Minutes
Village of Glen Ellyn
Police Pension Fund
Regular Meeting
Wednesday, April 20, 2016
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

Others Present: Finance Director Christina Coyle, Recording Secretary Karen Blake, Investment Manager Merrill Rajeck.

B. Public Comment (Non Agenda Items)

None.

C. Approval of Minutes

1. Police Pension Fund - Regular Meeting - Jan 20, 2016 7:30 PM

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

2. Police Pension Fund - Special Meeting - Apr 11, 2016 7:30 PM

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

D. Quarterly Investment Manager Report

1. First Quarter Investment Report

Mr. Rajeck reported that the last quarter was interesting. It started on a down slope in January because of concerns about China, oil prices and bankruptcies. However, it bottomed out the end of January, started back up by the end of February and by the end of March, ended where it started.

For the quarter ending March 31, 2016, earnings were $184,712.00 for a total investment return of 70 basis points. Generally, stocks were down while the benchmark was up. Smaller mid-cap stocks usually lag a bit, and many large stocks are commodity based. As the reporting periods get longer, performance is tracking closer to benchmarks. If the market continues its rise, the small-mid cap stocks in the portfolio will perform better, as will the bond funds. Finance and health care categories under-performed considerable due to concern about interest rates on financial stocks and political uncertainty in health care. However, Mr. Rajeck recommended riding out the health care drop.

There were no transactions done in the quarter, as the equity exposure was at a high enough level to preclude them. The portfolio's liquidity is below 5%, and Mr. Rajeck said he did not want to add to the short portfolio. Instead of moving funds within the portfolio, his conclusion was to ride out the drops. Asked what he would see as a good opportunity if he could move funds, Mr. Rajeck said that leveraged funds would be the best.

There was discussion concerning investments in foreign markets, including Japan and Brazil. Mr. Rajeck said that he wants to see more visibility in foreign markets before jumping in again. He cautioned about different laws in countries such as India and Saudi Arabia, and noted that one must invest in these markets nearly full time to avoid losing a great deal of money.

The cash portfolio was reviewed, and it was noted that some short CDs and bonds are close to maturity. The funds will have to be invested in CDs or held as cash as the fund is already 50% invested in securities. Inflation is not a problem at this time, and given the new normal of no inflation and a slow growing economy, there is not much chance of interest rates rising in June, and little in the foreseeable future.

Mr. Rajeck commented on the statutory constraints on investing. The IMRF has broader discretion; however, smaller funds are even more restricted. He also noted that market growth has flattened, and will continue to be flat in the second quarter. The market is not moving to new highs because earnings growth is not supporting such a move. Because the third quarter and fourth quarters are expected to be up, so he does not see dropping out of some equities now that have reached new highs. Mr. Rajeck does not see a need for changes to the portfolio aside from the maturing CDs. The PIMCO portfolio cannot be added to unless some equities are sold. The fund is pretty fully invested as the needed liquidity is at 2%.

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

E. Approval of Expenses

1. Approve the Expense Vouchers in the amount of $14,809.44 and Pension Expenditures in the amount of $451,775.73 for a total of $466,535.17

The following expenses were recommended for approval:

James Mullany (Conference travel reimbursement)	$ 335.00
Anthony Terranova (Conference travel reimbursement)	$ 415.00
Jay Company (Investment Management)	$ 9,889.00
MB Financial (Custodial fees)	$ 4,355.44
Tyler Technologies (check acct number change)	$ 150.00
TOTAL:	$ 14,809.44

Trustee Mullany moved and Trustee Monson seconded a motion to approve the expense vouchers in the amount of $14,809.44, and pension expenditures in the amount of $451,775.73 for a total of $466,585.17.

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

F. Approval of Membership Changes / Contribution Refunds / Transfers

1. Motion to Approve Membership Changes

Trustee Monson reported that Jim King is retiring effective April 21, 2016. A surviving spouse, Charlene Powers, passed away on March 14, 2016 and, and a new officer, Troy Bendoraitis, was hired on January 6, 2016.

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

G. Fiduciary Liability Insurance

1. Renewal of Fiduciary Insurance Policy

Director Coyle reported that the fiduciary insurance policy needs to be renewed. The current provider, Travelers Insurance quoted a premium of $4,451.00, an increase of $107.00 or 2.5% from the prior year.

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

H. Department of Insurance Draft Report

Director Coyle included in Trustees' packets the Illinois Department of Insurance report. There will be a signature sheet at the police station for members to sign.

I. Other Business

President Adduci reported that Tim sharp has resigned as actuary for 2017. It is expected that this cost will rise with a new actuary. Board Members discussed the actuarial tables being used, noting that police officers do not have as a long a life span as other workers. Director Coyle will put out a request for a new actuary, and noted that the Board has two meetings before the end of December to get responses, check references and choose a new actuary.

Director Coyle said that the next regular meeting will be July 20. Trustees discussed timing for one or more special meetings to receive presentations on the finalists for the consultant position. Dates were tentatively set for May 31 and June 21 starting at 6:00 PM.

There was discussion concerning the philosophy of underfunded pensions. President Adduci said that the preference is to be a bit higher funded in the 65-70% range, which is healthy, particularly when compared to other municipalities. Director Coyle said that the funding percentage has trended down due to disability claims and revising down the assumptions. The state requires that pension funds be funded at 90% by 2041. The return assumptions have been dropped over the past couple of years. If the model is at 5%, the Village will have to contribute $1.7 million instead of $1.3 million. The Board of Trustees understands the implication of dropping the assumptions costing the Village in the short term. Trustees discussed the current demographics of the Police Department, noting that it is a fairly young officer corps now. President Adduci stated that this Board's responsibility is to the police officers and the pension fund. He also noted that a good actuary could apply any additional funding contemplated by the Village Board of Trustees and see how it would affect the fund and future contribution levels.

The Pension Board members asked that Director Coyle prepare for the July meeting a scenario of an additional $300,000 contribution with a 5% investment earned assumption to see the impact.

1. Department of Insurance Updates

2. Next Regular Meeting: Wednesday, July 20, 2016 at 7:30 PM

3. Special Meetings Scheduled for April 26, May 31, and June 21 at 7:00 PM

J. Adjournment

1. Adjourn

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