Minutes
Village of Glen Ellyn
Police Pension Fund
Regular Meeting
Wednesday, July 20, 2016
7:30 PM
Glen Ellyn Civic Center, Room 301

A. Call to Order

Attendee Name	Title	Status
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

Also Present: Finance Director Coyle, Investment Manager Merrill Rajeck, Village Board Liaison Trustee John Kenwood, Recording Secretary Katrina Malone from Kelly Services

B. Public Comment (Non Agenda Items)

None.

C. Approval of Minutes

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

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

2. Police Pension Fund - Special Meeting - May 31, 2016 6:00 PM

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

3. Police Pension Fund - Special Meeting - Jun 21, 2016 6:00 PM

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

D. Quarterly Investment Manager Report

1. Quarterly Investment Manager Report - 2nd Quarter 2016

Investment Manager Merrill Rajeck presented the quarterly investment report.

The Fund's return on treasuries was less than the benchmark (0.73 versus 2.24). The PIMCO investments had a nice return for the quarter and are at 15% of the portfolio. The fixed income portion of the portfolio had $2.2 million in either sales or calls during the quarter. Mr. Rajeck is waiting to see where to reinvest these dollars and is holding off at the moment due to Brexit. There is 18.2% in the cash balance.

Mr. Rajeck discussed his strategy for the GSE/CD portion of the portfolio. He is planning to let the maturities run down and will purchase bonds where it is attractive. GSE's have been sparse and he does not want to lock in long term at short yields.

Mr. Rajeck reviewed treasury yields. The Fed raised rates 25 basis points. Mr. Rajeck then reviewed the Fed rate expectations. We are still in an extended period of low rates. The country is at full employment but the labor participation rate is low. It is the quality of jobs that is in question. Personal consumption inflation is running at 1.5 percent for 2016. The real 10-year yield on treasuries is now negative.

Mr. Rajeck reviewed the S&P performance. A nice quarter to quarter increase is expected. The U.S. dollar has been rising relative to other currencies. He also noted that energy earnings dived during the quarter.

The Sector ETF's did not do as well during the quarter and only have yielded 2.94%. PIMCO did well as mentioned earlier and earned 15.56%. Overall year-to-date performance is 4.29%.

For the next quarter, Mr. Rajeck is looking to add to the Vanguard funds. He will also be adding to the fixed income ladder, mostly in CD's.

Trustee Housey mentioned that the market typically has low rates in May through November.

Trustee Housey asked Mr. Rajeck how do you know when to get back into the market. Mr. Rajeck responded that you watch closely. Markets can move unexpectedly. You look for momentum.

Trustee Housey asked about the bond strategy. Mr. Rajeck responded that we are trying to maintain purchase power, earn a decent rate of return, and outperform our benchmarks.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Bill Housey, 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 $26,033.91 and Pension Expenditures in the amount of $477,141.38 for a total of $503,175.29

Trustee Mullany moved and Trustee Terranova seconded approval of expense vouchers in the amount of $26,033.91 and pension expenditures in the amount of $477,141.38, for a total of $503,175.29.

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

F. Approval of Membership Changes / Contribution Refunds / Transfers

1. Motion to Approve New Officers Bonislawski, Casarez, and Fazio

Officers Mark Bonislawski, Omar Casarez, and Frank Fazio started on June 22, 2016.

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

2. Motion to Approve Retirements for King, Baki, and Beck

James King retired on April 21, 2016. His initial annual benefit is $74,328.80. Joseph Baki retired on May 26, 2016. His initial annual benefit is $82,461.60. Brian Beck retired on June 2, 2016. His initial annual benefit is $71,466.72.

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

3. Motion to approve retroactive payment to Roger Lilly of $5,226.59

The Illinois Department of Insurance contacted the Pension Board on Roger Lilly. Based on their review, an incorrect increase was applied when be obtained age 60. It is possible that an error in the Department of Insurance's calculator at the time his pension was calculated could have caused this error. Retropayment is due to Mr. Lilly of $5,226.55. Mr. Lilly's corrected pension for 2016 is $47,832.60.

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

4. Motion to approve updated 2016 annual pension for Roger Lilly of $47,832.60

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

G. Election of Pension Board Officers

1. Election of Pension Board Officers

The Board elected to keep the officer positions the same.

President - John Adduci
Vice President - Jim Mullany
Secretary - Jim Monson

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

H. Investment Consultant Search

1. Motion to transition to an investment consultant structure

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

2. Motion to award investment consulting services

The Board discussed the three firms that were interviewed. They board was in consensus that they did not want to be the first Pension Fund for Strategic Capital. The Board discussed the differences between Bogdahn and Marquette. Direction was given to discuss the fees with Marquette as they were a large jump from where the Fund is now. The Board then set a special meeting for September 7 at 7:30pm to further discuss the issue.

RESULT:	DISCUSSION ONLY

I. Actuary Report

1. Motion to Accept the Actuary Report for the Glen Ellyn Police Pension Fund for the Year Beginning January 1, 2016 and Ending December 31, 2016

Finance Director Coyle presented the actuary report. The highlights of the report include reducing the investment return assumption to 6.75%. There were new mortality tables implemented which decreased the funding of the Pension Fund to 59.1%. The tax levy requirement increased from $1.193 million to $1.505 million.

Trustee Terranova asked about Senate Bill 2775. Director Coyle was not familiar with the Bill but would research it and report back to the Board.

President Adduci requested that Director Coyle obtain actuarial proposals and bring them to the next meeting.

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

J. Other Business

1. Pension Fund Letters

Director Coyle stated that an example letter was included in the packet that staff would like to send to all pensioners annually. This would be to confirm that the pensioners are still living to continue to receive the pension payments. Trustee Mullany stated that he thought we should be looking up pensioners in the social security master file to confirm this. Director Coyle stated that staff has not been doing that but would look into that as an alternative to sending letters.

RESULT:	DISCUSSION ONLY

2. Additional Contribution from Village Board

Director Coyle stated that the Village Board voted to contribute an additional $400,000 to the Police Pension Fund from the Fiscal Year 2015 General Fund surplus.

3. Other Business

Trustee Monson stated that the Board should send Ray Much for his annual re-evaluation. The Board discussed this and determined to look at the doctors that evaluated him as part of the disability process.

K. Adjournment

1. Motion to Adjourn

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