPPF U.S. Treasury & GSE 43.3%	**0.57**	**2.55**	**1.34 a**	**3.41 a**	**4.70 a**
Barclays US Treasury Bond - Benchmark	1.94	2.17	1.40 a	2.66 a	4.42 a
GEPPF Corporate Fixed Income 14.6%	**(6.09)**	**(7.38)**	**(0.56) a**	**2.97**	**n.a.**
GEPPF Domestic Stocks 37.5%	**(7.81)**	**1.02**	**12.04 a**	**12.58 a**	**7.79 a**
Russell 3000 Index - Benchmark	*(7.25)*	*(0.50)*	*12.53 a*	*13.28 a*	*6.92 a*
GEPPF Foreign Stocks 0.0%	**n.a.**	**n.a.**	**n.a. a**	**n.a. a**	**n.a.**
MSCI ACWI Index ex U.S. - Benchmark	*(12.71)*	*(14.31)*	*(0.26) a*	*(0.90) a*	*0.36 a*

a. Total Return (income plus market value change adjusted for capital additions and withdrawals) is expressed as percentage net change for periods of one year or less and as a compound annual rate for time periods longer than one year.

9/30/05 - 9/30/15 GEPPF Asset Mix



Attachment: Investment Manager Report (1958 : Third Quarter Investment Report)

GLEN ELLYN POLICE PENSION FUND

ESTIMATED CASH FLOW

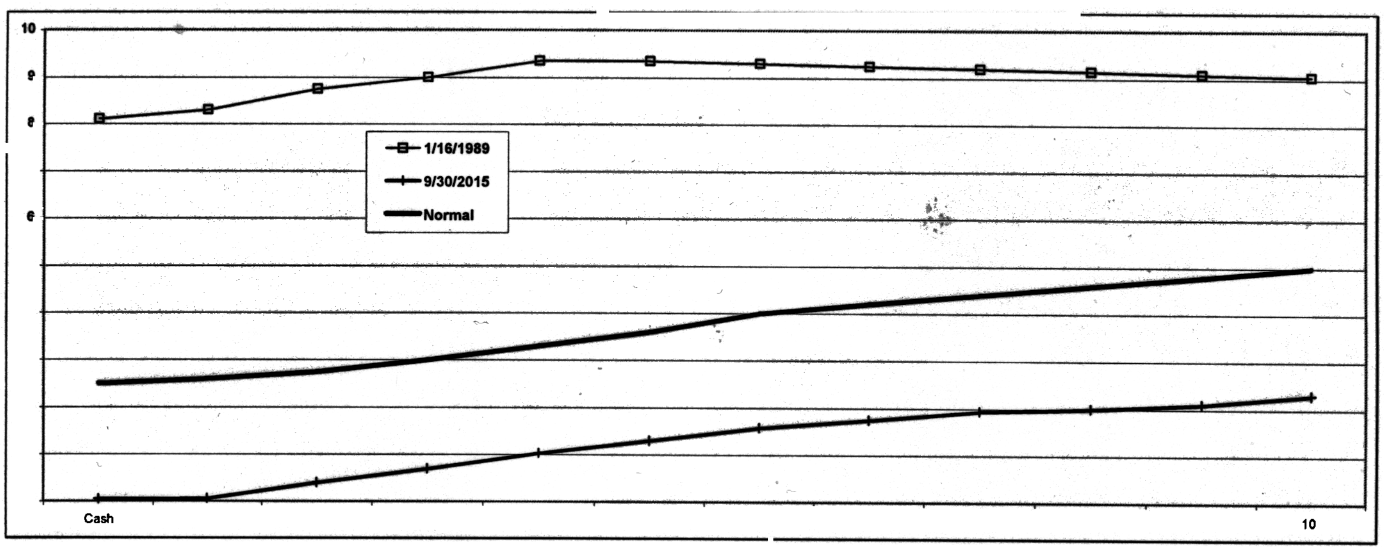
	Investments Maturities	Income	Contributions Village	Contributions Members	Payments	Cash Balance
Beginning Cash Balance (10/1/15)						1,881,417
October		28,072		26,500	(150,000)	1,785,989
November	500,000	29,135		26,500	(150,000)	2,191,624
December	250,000	80,908		26,500	(150,000)	2,399,032
January, 2016		33,260		26,500	(150,000)	2,308,792
February		28,072		26,500	(150,000)	2,213,364
March		70,471		26,500	(150,000)	2,160,335
April		28,072		26,500	(150,000)	2,064,907
May	1,200,000	29,135		26,500	(150,000)	3,170,542
June		80,909	596,420	26,500	(150,000)	3,724,371
July	350,000	33,260		26,500	(150,000)	3,984,131
August		28,072		26,500	(150,000)	3,888,703
September		70,471	596,420	26,500	(150,000)	4,432,094
Calculated Ending Cash Balance						4,432,094
	2,300,000	539,837	1,192,840	318,000	(1,800,000)	
12 Month Net Cash Flow						**2,550,677**

FUNDING LEVEL

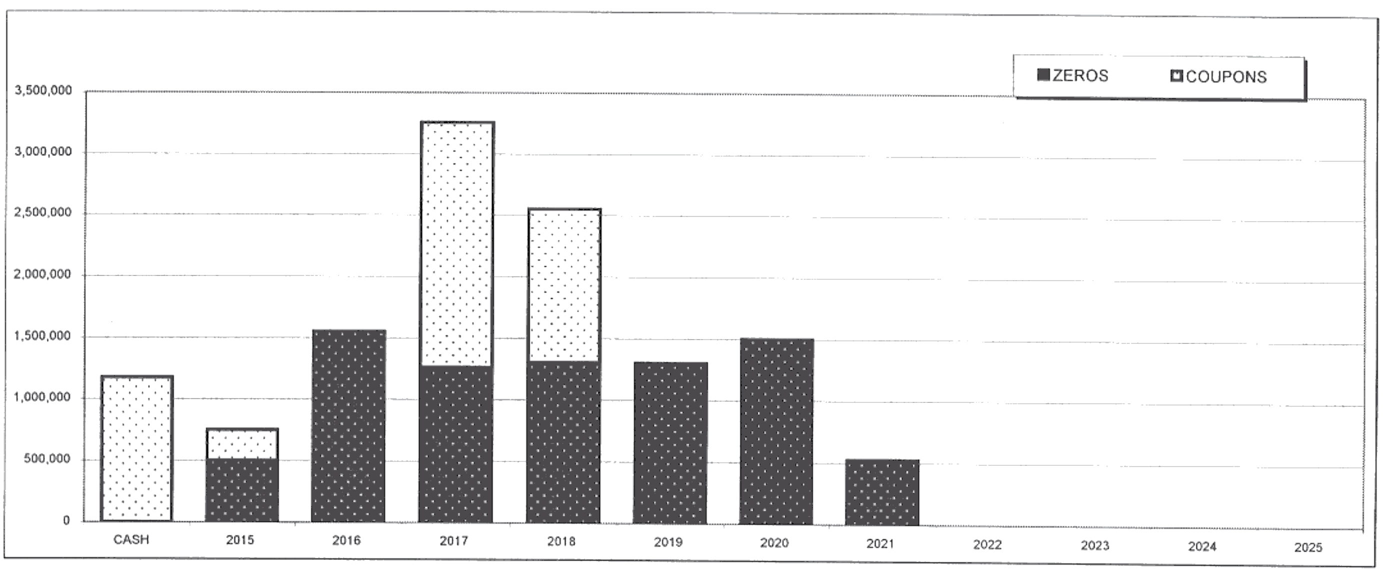
	Actuarial Asset Value	Actuarial Accr. Liab.	Underfunding	% Funded
4/30/1984	3,025,703	4,622,336	(1,596,633)	65.5
4/30/1985	3,495,241	5,107,312	(1,612,071)	68.4
4/30/1986	4,106,442	5,098,179	(991,737)	80.5
4/30/1987	4,681,382	5,801,900	(1,120,518)	80.7
4/30/1988	5,251,848	6,599,071	(1,347,223)	79.6
4/30/1989	5,844,535	6,947,764	(1,103,229)	84.1
4/30/1990	6,703,394	6,155,586	547,808	108.9
4/30/1991	7,383,701	6,840,286	543,415	107.9
4/30/1992	8,063,337	7,465,889	597,448	108.0
4/30/1993	8,785,422	9,074,730	(289,308)	96.8
4/30/1994	9,577,897	10,045,936	(468,039)	95.3
4/30/1995	10,332,366	11,183,153	(850,787)	92.4
4/30/1996	11,051,130	11,821,328	(770,198)	93.5
4/30/1997	12,006,822	13,196,801	(1,189,979)	91.0
4/30/1998	12,969,868	13,797,332	(827,464)	94.0
4/30/1999	13,664,310	15,460,776	(1,796,466)	88.4
4/30/2000	14,462,028	17,815,050	(3,353,022)	81.2
4/30/2002	15,765,560	20,091,490	(4,325,930)	78.5
4/30/2003	16,481,075	21,795,895	(5,314,820)	75.6
4/30/2004	17,255,623	24,011,299	(6,755,676)	71.9
4/30/2005	17,838,028	24,962,567	(7,124,539)	71.5
4/30/2006	18,522,360	26,253,816	(7,731,456)	70.6
4/30/2007	19,321,673	27,717,490	(8,395,817)	69.7
4/30/2008	20,120,941	28,272,585	(8,151,644)	71.2
4/30/2009	20,311,215	30,060,797	(9,749,582)	67.6
4/30/2010	20,792,849	31,519,264	(10,726,415)	66.0
4/30/2011	21,736,074	33,797,372	(12,061,298)	64.3
4/30/2012	22,568,213	35,432,508	(12,864,295)	63.7
4/30/2013	24,311,184	35,367,041	(11,055,857)	68.7
4/30/2014	25,434,676	39,300,611	(13,865,935)	64.7
1/1/2015	26,419,860	40,768,986	(14,349,126)	64.8

	MATURITY VALUE			MARKET VALUE		
	COUPONS	ZEROS	TOTAL	COUPONS	ZEROS	TOTAL
CASH	1,177,492		1,177,492	1,177,492		1,177,492
2015	250,000	500,000	750,000	250,114	499,864	749,978
2016		1,550,000	1,550,000		1,545,609	1,545,609
2017	2,000,000	1,259,000	3,259,000	2,000,532	1,230,549	3,231,082
2018	1,250,000	1,300,000	2,550,000	1,242,044	1,248,801	2,490,844
2019		1,300,000	1,300,000		1,232,822	1,232,822
2020		1,500,000	1,500,000		1,375,443	1,375,443
2021		525,000	525,000		468,116	468,116
2022						
2023						
2024						
2025						
TOTALS	4,677,492	7,934,000	12,611,492	4,670,181	7,601,204	12,271,385
	37.1%	62.9%	100.0%	38.1%	61.9%	100.0%

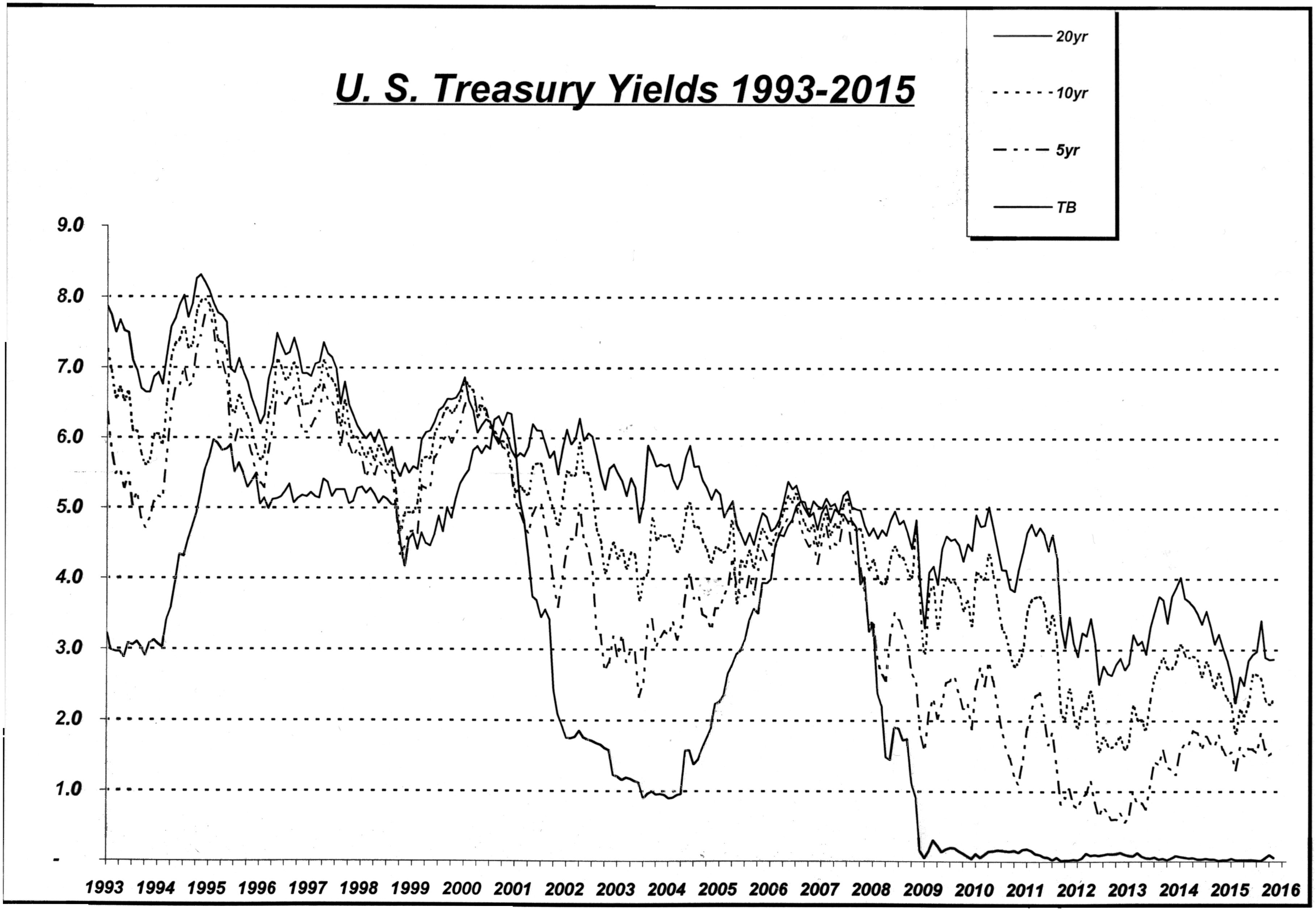
YIELD CURVE



MATURITY SCHEDULE



Attachment: Investment Manager Report (1958 : Third Quarter Investment Report)


U. S. Treasury Yields 1993-2015
20yr
10yr
5yr
TB
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
-
1993
1994
1995
1996
1997
1998
1999
2000
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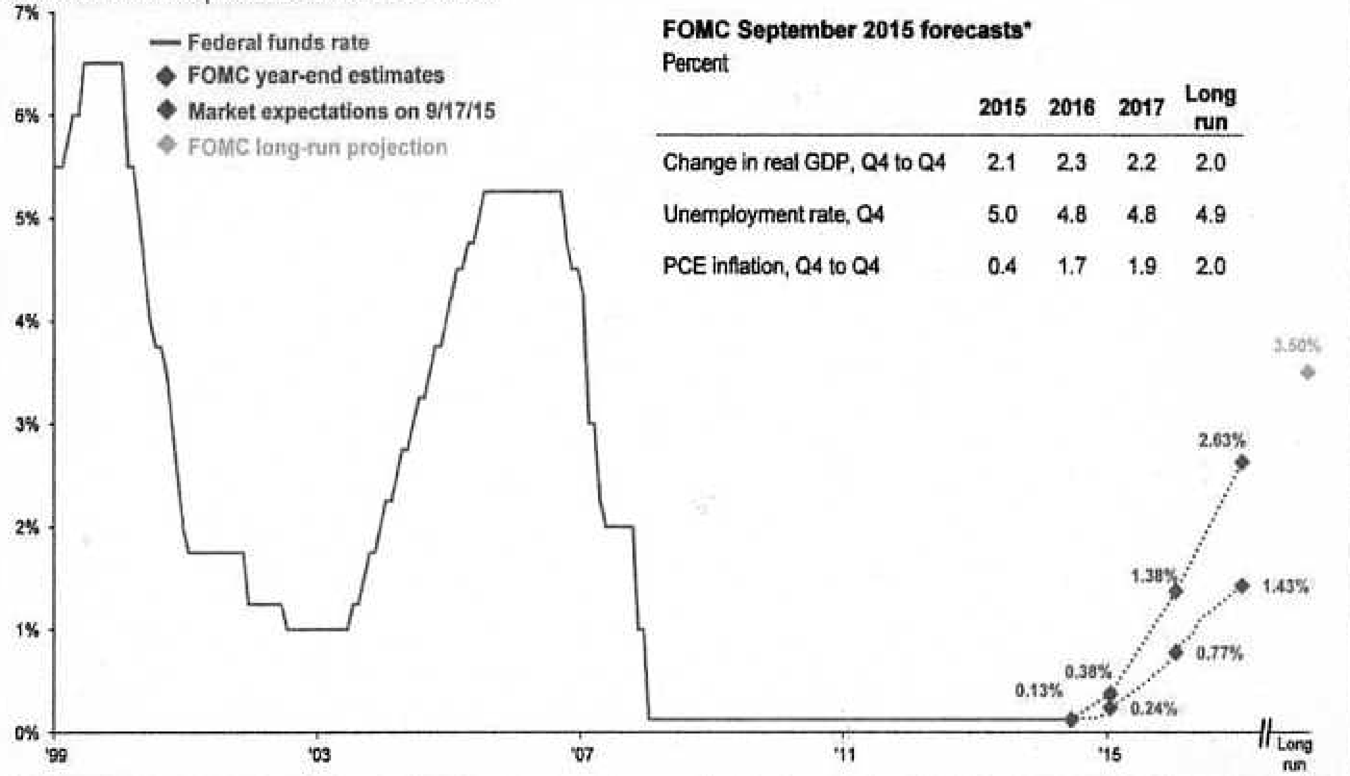
2014
2015
2016

Federal funds rate expectations

FOMC and market expectations for the fed funds rate



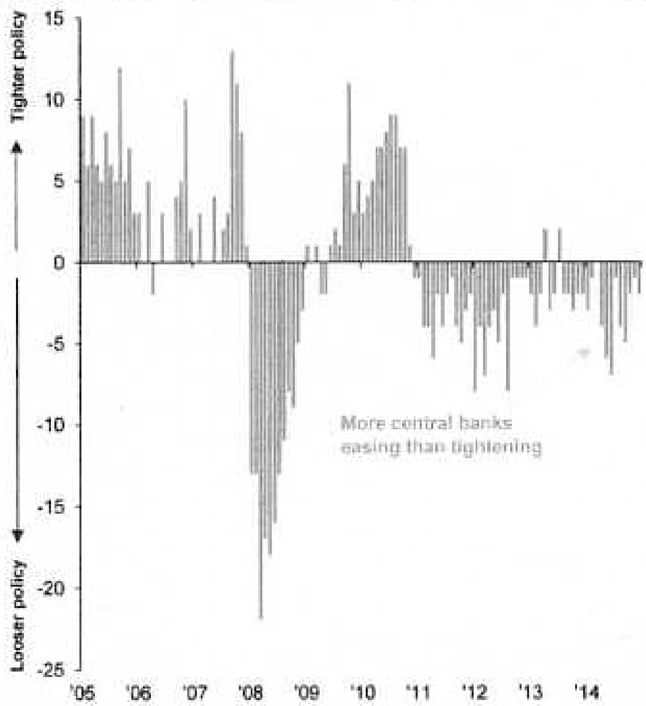
FOMC September 2015 forecasts*

Percent

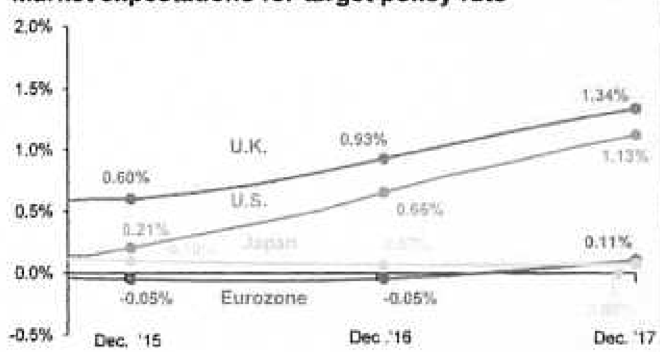
	2015	2016	2017	Long run
Change in real GDP, Q4 to Q4	2.1	2.3	2.2	2.0
Unemployment rate, Q4	5.0	4.8	4.8	4.9
PCE inflation, Q4 to Q4	0.4	1.7	1.9	2.0

Global central banks' interest rate decisions*

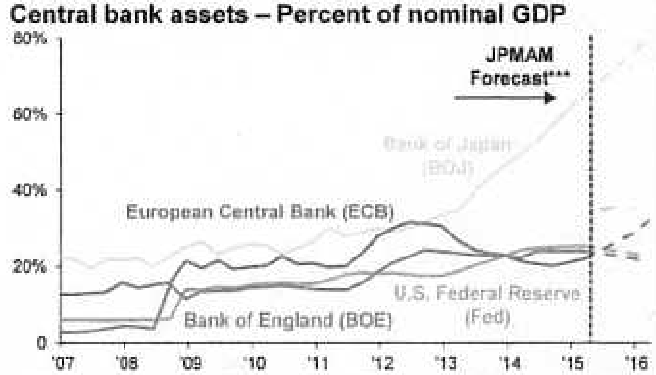
Central banks lowering rates (-1), raising rates (+1), and maintaining rates (0)



Market expectations for target policy rate**

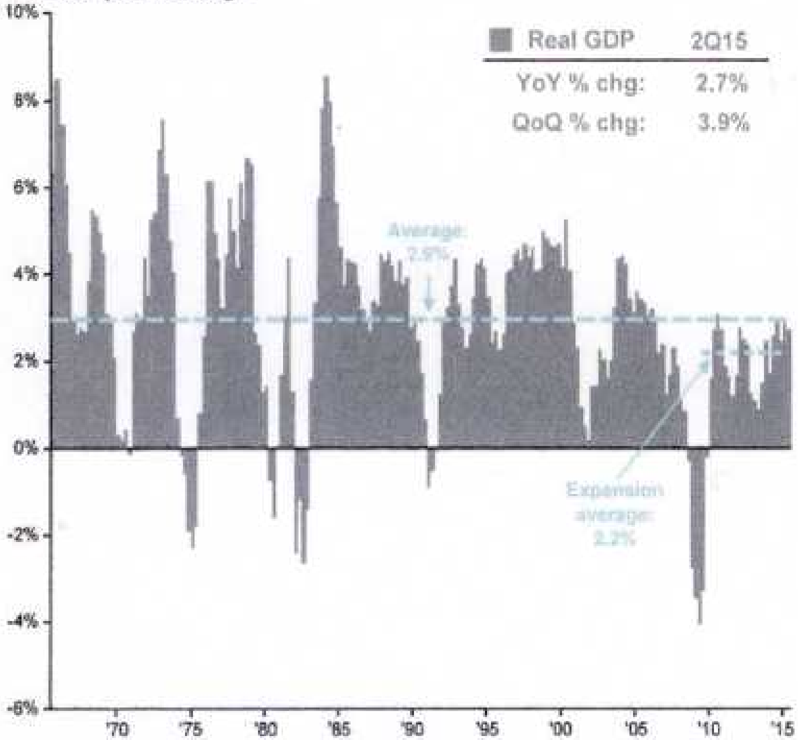


Central bank assets – Percent of nominal GDP

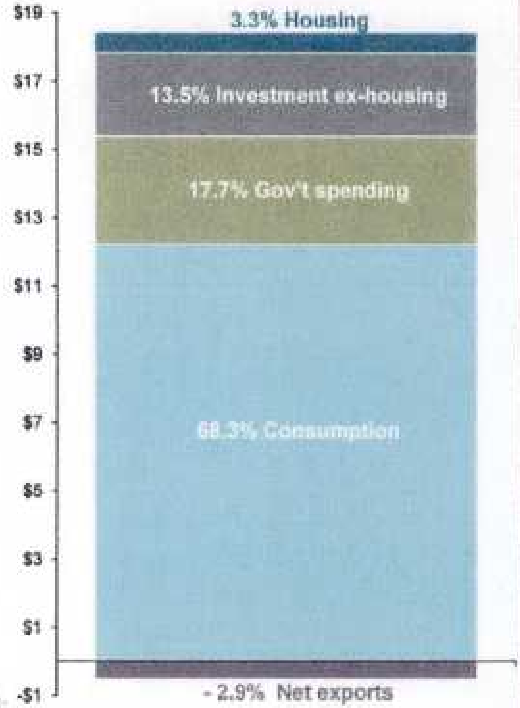


Attachment: Investment Manager Report (1958 : Third Quarter Investment Report)

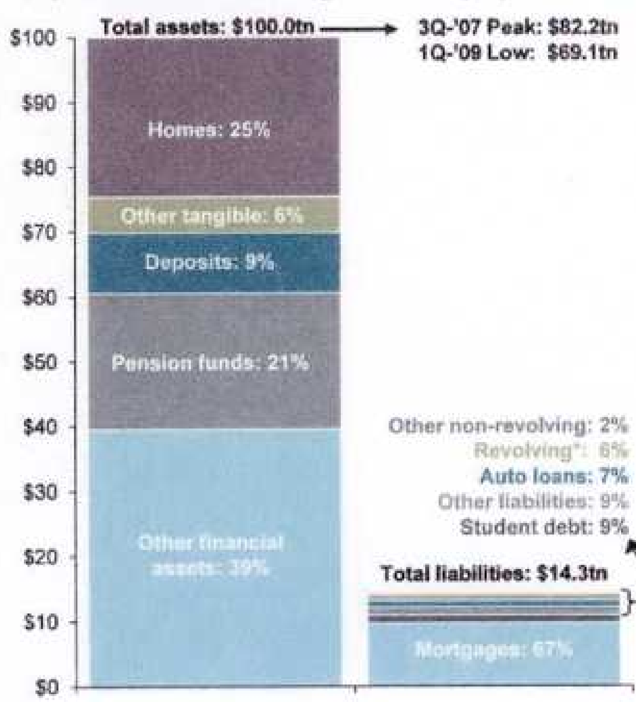
Real GDP
Year-over-year % change



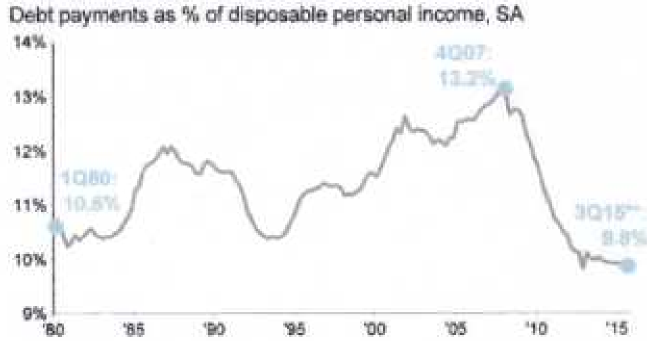
Components of GDP
2Q15 nominal GDP, USD trillions



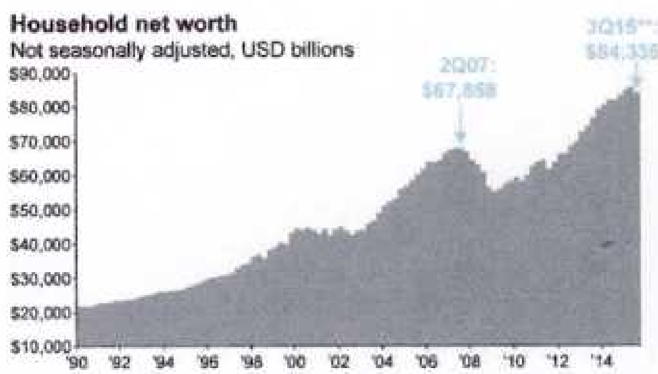
Consumer balance sheet
2Q15, trillions of dollars outstanding, not seasonally adjusted

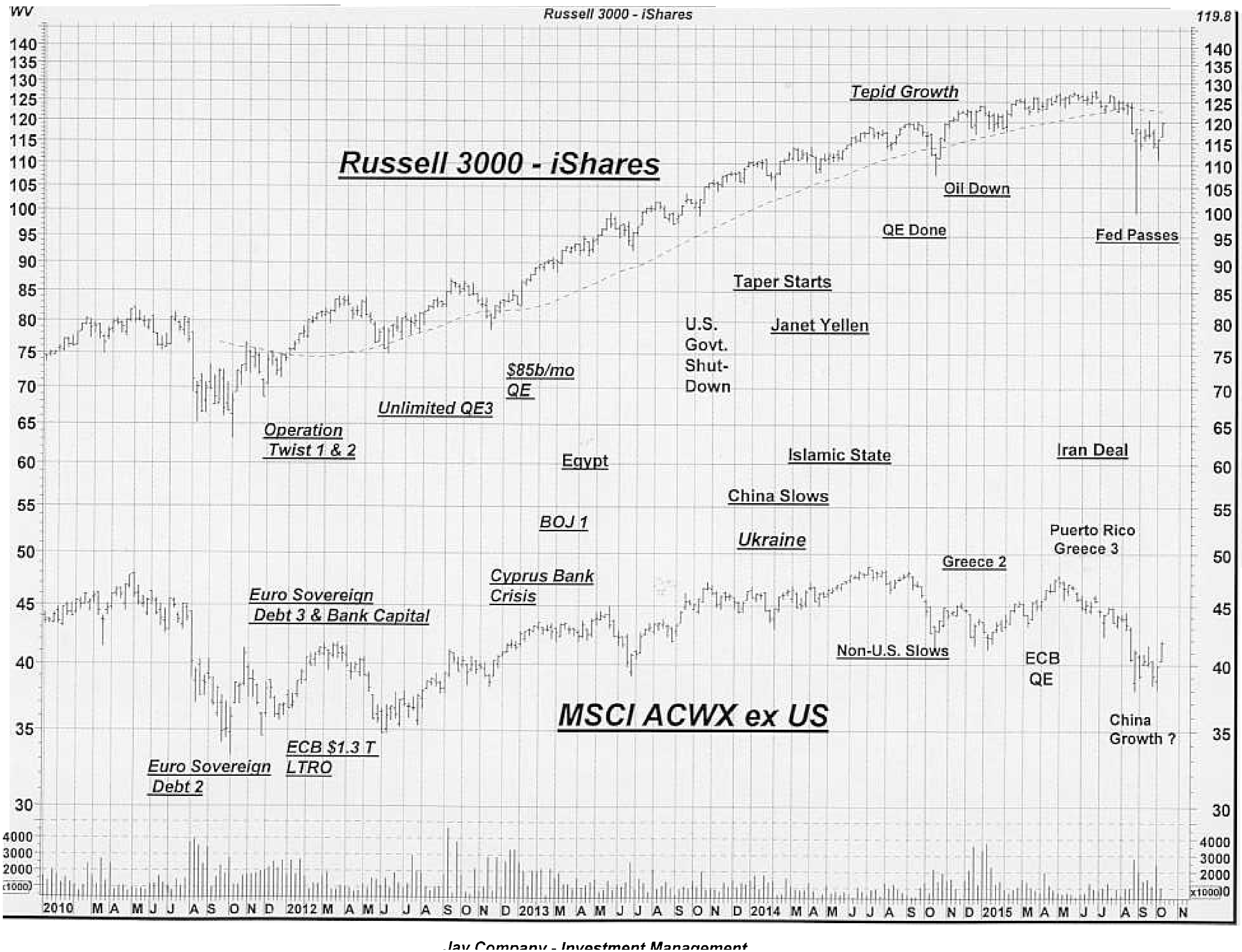


Household debt service ratio
Debt payments as % of disposable personal income, SA



Household net worth
Not seasonally adjusted, USD billions




Russell 3000 - iShares
Russell 3000 - iShares
MSCI ACWX ex US
Euro Sovereign Debt 2
Operation Twist 1 & 2
Euro Sovereign Debt 3 & Bank Capital
ECB $1.3 T LTRO
Unlimited QE3
$85b/mo QE
Cyprus Bank Crisis
BOJ 1
Egypt
U.S. Govt. Shut-Down
Taper Starts
Janet Yellen
China Slows
Ukraine
Islamic State
Non-U.S. Slows
QE Done
Tepid Growth
Oil Down
Greece 2
ECB QE
Puerto Rico Greece 3
Iran Deal
Fed Passes
China Growth ?
Jay Company - Investment Management

Investment Description	Shares	Ticker Symbol	10/09/15 Price	Current Cost	Portfolio Mkt Value	% of Total	Large Cap	Mid Cap	Small Cap	Target Portfolio	% of Total
MULTI-SECTOR EQUITY FUNDS											
Multi-Cap - Total Stock Market ETF - Vanguard	16,000	VTI	103.83	1,047,332	1,661,280	6.3	6.3			1,600,000	6.1
Multi-cap - Extended Market Fund Vanguard	12,000	VXF	86.07	971,621	1,032,888	3.9	4.0			1,000,000	3.8
Multi-Cap - Russell 3000 - iShares		IWV	119.81								-
Multi-Cap-S&P 500 Index SPDR		SPY	201.33								-
Large Cap Growth -Russell 1000 - iShares		IWF	97.32								-
Large Cap Growth -Vanguard		VUG	105.16								-
Mid-Cap Growth Fund Russell iShares	10,000	IWP	92.63	519,896	926,300	3.5		3.5		900,000	3.4
Mid-Cap Growth Fund Vanguard	14,000	VOT	101.78	532,723	1,424,920	5.4		5.4		1,400,000	5.3
Mid-Cap Index Fund - Admiral shs. Vanguard	5,981.59	VIMAX	151.79	512,830	907,946	3.5		3.5		900,000	3.4
Small Cap Growth Fund Vanguard	9,000	VBK	124.70	401,955	1,122,300	4.3			4.3	1,100,000	4.2
Small Cap Value Fund Vanguard		VBR	102.99			-					-
Total Multi-sector Equity Funds				3,986,357	7,075,634	27.0	10.3	12.4	4.3	6,900,000	26.3
SECTOR EQUITY FUNDS											
Consumer Discretionary - SPDR	10,000	XLY	77.72	639,800	777,200	3.0	3.0			800,000	3.0
Consumer Staples - SPDR		XLP	49.46								-
Energy - SPDR		XLE	68.94								-
Financial - SPDR	7,000	IYG	87.79	594,370	614,530	2.3	2.3			600,000	2.3
Healthcare - SPDR	11,000	XLV	68.44	585,855	752,840	2.9	2.9			750,000	2.9
Healthcare Providers - iShares	6,000	IHF	125.75	743,159	754,500	2.9	2.9			750,000	2.9
Industrial - SPDR		XLI	53.38								-
Materials Vanguard		VAW	96.66								-
Real Estate Vanguard		VNQ	78.99								-
Telecommunication Services Vanguard		VOX	81.56								-
Technology SPDR	20,000	XLK	41.48	412,150	829,600	3.2	3.2			800,000	3.0
Transportation iShares		IYT	148.36								-
Utilities Vanguard		VPU	94.61								-
Total Sector Equity Funds				2,975,334	3,728,670	14.2	14.2			3,700,000	14.1
Foreign Regional Index Funds											
Emerging Markets Vanguard		VWO	36.02								
S&P Europe 350 Index Fund iShares		IEV	42.37								
Latin Am 40 iShares		ILF	25.05								
MSCI All Country Asia ex Japan iShares		AAXJ	57.13								
MSCI-ACWI Index Fund ex U.S. iShares		ACWX	41.83								
Foreign Country Index Funds											
MSCI Australia Index Fund iShares		EWA	19.64								
MSCI Canada Index Fund iShares		EWC	24.92								
MSCI Singapore Index Fund iShares		EWS	11.17								
MSCI Switzerland Index Fund iShares		EWL	31.89								
Total Foreign Regional & Country Index Funds				-	-	-	-			-	-
Total Equity Portfolio				6,961,691	10,804,304	41.2	59.6	30.2	10.4	10,600,000	40.4
Investment Policy %							65.0	25.0	10.0	10,498,162	40.0
Fixed Income Funds											
PIMCO Corp Opportunity Fund	55,600	PTY	13.87	903,945	771,172	2.9				800,000	3.0
PIMCO Corporate & Income Strategy Fund	57,500	PCN	13.57	943,769	780,275	3.0				800,000	3.0
PIMCO Income Opportunity Fund	33,500	PKO	23.74	924,798	795,290	3.0				800,000	3.0
PIMCO Income Strategy Fund	75,600	PFL	9.96	925,712	752,976	2.9				800,000	3.0
PIMCO Income Strategy Fund II	84,300	PFN	9.03	870,435	761,229	2.9				800,000	3.0
Total Fixed Income Funds				4,568,658	3,860,942	14.7				4,000,000	15.2
Total Corporate Investments	427,482			11,530,349	14,665,246	55.9				14,600,000	55.6
MB Financial Money Fund				457,387	457,387	1.7					-
IPTIP Money Fund				28,663	28,663	0.1					-
Total Money Market				486,050	486,050	1.9				645,405	2.5
Fixed Income Ladder				9,591,268	11,094,108	42.3				11,000,000	41.9
Total GEPP Portfolio				21,607,667	26,245,405	100.0					

Attachment: Investment Manager Report (1958 : Third Quarter Investment Report)

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/21/15 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Vouchers
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 1959) DOC ID: 1959

October 2015 Vouchers - Police Pension Fund

Attached are the vouchers for approval.

ATTACHMENTS:

- 2015, October Vouchers (PDF)

POLICE PENSION FUND
APPROVAL OF VOUCHERS
For the meeting in October, 2015

Expenses	Check Date:	Paid amount	
IPPFA (Annual Dues)	10/9/2015	$ 795.00	
Jay Company (Investment management)	7/30/2015	$ 9,846.00	
MB Financial (Custodial fees)	7/9/2015	$ 4,433.68	
		$ 15,074.68	
			$ 15,074.68

Pension Expenses	**July**	**August**	**September**	
Service Pensions	$ 123,035.24	$ 123,035.24	$ 123,218.15	
Duty Disability Pensions	$ 10,902.90	$ 10,902.90	$ 10,902.90	
Non-Duty Disability Pensions	$ -	$ -	$ -	
Surviving Spouse Pension	$ 13,031.51	$ 13,031.51	$ 13,031.51	
Total Payroll:	**$ 146,969.65**	**$ 146,969.65**	**$ 147,152.56**	
				$ 441,091.86
			Grand Total	**$ 456,166.54**

Glen Ellyn Police Pension Fund

Invoice Date	Invoice Number	Invoice Description	Net Invoice Amount
10/06/15	100615	ANNUAL DUES	795.00

Vendor No.	Vendor Name	Check No.	Check Date	Check Amount
450	IPPFA	006897	10/09/2015	$795.00

Glen Ellyn
POLICE PENSION FUND
535 Duane St.
Glen Ellyn, Illinois 60137

The ILLINOIS Funds
Money Market Fund
Payable Through
First National Bank of Central Illinois Affiliate
Farmers & Merchants bank, Carlinville, IL
2-173/710

Check Number 006897

Check Date	Check Amount
10/09/2015	795.00

VOID AFTER 180 DAYS

Pay To The Order Of

IPPFA
2587 MILLENNIUM DR
UNIT C
ELGIN IL 60124

FILE COPY
NON - NEGOTIABLE

APPPF

Glen Ellyn
POLICE PENSION FUND
535 Duane St.
Glen Ellyn, Illinois 60137

FORWARDING SERVICE REQUESTED

006897

IPPFA
2587 MILLENNIUM DR
UNIT C
ELGIN IL 60124

ILLINOIS PUBLIC PENSION FUND ASSOCIATION

An Association of Public Pension Funds
2587 Millennium Dr., Unit C • Elgin, IL 60124
630/784-0406 • Fax 630/784-0416 • www.ippfa.org

IPPFA®

900 110140 450-2

Glen Ellyn Police Pension Fund
James Monson
535 Dunane St
Glen Ellyn, IL 60137

CODE	AMOUNT	APPROVAL	DATE
90000-520605	$795.00	@	10/6/15

2016 ANNUAL MEMBERSHIP DUES INVOICE

Annual dues are from January 1st through December 31st each year.

Due before *December 31st, 2015*

☐ Renewal - $795.00

Total Membership Dues $795.00

Please Remit To:

IPPFA
2587 Millennium Dr., Unit C
Elgin, IL 60124

Please return this invoice with payment
Make a copy of this invoice for your records

Please Include Security Code From Back Of Card	
☐ MASTERCARD ☐ VISA	☐ DISCOVER
CARD NUMBER	EXP. DATE
CARHOLDER NAME	SECURITY CODE
SIGNATURE	AMOUNT

Thank You For Your Continued Support

Glen Ellyn Police Pension Fund

Invoice Date	Invoice Number	Invoice Description	Net Invoice Amount
07/30/15	73015	INVESTMENT MGR Q/E 7/31/1	9,846.00

Vendor No.	Vendor Name	Check No.	Check Date	Check Amount
474	MERRILL F. RAJECK	006896	07/31/2015	$9,846.00

Glen Ellyn
POLICE PENSION FUND
535 Duane St.
Glen Ellyn, Illinois 60137

The ILLINOIS Funds
Money Market Fund
Payable Through
First National Bank of Central Illinois Affiliate
Farmers & Merchants bank, Carlinville, IL
2-173/710

Check Number 006896

Check Date	Check Amount
07/31/2015	9,846.00

VOID AFTER 180 DAYS

FILE COPY
NON - NEGOTIABLE

Pay To The Order Of

MERRILL F. RAJECK
DBA JAY COMPANY
337 MERTON AV
GLEN ELLYN IL 60137-5203

APPPF

Glen Ellyn
POLICE PENSION FUND
535 Duane St.
Glen Ellyn, Illinois 60137

FORWARDING SERVICE REQUESTED

006896

MERRILL F. RAJECK
DBA JAY COMPANY
337 MERTON AV
GLEN ELLYN IL 60137-5203

Jay Company
337 Merton Avenue
Glen Ellyn, Illinois 60137-5203

Investment Management

Merrill F. Rajeck, CFA
(630) 469-5771
rajeck@att.net

INVOICE PP 0715-1

474

900 110140
Cash

Jay Company's investment management fee for the period 4/30/15 to 7/31/15 is calculated as follows:

GLEN ELLYN POLICE PENSION FUND - INVESTMENT PORTFOLIO

Asset Value on April 30, 2015	$	26,256,317
Annual Fee Rate of 15/100 of 1%		0.0015
Annual Fee Basis	$	39,384
Quarterly Proration		0.25
Fee due on August 1, 2015	**$**	**9,846**

CODE	AMOUNT	APPROVAL	DATE
90000-520800	$9,846.00	@	7/29/15

Asset Valuation:

Asset valuation used by Jay Company was determined by MB Financial Bank and IPTIP for the date above.

S.E.C. Form ADV 2A:

Jay Company will provide a copy of S.E.C. Form ADV 2A on request.

Privacy Policy:

Jay Company respects the privacy of information about its clients and their account(s). As stated in our Investment Advisory Agreement: "All information and advice furnished by either party to the other hereunder, including their respective agents and employees, including their respective agents and employees, will be treated as confidential and will not be disclosed to third parties except as required by law."

July 01, 2015 To July 31, 2015

Account Name : Glen Ellyn Police

Account No : 66376580

Account Transactions

Date	Description		Income	Principal
07/28/2015	Buy Pimco Income Strategy Fund ETF 9600 Shares Of @ $10.6253			-102,482.88
07/28/2015	Buy Pimco Income Strategy Fd II 9300 Shares Of @ $9.5382			-89,170.26
07/28/2015	Buy Pimco Income Opportunity Fund ETF 6500 Shares Of @ $23.9787			-156,186.55
07/29/2015	Buy TCF National Bank CD .700% 01/30/17 250000 Par Val @ $100.00			-250,000.00
07/30/2015	Buy Everbank CD Jacksonville FL 1.350% 07/30/18 250000 Par Val @ $100.00			-250,000.00
07/31/2015	Buy Compass Bank CD 1.300% 07/31/17 250000 Par Val @ $100.00			-250,000.00
		Sub Total	0.00	**-1,678,649.87**
	Sales, Maturities or Redemptions			
07/28/2015	Sell Sector SPDR Industrial Select - ETF 12000 Shares Of @ $ 53.58 Cost Basis Removed $604,178.40			642,348.16
		Sub Total	0.00	**642,348.16**
	Payments			
07/09/2015	Market Fee Market Value: 26,379,402.62 Fee Date: 06/30/2015 Frequency: Quarterly Schedule : CUSTODY FEE B			-4,433.68
	0.1000 % On The First 5,000,000.00	5,000.00		
	0.0750 % On The Next 5,000,000.00	3,750.00		
	0.0500 % On The Next 16,379,402.62	8,189.70		
	Total Fee	16,939.70		
	TOTAL FEE - Adjusted (Quarterly)	4,234.93		
	Base Fee - Adjusted (Quarterly)	198.75		

July 01, 2015 To July 31, 2015

Account Name : Glen Ellyn Police

Account No : 66376580

Account Transactions

Date	Description		Income	Principal
	Minimum Fee	250.00		
	TOTAL DUE - Adjusted (Quarterly)	4,433.68		
	100.00000000 % From Principal, 0.00000000 % From Income			
07/15/2015	Scheduled Cash Disbursement Miscellaneous Paid To : US Bank Monthly Pension Payroll - Illinois Funds			-100,000.00
		Sub Total	0.00	-104,433.68

Miscellaneous

Date	Description
07/03/2015	Accretion - Adjust Cost on Taxlots Freddie Mac Cpn Strip 09/15/2017 Adjust Cost Of $2,624.28 [Bond Disc Acrt]
07/03/2015	Accretion - Adjust Cost on Taxlots Federal National Mtg Assoc 0.0000% 07/15/18 Adjust Cost Of $2,797.53 [Bond Disc Acrt]
07/03/2015	Accretion - Adjust Cost on Taxlots Tenn Valley Auth Prin Strip 12/15/17 Adjust Cost Of $5,526.17 [Bond Disc Acrt]
07/03/2015	Accretion - Adjust Cost on Taxlots Federal Home Loan Bank Strip 07/15/16 Adjust Cost Of $3,898.97 [Bond Disc Acrt]
07/03/2015	Accretion - Adjust Cost on Taxlots Tenn Valley Auth Cpn Strip 05/01/16 Adjust Cost Of $5,230.65 [Bond Disc Acrt]
07/03/2015	Accretion - Adjust Cost on Taxlots Federal Natl Mtge Assn Note Strip Di 11/15/18 Adjust Cost Of $2,309.53 [Bond Disc Acrt]
07/03/2015	Accretion - Adjust Cost on Taxlots Federal Natl Mtge Assn Disc Strip 05/15/20 Adjust Cost Of $2,332.34 [Bond Disc Acrt]

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/21/15 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Report
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 1961) DOC ID: 1961

Police Pension Funding and Annual Report to the Village Board

Background

In 2012, the Police Pension Board and the Finance Commission provided recommendations to the Village Board on the actuarial assumptions for investment return and salary increases used to determine the annual contribution to the Police Pension Fund. The Board ultimately approved a salary increase assumption of 5% and an investment return of 7.25%.

In 2014, the Police Pension Board and the Finance Commission again provided recommendations to the Village Board on the actuarial assumptions for investment return and salary increases used to determine the annual contribution to the Police Pension Fund. The Board ultimately approved a salary increase assumption of 5% and an investment return of 7.00%, which was the recommendation of the Police Pension Board. When the Board approved those assumptions, they requested that recommendations again be provided in 2015 from both the Police Pension and Finance Commission.

Issues

Last year, all parties agreed that a 5% salary increase assumption was reasonable given the current police union contract and that assumption could be revisited in 2016 when the contract is up for renegotiation. It is believed that this assumption remains viable for 2015.

Preliminarily, the Finance Commission determined at its October meeting that it will largely recommend to continue with its 2014 recommendation to the Village Board, which was as follows:

> *"The Village of Glen Ellyn Finance Commission Recommends to the Board of Trustees for the Village of Glen Ellyn the following rate of return assumptions for the Village of Glen Ellyn Police Pension Fund:*
> *1) 6.00% per annum if the policy of the Police Pension Board is to limit the equity allocation of the portfolio to the current 45%; and*
> *2) 6.25% per annum if the policy of the Police Pension Board is changed to allow an equity allocation up to the statutorily allowed 55%.*
> *This recommendation is not intended to communicate an opinion on the allocation limits set by the Police Pension Board. These recommendations are solely a reflection of the Commission's view of probable long-term return experience for the above allocation cases."*

The Finance Commission indicated that it may tweek slight verbiage to this recommendation, but indicated that the investment return assumptions would remain. The Commission will make a final recommendation at its November meeting.

We have now progressed a year and are again at a juncture where the Police Pension Board should provide a recommendation to the Village Board. Therefore, I am requesting that the Pension Board discuss this issue at the October meeting and provide a recommendation; or, reaffirm the recommendation made in the prior year.

The proposed Village budget has been distributed (and posted on the website) and includes budgeting for a contribution with an investment return assumption of 6.75%. This results in a contribution from the General Fund to the Police Pension Fund of $1.292 million in fiscal year 2016. This is increased from the contribution of $1.153 million in fiscal year 2015.

Attached to this item is also the Annual Report to the Village Board that is required to be approved by the Pension Board and submitted to the Village Board along with any recommendation on the change in assumptions.

Action Requested

I am requesting that the Police Pension Board either reaffirm the recommendation to the Village Board made in 2014 or propose a different recommendation for the investment return assumption for the Village's pension funding policy.

I am also requesting that the Police Pension Board review and approve the Annual Report to the Village Board that is attached with this agenda item.

ATTACHMENTS:

- Police Pension Municipal Compliance Report - December 31 2014 (PDF)

VILLAGE OF GLEN ELLYN, ILLINOIS
POLICE PENSION FUND

Municipal Compliance Report (40 ILCS 5/3-143, report by pension board)
For the Year Ended December 31, 2014

The Glen Ellyn Police Pension Board certifies to the Village Board on the condition of the Pension Fund at the end of its most recently completed fiscal year the following information:

1. The total assets of the fund in its custody at the end of the fiscal year and the current market value of those assets:

Total Assets	$26,101,031
Market Value	$26,101,031

2. The estimated receipts during the next succeeding short fiscal year from deductions from the salaries of police officers and from other sources:

Estimated Receipts - Employee Contributions	$235,457
Estimated Receipts - All Other Sources Investment Earnings	N/A
Municipal Contributions	$981,000

3. The estimated amount required during the next succeeding fiscal year to (a) pay all pensions and other obligations provided in Article 3 of the Illinois Pension Code, and (b) to meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:

(a) Pay all Pensions and Other Obligations	$1,192,842
(b) Annual Requirement of the Fund as Determined by: Illinois Department of Insurance	N/A
Private Actuary - Report Dated April 28, 2015 (Entry Age Normal)	$1,192,842
Private Actuary - Report Dated April 28, 2015 (PA096-1495)	$1,155,294

VILLAGE OF GLEN ELLYN, ILLINOIS
POLICE PENSION FUND

Municipal Compliance Report (40 ILCS 5/3-143, report by pension board)
For the Year Ended December 31, 2014

4. The total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year:

	Current Short Fiscal Year	Preceding Fiscal Year
Net Income Received from Investment of Assets	$1,207,294	$1,380,265
Assumed Investment Return Illinois Department of Insurance - Actuarial Report	N/A	N/A
Private Actuary - Report Dated April 28, 2015	7.00%	7.00%
Actual Investment Return	7.28%	5.83%

5. The total number of active employees who are financially contributing to the fund:

Number of Active Members	39

6. The total amount that was disbursed in benefits during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits:

	Number of	Total Amount Disbursed
(i) Regular Retirement Pension	24	$1,325,945
(ii) Disability Pension	3	$ 129,430
(iii) Survivors and Child Benefits	6	$ 192,767

7. The funded ratio of the fund:

Illinois Division of Insurance - Actuarial Report	N/A	N/A
Private Actuary - Report Dated April 28, 2015	64.8%	64.7%

VILLAGE OF GLEN ELLYN, ILLINOIS
POLICE PENSION FUND

Municipal Compliance Report (40 ILCS 5/3-143, report by pension board)
For the Year Ended December 31, 2014

8. The unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability:

Unfunded Liability:	
Illinois Department of Insurance - Actuarial Report	N/A
Private Actuary - Report Dated April 28, 2015	$14,349,126

The accrued liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and the actuarial assumptions employed in the valuation. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets.

9. The investment policy of the Pension Board under the statutory investment restrictions imposed on the fund.

Investment Policy - See Attached

CERTIFICATION OF MUNICIPAL POLICE
PENSION FUND COMPLIANCE REPORT

We, the undersigned Trustees of the Glen Ellyn Police Pension Fund, based upon information and belief, and to the best of our knowledge, certify pursuant to §5/3-134 of the Illinois Pension Code, that the preceding report is true and accurate.

______________________________ President

______________________________ Secretary

Dated: ____________________

Village of Glen Ellyn

535 Duane Street, Glen Ellyn, Illinois

GLEN ELLYN POLICE PENSION FUND INVESTMENT POLICY

I. Authority to manage the Village of Glen Ellyn's Police Pension Fund is derived from the Illinois Pension Code (40 ILCS 5/1-101 et seq. and 5/1A-101 et seq.) and other laws as may be applicable to investments under Article 3 of the Illinois Pension Code (40 ILCS 5/3-101 et seq.) and as such statutes may be amended hereafter. The plan is created for the plan participants and beneficiaries for the exclusive purpose of providing retirement and other benefits to plan participants and beneficiaries.

II. **Policy**:

The fundamental goal of the Glen Ellyn Police Pension Fund is to provide retirement benefits to plan participants. The Pension Fund Board of Trustees (Board) will invest fund assets solely in the interest of fund participants and beneficiaries for the exclusive purpose of providing retirement and other benefits to plan participants and beneficiaries. This investment policy applies to the assets of the Glen Ellyn Police Pension Fund.

III. **Prudence**:

The Board shall prudently oversee the plan assets for the sole benefit of the Fund's beneficiaries. Investments shall be made with care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. That standard of prudence to be used shall be the prudent expert standard. Pension Fund Trustees acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. **Investment Philosophy**:

The Board believes that fund assets should be managed in a fashion that reflects the fund's unique assets and liabilities, incorporated accepted investment theory and empirical evidence. Specifically, the Board has adopted the following principles:

A. Asset allocation is the key determinant of return and, therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.
B. Diversification, both by and within asset classes, is the primary risk control element.
C. Passive and active management are suitable investment strategies, with passive management especially suitable in highly efficient markets.
D. Frequent trading is precluded as an acceptable investment strategy.

V. **Goals and Objectives**:

The goals and objectives of the Glen Ellyn Police Pension Fund are as follows:

A. To preserve the actuarial soundness of the plan in order to meet benefit obligations.
B. To achieve long-term (one or two market cycles) rates of return consistent with the actuarial earnings rate.
C. To prudently manage the inherent investment risks that are related to the achievement of investment goals.

VI. Asset Allocation:

Priority: The asset allocation decision is generally regarded as the most important decision to be made in the investment management process. To further the long-term goals and objectives set out in Section IV, the following asset allocation guidelines are established:

Asset Allocation Range			
Asset Class		Target	Maximum
U.S. Equities		30%-50%	50%
Large-Cap		65%	
Mid-Cap		25%	
Small-Cap		10%	
Non-U.S. Equities		0%-10%	10%
U.S. Bonds		50%	
Cash Equivalents		5%	30%
Other			
Total		100%	

Rebalancing Policy: The primary purpose of rebalancing is to ensure that the Fund adheres to its strategic asset allocation, which is the Fund's explicit statement of its investment approach. Secondly, historical analysis of portfolio returns when rebalancing is used indicates that rebalancing reduces volatility and may add modest value, in comparison to a similar portfolio that is not rebalanced.

Rebalancing will be carried out in a cost-effective manner. The fund will rebalance as follows:

A: If feasible, cash, as well as indexed investment strategies, will be used to maintain target allocations.

B: When capital distributions are required, income from dividends and interest payments will be used to re-establish target allocations.

C: Securities will be liquidated from the over-funded asset classes until the target allocations are met.

The Glen Ellyn Police Pension Fund Board will review the portfolio annually for rebalancing and no more frequently than quarterly.

VII. **Target Rate of Return**

The Board has adopted the following target rates of return (after inflation):

Equities: 6.75%
Fixed Income: 3.0%

VIII. **Authorized and Suitable Investments**:

The fund may invest in any type of security allowed for within Illinois Pension Code (40 ILCS 5/1-113.2; 40 ILCS 5/1-113.3; 40 ILCS 5/1-113.4; and 40 ILCS 5/1-113.4a), as they may be amendment from time to time:

1) Interest bearing direct obligations of the United States of America.

2) Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principle and interest by the United States of America.

3) Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, "agencies of the United States of America" includes: (i) the Federal National Mortgage Association; (ii) federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Acts of 1971 or amendments to that Act; (iii) federal home loan banks and the Federal Home Loan Mortgage Corporation; and (iv) any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.

4) Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.

5) Interest bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.

6) Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.

7) Interest bearing bonds of the State of Illinois.

8) Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool (Illinois Funds) in accordance with the Deposit of State Moneys Act and interest bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.

9) Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.

10) Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.

11) Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open ended management investment companies; provided that the portfolio of the money market mutual fund is limited to the following: (i) bonds, notes certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest; (ii) bonds, notes debentures, or other similar obligations of the United States of America or its agencies; and (iii) short term obligations of corporations organized in the United States with assets exceeding $400,000,000, provided that (A) the obligations mature no later than 180 days from the date of purchase, (B) at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest classifications, and (C) the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.

12) General accounts of life insurance companies authorized to transact business in Illinois.

13) Any combination of the following, not to exceed 55% of the pension fund's net assets: (1) separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments; (2) separate accounts that are managed by insurance companies authorized to transact business in Illinois, and are comprised of real estate or loans upon real estate secured by first or second mortgages and (3) Mutual Funds that meet the following requirements: (i) the mutual fund is managed by an investment company and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953; (ii) the mutual fund has been in operation for at least 5 years; (iii) the mutual fund has total net assets of $250 million or more, and; (iv) the mutual fund is comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments. (4) through an investment adviser, invest a portion of the assets in

common and preferred stocks authorized for investments of trust funds under the laws of the State of Illinois. The stocks must meet all of the following requirements: (a) The common stocks are listed on a national securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in Section 3.G of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System (NASDAQN MS), (b) The securities are of a corporation created or existing under the laws of the United States or any state, district, or territory thereof and the corporation has been in existence at least 5 years, (c) The corporation has not been in arrears on payment of dividends on its preferred stock during the preceding 5 years, (d) the market value of stock in any one corporation does not exceed 5 % of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation do not exceed 5% of the total outstanding stock of that corporation, (e) the straight preferred stocks or convertible preferred stocks are issued or guaranteed by a corporation whose common stock qualifies for investment by the board, (f) the issuer of the stocks has been subject to the requirements of Section 12 of the federal Securities Exchange Act of 1934 and has been current with the filing requirements of Sections 13 and 14 of that Act during the preceding 3 years.

14) Corporate bonds managed through an investment advisor must meet all of the following requirements:

(1) The bonds must be rated as investment grade by one of the 2 largest rating services at the time of purchase.

(2) If subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio by the managers within 90 days after being downgraded.

IX. Safekeeping and Custody

Securities will be held by one third party custodian designated by the treasurer and evidenced by safekeeping receipts.

X. Performance Benchmarks

Fixed Income

The fixed income assets shall be invested in one of two distinct strategies.

(1) Actively managed utilizing a professional money manager and/or

(2) Internally, utilizing a passive strategy that is managed per the policies and procedures established by the Board.

The objective of the Board for the fixed income segment of the portfolio, over a market cycle, shall be to meet or exceed the returns of the Barclays US Treasury Bond Index.

Equities

The goal of each investment manager, mutual fund, and/or separate account over the investment horizon shall be:

(1) For U.S. equity portfolios, in aggregate, to meet or exceed the Russell 3000 Index. For International equity portfolios, in aggregate, to meet or exceed the MSCI All Country World ex USA Investable Market Index.
(2) Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark(s) above. Risk will be measured by the standard deviation of quarterly returns.

XI. Investment Manager Performance Review and Evaluation

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Trustees for review. The investment performance of total portfolios as well as asset class components will be measured against commonly accepted performance benchmarks. Consideration shall be given to the investment objectives, goals and guidelines as set forth in this statement of investment policy. The Trustees intend to evaluate the portfolio over at least a three year period, but reserve the right to terminate a manager for any reason, including the following:

A. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification for poor results.
B. Failure to adhere to any aspect of this statement of investment policy, including communication and presorting requirements.
C. Significant qualitative changes to the investment management organization(s).

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

XII. Reporting:

An investment report shall be regularly provided to the Police Pension Board. The report will include the following:

A. A listing of individual securities held at the end of the reporting period.
B. Listing of investments by maturity date.
C. The percentage of the total portfolio which each type of investment represents.
D. The percentage of the total portfolio which each institution is holding.
E. The percentage of the total portfolio broken down by defined maturity period.
F. Principal and type of investment by fund.

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/21/15 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Discussion Item
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 1962) DOC ID: 1962

Draft RFP for Consultant Services

Background
At the last Pension Board meeting, it was requested that a draft request for proposal (RFP) for investment consulting services be provided at the October meeting for the Board's review and comment. Attached is that draft for the Board's review.

Action Requested
Please review the attached draft and provide feedback regarding the content. During the meeting, we will discuss the draft and the Board's comments and suggestions as well as strategy for how and when to move forward with the process.

ATTACHMENTS:

- DRAFT - GE Police Pension Investment Consulting Services RFP (PDF)

GLEN ELLYN POLICE PENSION FUND

REQUEST FOR PROPOSAL FOR INVESTMENT CONSULTANT SERVICES

Section 1 - Introduction

The **Board of Trustees of the Glen Ellyn Police Pension Fund** (hereinafter "Board" or "Pension Fund") is requesting proposals from qualified investment consultant firms or other financial institutions to assist it in developing and carrying out investment policies that are designed to ensure that sufficient assets are available to meet current and future benefit obligations.

Firms or institutions submitting proposals must meet the minimum eligibility requirements for investment consultants set forth in Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5), and comply with other applicable state and federal laws for vendors doing business with a public entity. Investment practices and procedures must comply with Illinois law and the Pension Fund's investment policy. Pursuant to Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5), an agreement for services entered into between the Board and a firm or institution submitting a proposal in response to this request for proposals may not exceed five (5) years.

During the review process, the Board has the right to request additional information and corrections from any or all of those submitting proposals. The Board also reserves the right to cancel or reissue the RFP, to reject any or all proposals, to waive any irregularities or informalities in the selection process, and to accept or reject any item or combination of items. The Board reserves the right to request clarification of information from any vendor or to request supplemental material deemed necessary to assist in the evaluation of the proposal. The Board reserves the right to effect any agreement deemed by the Board to be in its best interest. This RFP does not obligate the Board to accept or contract for any expressed or implied services.

Once the Board has reviewed the proposals, they may request oral presentations from any or all of those submitting proposals. All costs incurred with the submission of proposals are solely those of the proposer. The Board and/or Pension Fund will not reimburse any expenses of those submitting proposals. In the event that the proposer to whom the services are awarded does not execute a contract within thirty (30) calendar days after Board approval, the Board may give notice to such proposer of intent to award the contract to the next most qualified proposer or to call for new proposals and may proceed to act accordingly.

The failure or omission of any proposer to receive or examine this document shall in no way relieve any proposer of obligations with respect to this proposal or the subsequent contract.

Failure to comply with any of the terms and conditions of this RFP by the awarded entity will be cause for termination of the "Investment Consultant Services Agreement." After the execution of the contract, any alterations to existing fees or additional fees imposed by the awarded entity must be approved by the Pension Fund in the form of an addendum to the original contract. All addenda are subject to the review of the Pension Fund's legal counsel.

All questions or communications pertaining to this RFP shall be presented in writing to:
Lori Thomas, Assistant Finance Director
Village of Glen Ellyn
535 Duane Street
Glen Ellyn, Illinois 60137
lthomas@glenellyn.org

Proposals

There is no expressed or implied obligation for the Village of Glen Ellyn or the Glen Ellyn Police Pension Fund to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, seven (7) copies of the proposal must be received by December XX, 31, 2015 at 535 Duane Street, Glen Ellyn, IL 60137, by 3:30 PM. In addition, each firm must provide a color electronic copy (PDF) of the proposal by the deadline date. PDF copies of the proposal should be sent to:

Lori Thomas, Assistant Finance Director, lthomas@glenellyn.org

Late proposals may be returned, unopened, to the proposer. Proposals submitted in accordance with this request for proposals shall be binding upon the proposers if accepted by the Pension Board no later than 120 days from the submission deadline date.

The contract will be in a form agreed to by the successful proposer and the Glen Ellyn Police Pension Board and in accordance with State statutes.

Proposals submitted will be evaluated by the Glen Ellyn Police Pension Fund Board, the Village Finance Director and/or Assistant Finance Director. The Pension Fund reserves the right to reject any or all proposals submitted.

Inquiries

The deadline for submitting questions related to this request for proposal is XXXXXX. All questions must be in writing and emailed to Lori Thomas, Assistant Finance Director, at lthomas@glenellyn.org. If a firm does not have questions, but wishes to receive a list of the responses, the firm must notify Lori Thomas at lthomas@glenellyn.org. Responses to questions will be emailed to the pertinent firms by XXXXXXX. No oral comments will be made to any proposer as to the meaning of the RFP and specifications or other contract documents.

Section II - Description of Entity and Portfolio

A. Description of Pension Fund
The Village of Glen Ellyn is a home rule community incorporated in 1834 under the laws of the State of Illinois. The Village is located 23 miles west of Chicago and has a population of 27,767 as certified by the 2010 census. The Police Pension Fund is a Fiduciary Fund of the Village for financial reporting purposes. The Fund provides retirement and other benefits per State statutes to current and former eligible sworn officers of the Glen Ellyn Police Department.

The Glen Ellyn Police Pension Fund Board has five (5) members, two (2) are elected from the active members, one (1) is elected from the retired members, and two (2) are appointed by the Village President. The Village of Glen Ellyn has a full-time Finance Director who is the ex-officio (non-voting) Treasurer of the Fund and who provides accounting, financial reporting, pension benefit coordination and other support services to the Police Pension Fund The Police Pension Board has adopted an Investment Policy. **A copy of the Glen Ellyn Police Pension Fund Investment Policy is attached.**

The Police Pension Fund is audited annually as part of the annual audit of the Village of Glen Ellyn. Financial information on the Police Pension Trust Fund including required supplementary information (RSI) can be found in the Comprehensive Annual Financial Report (CAFR) of the Village of Glen Ellyn for the year ending December 31, 2014. **The CAFR for the Village of Glen Ellyn is available on the Village's website at www.glenellyn.org.**

B. Other Pension Fund Information
The plan has cash and investments of approximately $25 million.

The Police Pension Fund currently has 39 active members and 34 retirees or beneficiaries or terminated members entitled to but not receiving benefits. **The most recent actuarial valuation of the fund as of December 31, 2014 is attached.**

Section III – Scope of Services Required

The Police Pension Fund is seeking the services of an investment consultant firm to assist them on an on-going basis in the selection, monitoring, and evaluation of its investment programs and investment managers. Services to assist the Board are to include, but are not limited to the following:

1. Systems Review. Conduct an initial, comprehensive review of the current investment program, to include the following:
   (a) an assessment of the program's current design;
   (b) a review of the current portfolio structure;

(c) an evaluation of the investment lineup; and a written report containing our observations and recommendations for the program where appropriate.

2. Review of Investment Policy. Review the Police Pension Fund's current Investment Policy and provide recommendations on areas of improvement.

3. Selection of Investment Manager(s). Assist the Police Pension Fund in selecting an investment manager(s) if and when needed. Assistance will consist of:

(a) analyzing investment manager(s) and performing complete due diligence on each such investment manager(s);
(b) recommending new investment manager(s) to the Board, as necessary; (c) discussing and reviewing with the Board the qualifications of potential investment managers;
(d) interviewing potential investment manager(s) and reviewing with the Boards the results of such interview(s); and
(e) organizing final presentations by the investment manager(s) and assisting the Board in the final selection of an investment manager(s).

4. Performance Evaluation. On a calendar-quarter basis, calculate the rates of return for each component of the Pension Fund's investment program. Reports shall be made available a week before the meeting. The firm will prepare quarterly written reports that will include:

(a) an analysis and summary of the most recent events in the financial markets;
(b) an analysis of the allocation of the Pension Fund's investments across asset classes and/or managers and changes in that allocation; and
(c) a review of the investment results of all managers, funds and asset classes in the context of their objectives and benchmarks, along with specific commentary on factors affecting performance.

5. Meetings. Be available to attend the Board's quarterly meetings to discuss the investment program. The Pension Fund may require attendance at additional meetings as needed from time to time.

6. General Consultation. Accommodate all reasonable requests for information and/or analysis of a general nature.

7. Annual Audit Assistance. Assist the Pension Fund in complying with the reporting requirements for the Government Accounting Standards Board (GASB) Statement Number 67 and 68 which includes providing all necessary information, in the correct format, to the Finance Director and/or auditors.

Section IV – Proposal Terms

A. Firm Information

1. Name of Firm

2. Address

3. Name, telephone number, email address and title of individual with authority to commit firm.

B. Description of Firm

1. A brief history of the firm from the date of inception and its relationship (if any) to other firms, including a description of the ownership structure of the organization giving detail with regard to its parent, any affiliated companies, or any joint ventures. Include a general description of the organizational structure of the firms as it pertains to the operations of investment consulting.

2. Identify the key personnel who would be working on this account and provide a biography for each that includes their education, certificates, experience, and other qualifications. Include in the biography (or list elsewhere in the proposal) the investment consulting clients to which the key personnel currently provide services.

3. List specific municipal or government accounts currently under management:

    i. specifically highlight Illinois Fire and Police Pension Fund accounts;

    ii. specifically detail the total market value of the portion your firm manages; and

    iii. highlight the number of years the firm has worked with each Fund.

4. Describe any special expertise and experience your firm has in providing investment consultant services to fire and police pension funds in Illinois.

5. Discuss your firm's insurance coverage.

6. Describe the competitive advantage your firm enjoys over its competitors.

C. Business Arrangements

1. List brokers executing more than 10% of your dollar volume over the last twelve (12) months and disclose their percentages.

2. List total value of the soft dollar received over the last twelve (12) months and their source.

3. Please disclose and describe all sources of income you receive in connection with investment consulting and advisory services to pension funds, either direct or indirect. What third parties will you receive compensation from, including, but not limited to, commissions, 12(b)(1) fees, referral fees, etc.?

4. Discuss recommendations for custody. Are you affiliated with this custodian? Do you receive any compensation for this custodian in regard to this client? Are any custodian services delegated to other firms? Itemize all cost to client should they choose to take your recommendations in regard to custody.

5. Does your firm practice in any underwriting activities, either direct or in arrangements with other financial institutions? Please disclose what bonds or stocks in your current portfolios are the result of such transactions and explain what fees or compensation your firm receives in such transactions.

D. Investment Procedures and Approaches

1. Briefly describe the philosophy and methodology of your security selection for the equities and fixed income. If you feel any of the more common "investment styles" apply to your philosophy, please so indicate.

2. Describe your capabilities in developing, implementing and modifying investment guidelines and objectives.

3. Explain your views on passive versus active management. What is your recommended allocation between active and passive management? Please provide any research, internal studies or academic studies to support your recommended management approach.

4. To what extent does your firm manage individual bonds and equities, as opposed to choosing equity or other managers as sub-advisors?

5. Describe your role in implementing manager transitions and/or re-balancing strategic asset allocations targets.

6. What are your approaches to rebalancing or reallocating asset classes, styles, and sectors for or on behalf of the funds? How do you add value in this process?

7. Describe the benchmarks the firm utilizes within the equity and fixed income portion of the portfolios and why.

E. Manager Search Resources, Procedures, and Approaches

1. Does the firm maintain a database of fixed and equity money management organizations? If so, is the database compiled internally or purchased from an outside source? If purchased externally, who is the vendor?

2. How many money managers/investment vehicles does the firm currently track?

3. Are managers required to pay a fee for inclusion in the firm's database?

4. Describe, in detail, the firm's due diligence/search process for selecting managers.

5. Describe in detail the firm's internal system for monitoring investment manager compliance with guidelines and style consistency.

6. What are the guidelines the firm utilizes with regard to the possible termination of a money manager?

F. Investment Performance and Reporting
1. Please provide an example of your reporting format for quarterly meetings.

3. How much flexibility is there in your reporting format? Can reports be customized at our request? Are there charges for such changes? Within what time can requested changes in reporting be made, i.e., at the beginning of the relationship only, or anytime changes are needed? Are reports available in electronic format?

G. Fees
1. Proposed fee structure, including full disclosure of direct and indirect fees, commissions, penalties and other compensation, including reimbursement for expenses, start-up fees, annual fees, and all other fees.

2. Detailed description of the services to be provided in the exchange for the proposed fees.

3. Sample investment contract with fee schedule (please attach).

G. Miscellaneous
1. Please explain the difference between an investment "consultant" and an investment "advisor" or "manager." Please explain the role each professional provides to a public pension fund. Based on your explanation, please explain the pros and cons of pension funds of our size using each model.

2. Please provide a list of at least five (5) Illinois Fire and Police Pension Fund client references with contact names, addresses, and telephone numbers. If you do not have five Illinois Fire and Police Pension Fund client references, please give at least five other client references.

3. Please provide a list of formal complaints, sanctions, or litigation against your firm in the last five (5) years.

4. Has your firm, its principal or affiliate ever (If yes to any, please provide details):
   i. been of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation for any similar federal, state or self-regulatory body or organization;
   ii. been a party to any litigation concerning fiduciary responsibility to other investment related matters; or,

iii. submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)?

5. Please provide information about the firm's coverage for errors and omissions liability insurance.

6. Provide a list of any/or all affiliates with financial institutions, insurance companies, mutual funds, and/or brokerage firms. Please provide a description of each affiliation.

7. Provide disclosure of any professional relationships involving the Village of Glen Ellyn or any elected or appointed officials of the Village of Glen Ellyn or the Glen Ellyn Police Pension Fund. Please indicate whether any of these relationships would constitute a conflict of interest or the appearance of a conflict of interest.

8. If requested, what other services could your firm provide (on-site training, etc.) for trustees and staff?
9. Describe how your firm will assist in transition management.

10. Please describe your ability and willingness to assist the Village of Glen Ellyn and Glen Ellyn Police Pension Fund with information required to comply with the new Governmental Accounting Standards Board (GASB) Statement Numbers 67 and 68. GASB Statement No 67 requires more information in the notes to the pension plans financial statements than has been required historically. Components of this newly required information evolve around the investing function of the pension plan. Accordingly, successful proposers must be able to provide the information required by GASB Statement No. 67 to the pension plan within two months of the plans fiscal year end (i.e., February 28th each year). In addition, please note that GASB S-67 requires investments to be recorded on a trade-date basis. GASB S-67, paragraph 30 requires the following information to be disclosed related to the pension plan's investments:

Pension plan investments:
(1) Investment policies, including:
(a) Procedures and authority for establishing and amending investment policy decisions
(b) Policies pertaining to asset allocation
(c) Description of significant investment policy changes during the reporting period.
(2) A brief description of how the fair value of investments is determined, including the methods and significant assumptions used to estimate the fair value of investments if that fair value is based on other than quoted market prices.
(3) Identification of investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent 5 percent or more of the pension plan's fiduciary net position.
(4) The annual **money-weighted rate of return** on pension plan investments calculated as the internal rate of return on pension plan

investments, net of pension plan investment expense, and an explanation that a money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Pension plan investment expense should be measured on the accrual basis of accounting. Inputs to the internal rate of return calculation should be determined at least monthly. The use of more frequently determined inputs is encouraged.

In addition, paragraph 31 requires the following:
The assumed asset allocation of the pension plan's portfolio, the long-term expected **real rate of return** for each major asset class, and whether the expected rates of return are presented as arithmetic or geometric means, if not otherwise disclosed.

In addition, paragraph 32 requires the following required supplementary information to be presented:

A 10-year schedule presenting for each fiscal year the annual moneyweighted rate of return on pension plan investments calculated as required by paragraph 30b(4).

Definitions of any of the terms used above are based on the glossary of Statement No 67. In addition, sample disclosures and required supplementary information can be found in Appendix C of GASB Statement No 67.

11. Beginning January 1, 2015, no contract, oral or written, for investment services, consulting services, or commitment to a private market fund shall be awarded by a retirement system, pension fund, or investment board established under this Code unless the investment advisor, consultant, or private market fund first discloses:

(1) the number of its investment and senior staff and the percentage of its investment and senior staff who are (i) a minority person, (ii) a female, and (iii) a person with a disability; and

(2) the number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; and

(3) the number of contracts, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) a female owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a female, and (iii) a person with a disability.

The disclosures required by this Section shall be considered, within the bounds of financial and fiduciary prudence, prior to the awarding of a contract, oral or written, for investment services, consulting services, or commitment to a private market fund.

For the purposes of this Section, the terms "minority person", "female", "person with a disability", "minority owned business", "female owned business", and "business owned by a person with a disability" have the same meaning as those terms have in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

For purposes of this Section, the term "private market fund" means any private equity fund, private equity fund of funds, venture capital fund, hedge fund, hedge fund of funds, real estate fund, or other investment vehicle that is not publicly traded.

12. Please specifically state if there are any services requested in this request for proposal that cannot be provided as requested.

13. Firm shall certify that it meets the requirements for investment consultants which include the following:

(1) Investment Consultant
Section 5/1-101.5 of the Illinois Pension Code defines “Consultant” as “any person or entity retained or employed by a board of the pension fund to make recommendations in developing investment strategy, assist with finding appropriate investment advisors or monitor the board’s investments”.

In order to be a “Consultant” with respect to the Pension Fund, the person or entity must be one or more of the following:

1. Registered as an investment advisor under the Federal Investment Advisor Act of 1940;
2. Registered as an investment advisor under the Illinois Security Law of 1953;
3. A Bank as defined in the Federal Investment Advisors Act of 1940;
4. An insurance company authorized to transact business in the State of Illinois.

A contract awarded to a “Consultant” may not exceed five (5) years in duration, which may not be extended or renewed. However, at the end of the term of the “Consultant” contract, the “Consultant” is eligible to compete for a new contract. “Consultants” bidding for pension fund consulting services must include a written disclosure of the following:

1. The offeror;
2. Any entity that is the parent of, or owns a controlling interest in, the offeror;
3. Any entity that is subsidiary of, or in which the controlling interest is owned by, the offeror.

The Prohibited Transactions Section of the Illinois Pension Code, 40 ILCS Section 5-110(d) provides that a "Consultant" shall not knowingly cause or advise a Pension Fund to engage in investment transactions when the investment consultant has any direct interest in the income, gains, or profits of the investment consultant through which the investment transaction is made or, has a business relationship with that consultant that would result in a pecuniary benefit to the consultant as a result the investment transaction.

Requirements for a Written Agreement between Pension Board and Consultant

Pursuant to Section 5/1-113.5(b), all investment advice and services provided by a "consultant" appointed under this provision must be rendered pursuant to a written contract between the "consultant" and the board. The contract must include all of the following:

1. Acknowledgment in writing by the "consultant" that he or she is a fiduciary with respect to the assets of the pension fund;
2. Acknowledgment of the board's investment policy, which should be incorporated into the agreement as an appendix;
3. Full disclosure of any direct and indirect fees, commissions, penalties, and any other compensation that may be received by the "consultant", including reimbursement for expenses, that may be paid by or on behalf of the advisor/manager;
4. A requirement that the "consultant" submit periodic written reports on at least a quarterly basis, reporting all returns on investments, net returns after payment of all fees, commissions and other compensation;
5. A requirement that the "consultant" update the disclosure concerning fees promptly after modification of those payments or additional payments;
6. An Illinois Law governing provision;
7. Acknowledgment that consultant agrees that the venue for any judicial proceedings will be within the State of Illinois (and county in which the pension board sites); and
8. Acknowledgment that the Board will not agree to arbitration of disputes.

Section V - Selection Criteria

Proposals submitted will be evaluated by the Glen Ellyn Police Pension Board. Award shall be made by the Pension Board to the responsible firm whose proposal is determined to be the most advantageous to the Board.

During the evaluation process, the Board may, at its discretion, request any one or all firms to make oral presentations. Not all firms may be asked to make such presentations.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted.

The Pension Board reserves the right to reject any and all proposals or parts thereof, to waive any irregularities or informalities in proposal procedures and to award the contract in a manner best serving the interest of the Pension Board.

Section VI - RFP Schedule

The following is the anticipated RFP schedule. The schedule is subject to change at the discretion of the Pension Board.

Distribution of the RFP: XXXXXX XX, 2015
Questions due on RFP: XXXXX XX, 2015
Responses emailed back to firms: XXXXXX XX, 2015
RFP Sealed Responses Due to the Village: XXXXXX XX, 2015
Initial Evaluation Complete: XXXXXX XX, 201X
Optional Interviews (at discretion of Pension Board): XXXXX XX, 201X
Selection of Consultant: XXXXXX XX, 201X