Agenda
Village of Glen Ellyn
Police Pension Fund
Regular Meeting
Wednesday, October 19, 2016
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 20, 2016 7:30 PM

D. Quarterly Investment Manager Report

1. Investment Manager Report - Third Quarter 2016

E. Approval of Expenses

1. Approve the Expense Vouchers in the amount of $14,344.01 and Pension Expenditures in the amount of $511,884.76 for a total of $526,228.77

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

1. Approval of Membership Changes / Contribution Refunds / Transfers / Other Pension Changes

G. Pension Funding and Annual Report to the Village Board

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

H. Actuarial Services

1. Motion to Award Actuarial Services for the Police Pension Board.

I. Investment Consultant Search

1. Motion to Award Investment Consulting Services

J. Other Business

1. Meeting Schedule for 2017: January 18, April 19, July 19, October 18

K. 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 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

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/19/16 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Report
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 2470) DOC ID: 2470

Investment Manager Report - Third Quarter 2016

Please find the third quarter report attached.

ATTACHMENTS:

- GEPPF 3Q-16 Inv Mngr 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 19, 2016

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 WB&T 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.

Glen Ellyn Police Pension Fund - Investment Performance

Periods Ended 9/30/16	3 Months	12 Months	3 Years	5 Years	10 Years
Total Fund:					
Beginning Balance:	$ 25,841,636	$ 25,600,056	$ 24,499,015	$ 21,371,562	$ 18,614,360
Contributions	1,784,370	2,053,926	4,898,552	7,484,400	13,166,578
Withdrawals	(526,804)	(1,985,527)	(5,587,282)	(8,643,520)	(15,484,682
Adjusted Investment Base	$ 27,099,203	$ 25,668,455	$ 23,810,285	$ 20,212,443	$ 16,296,256
Market Value 9/30/16	$ 27,643,885	$ 27,643,885	$ 27,643,885	$ 27,643,885	$ 27,643,885
Earnings	**$ 544,682**	**$ 1,975,430**	**$ 3,833,600**	**$ 7,431,442**	**$ 11,347,629**
Total Fund Investment Return	1.94	7.85	5.11 a	6.32 a	5.21
Less: Management Fees	(0.04)	(0.15)	(0.15) a	(0.15) a	(0.15
Net Total Fund Investment Return	**1.90**	**7.70**	**4.96 a**	**6.17 a**	**5.06**

Segment Rates of Return:	3 Months	12 Months	3 Years	5 Years	10Years
Barclays US Treas Bond - Benchmark	*(0.30)*	*4.40*	*3.76 a*	*2.35 a*	*4.55*
GEPPF Treasury, GSE, CD's 43.0%	**0.08**	**1.91**	**2.14 a**	**2.13 a**	**4.50**
Russell 3000 Index - Benchmark	*4.40*	*14.96*	*10.44 a*	*16.36 a*	*7.37*
GEPPF Corp. Fixed Income 14.8%	**4.84**	**22.01**	**6.76 a**	**7.41**	n.a.
GEPPF Domestic Stocks 29.5%	**4.32**	**10.54**	**8.32 a**	**14.91 a**	**7.59**
MSCI ACWI Index x U.S. - Benchmark	*5.66*	*4.16*	*(2.29) a*	*3.96 a*	*(0.89*
GEPPF Foreign Stocks 0.0%	n.a.	n.a.	n.a. a	n.a. a	n.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.

Attachment: GEPPF 3Q-16 Inv Mngr Report (2470 : Investment Report - Third Quarter 2016)

INVESTMENTS OWNED		MARKET VALUE		TRANSACTIONS		TICKER		MARKET VALUE			PERFORMANCE FACTORS		PERFORMANCE	
Amount	Investment Description	06/30/16	% of Total	Sales or Funds In	Buys or Funds Out		Amount	Price	09/30/16	% of Total	Market Values	Income Received	Net $ Gain (Loss)	Percent Return
10,000	Mid-Cap Growth ETF Russell	935,800.00	3.6			IWP	10,000	97.37	973,700.00	3.5	37,900.00	4,440.41	42,340.41	4.52
14,000	Mid-Cap Growth ETF Vanguard	1,426,460.00	5.5			VOT	14,000	106.39	1,489,460.00	5.4	63,000.00	3,080.00	66,080.00	4.63
16,000	Total Stock Mkt Index Fd Vgd	1,714,560.00	6.6			VTI	16,000	111.33	1,781,280.00	6.4	66,720.00	8,624.00	75,344.00	4.39
40,000	Total - Equity Index ETFs	4,076,820.00	15.8	-	-		40,000		4,244,440.00	15.4	167,620.00	16,144.41	183,764.41	4.51
	Sector ETFs													
10,000	Consumer Descretionary SPDR	780,600.00	3.0			XLY	10,000	80.04	800,400.00	2.9	19,800.00	2,999.49	22,799.49	2.92
7,000	Financial Services SPDR	564,270.00	2.2			IYG	7,000	87.76	614,320.00	2.2	50,050.00	1,968.90	52,018.90	9.22
11,000	Health Care SPDR	788,755.00	3.1			XLV	11,000	72.11	793,210.00	2.9	4,455.00	3,063.52	7,518.52	0.95
6,000	Health Care Providers iShares	764,220.00	3.0			IHF	6,000	124.02	744,120.00	2.7	(20,100.00)	425.33	(19,674.67)	(2.57)
20,000	Technology SPDR	867,400.00	3.4			XLK	20,000	47.78	955,600.00	3.5	88,200.00	3,911.44	92,111.44	10.62
54,000	Total - Sector ETFs	3,765,245.00	14.6	-	-		54,000		3,907,650.00	14.1	142,405.00	12,366.68	154,771.68	4.11
	Securities Sold													
94,000	Total U.S. Stock Funds	7,842,065.00	30.3	-	-		94,000		8,152,090.00	29.6	310,025.00	28,511.09	338,536.09	4.32
-	Total Foreign Stock Funds	-	-	-	-		-		-	-	-	-	-	
55,600	PIMCO Corporate Opp Fund	783,404.00	3.0			PTY	55,600	14.61	812,316.00	2.9	28,912.00	21,684.00	50,596.00	6.46
57,500	PIMCO Corp & Inc Strategy Fund	883,200.00	3.4			PCN	57,500	15.33	881,475.00	3.2	(1,725.00)	19,406.25	17,681.25	2.00
33,500	PIMCO Income Opp Fund	770,500.00	3.0			PKO	33,500	23.16	775,860.00	2.8	5,360.00	19,095.00	24,455.00	3.17
75,600	PIMCO Income Strategy Fund	776,412.00	3.0			PFL	75,600	10.69	808,164.00	2.9	31,752.00	20,412.00	52,164.00	6.72
84,300	PIMCO Income Strategy Fund II	775,560.00	3.0			PFN	84,300	9.53	803,379.00	2.9	27,819.00	20,232.00	48,051.00	6.20
306,500	Total Corp Fixed Income Funds	3,989,076.00	15.4	-	-		306,500		4,081,194.00	14.8	92,118.00	100,829.25	192,947.25	4.84
	Total Corporate Investments	11,831,141.00	45.8	-	-				12,233,284.00	44.3	402,143.00	129,340.34	531,483.34	4.49

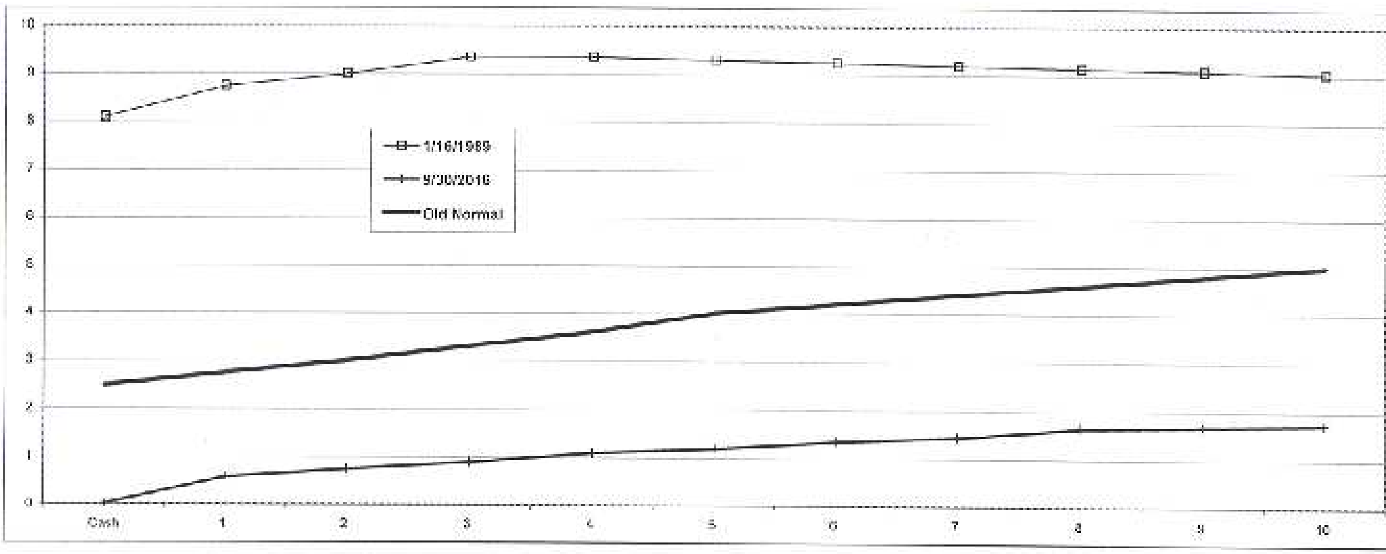
Attachment: GEPPF 3Q-16 Inv Mngr Report (2470 : Investment Report - Third Quarter 2016)

D.1.a

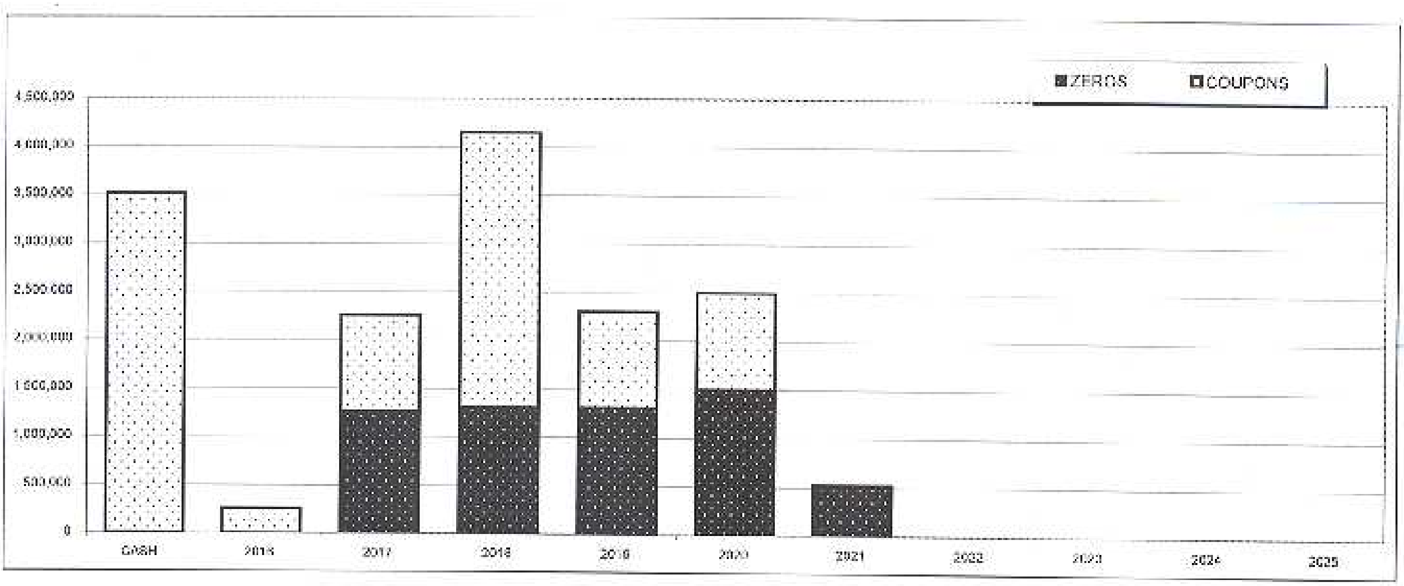
INVESTMENTS OWNED				MARKET VALUE		TRANSACTIONS		TICKER		MARKET VALUE			PERFORMANCE FACTORS		PERFORMANCE	
Amount	Investment Description			06/30/16	% of Total	Sales or Funds In	Buys or Funds Out		Amount	Price	09/30/16	% of Total	Market Values	Income Received	Net $ Gain (Loss)	Percent Return
Par Value		Coupon	Maturity					Totals								
350,000	FHLB STRIPS	0.000	07/15/15	349,965.05	1.4	350,000.00						-	33.96	-	33.96	0.01
250,000	Brookline Bank CD	0.700	12/31/15	250,072.00	1.0			250,000	250,000	100.03	250,070.50	0.9	(1.50)	441.10	439.60	0.18
250,000	Capital One Bank CD	0.800	01/03/17	250,305.50	1.0				250,000	100.08	250,189.00	0.9	(116.50)	997.26	880.76	0.35
250,000	TCF National Bank CD	0.700	01/30/17	250,309.50	1.0				250,000	100.09	250,223.75	0.9	(85.75)	872.60	786.85	0.31
250,000	Bank of North Carolina CD	0.850	03/30/17	250,475.50	1.0				250,000	100.15	250,376.75	0.9	(98.75)	535.62	436.87	0.17
250,000	Compas Bank CD	1.300	07/31/17	250,833.75	1.0				250,000	100.35	250,901.00	0.9	57.25	1,620.55	1,687.80	0.67
400,000	FHLMC STRIPS	0.000	09/15/17	396,348.00	1.6				400,000	99.24	396,977.20	1.4	631.20	-	631.20	0.16
859,000	TVA STRIPS	0.000	12/15/17	849,085.42	3.3			2,259,000	859,000	98.90	849,530.38	3.1	444.96	-	444.96	0.05
500,000	FHLB Call 9/23/16	1.000	03/23/18	500,179.50	1.9				500,000	100.01	500,036.00	1.8	(143.50)	1,250.00	1,106.50	0.22
250,000	American Express Centur CD	1.600	06/25/18	251,420.50	1.0				250,000	100.67	251,669.50	0.9	249.00	-	249.00	0.10
250,000	Discover Bank CD	1.650	06/25/18	251,421.50	1.0				250,000	100.67	251,670.50	0.9	249.00	-	249.00	0.10
250,000	Goldman Sachs Bank CD	1.650	06/25/18	251,178.00	1.0				250,000	100.58	251,457.25	0.9	279.25	-	279.25	0.11
250,000	BMW Bank North America CD	1.600	06/26/18	251,861.25	1.0				250,000	100.82	252,057.25	0.9	196.00	-	196.00	0.08
500,000	FNMA STRIPS	0.000	07/15/18	489,297.50	1.9				500,000	97.91	489,565.50	1.8	268.00	-	268.00	0.06
250,000	Everbank Jacksonville FL CD	1.350	07/30/18	252,419.50	1.0				250,000	101.04	252,589.25	0.9	169.75	1,682.88	1,852.63	0.73
400,000	FHLMC STRIPS	0.000	09/15/18	391,163.60	1.5				400,000	98.22	392,876.00	1.4	1,712.40	-	1,712.40	0.44
	FHLMC 12/28/16	0.875	09/28/18		-		600,000.00		600,000	99.94	599,634.60	2.2	(365.40)	-	(365.40)	(0.06)
	FHLB Call 10/26/16	1.050	10/26/18		-		500,000.00		500,000	99.88	499,414.50	1.8	(585.50)	-	(585.50)	(0.12)
400,000	FNMA STRIPS	0.000	11/15/18	389,439.20	1.5			4,160,000	400,000	97.38	389,514.40	1.4	75.20	-	75.20	0.02
800,000	TVA STRIPS	0.000	01/15/19	779,315.20	3.0				800,000	97.35	778,780.80	2.8	(534.40)	-	(534.40)	(0.07)
250,000	FHLMC Call 9/28/16	1.375	06/28/19	250,157.25	1.0	250,000.00						-	(157.25)	859.38	702.13	0.28
500,000	FNMA STRIPS	0.000	07/15/19	485,773.50	1.9				500,000	96.97	484,844.00	1.8	(929.50)	-	(929.50)	(0.19)
-	FNMA 3/9/17	1.125	09/09/19		-		500,000.00		500,000	99.82	499,093.00	1.8	(907.00)	-	(907.00)	(0.18)
	FNMA 2/3/17	1.200	11/22/19		-		500,000.00	2,300,000	500,000	100.01	500,027.00	1.8	27.00	(46.88)	(19.88)	(0.00)
500,000	FNMA STRIPS	0.000	05/15/20	474,693.50	1.8				500,000	94.87	474,338.00	1.7	(355.50)	-	(355.50)	(0.07)
	FFCB 11/16/16	1.300	05/15/20		-		600,000.00		600,000	99.76	598,537.80	2.2	(1,462.20)	(173.33)	(1,635.53)	(0.27)
1,000,000	TVA STRIPS	0.000	07/15/20	946,919.00	3.7				1,000,000	94.63	946,284.00	3.4	(635.00)	-	(635.00)	(0.07)
	FFCB 8/24/17	1.320	08/24/20		-		500,000.00	2,600,000	500,000	99.80	499,021.50	1.8	(978.50)	(330.00)	(1,308.50)	(0.26)
525,000	FNMA STRIPS	0.000	11/15/21	484,551.13	1.9			525,000	525,000	93.26	489,516.58	1.8	4,965.45	-	4,965.45	1.02
9,484,000	Total GSE & U.S. Treasury Bonds			9,297,283.85	36.0	600,000.00	3,200,000.00	12,084,000	12,084,000		11,899,296.01	43.0	2,012.16	7,709.18	9,721.34	0.08
	Income Received					140,359.22								137,049.52		
	Contributions - Payments					2,219,537.89	951,603.77									
	Cash Balance - MBFB			4,685,642.42	18.1	2,432,526.67	3,639,353.01	FIGXX		100.00	3,478,806.08	12.6				
	Cash Balance - WB&T			27,569.13	0.1	627,370.44	622,440.75			100.00	32,498.81	0.1				
	Total Cash Balance			4,713,211.55	18.2						3,511,304.89	12.7		3,309.70	3,309.70	0.00
	Total Fund			25,841,639.40	100.0						27,043,884.90	100.0	404,165.16	140,359.22	544,514.38	

	MATURITY VALUE			MARKET VALUE		
	COUPONS	ZEROS	TOTAL	COUPONS	ZEROS	TOTAL
CASH	3,511,305		3,511,305	3,511,305		3,511,305
2016	250,000		250,000	250,071		250,071
2017	1,000,000	1,259,000	2,259,000	1,001,691	1,246,508	2,248,198
2018	2,850,000	1,300,000	4,150,000	2,858,520	1,271,856	4,130,484
2019	1,000,000	1,300,000	2,300,000	999,120	1,263,624	2,262,744
2020	1,000,000	1,500,000	2,500,000	1,097,550	1,420,622	2,518,181
2021		525,000	525,000		469,617	469,617
2022						
2023						
2024						
2025						
TOTALS	9,611,305	5,884,000	15,495,305	9,718,274	5,692,326	15,410,600
	62.0%	38.0%	100.0%	63.1%	36.9%	100.0%

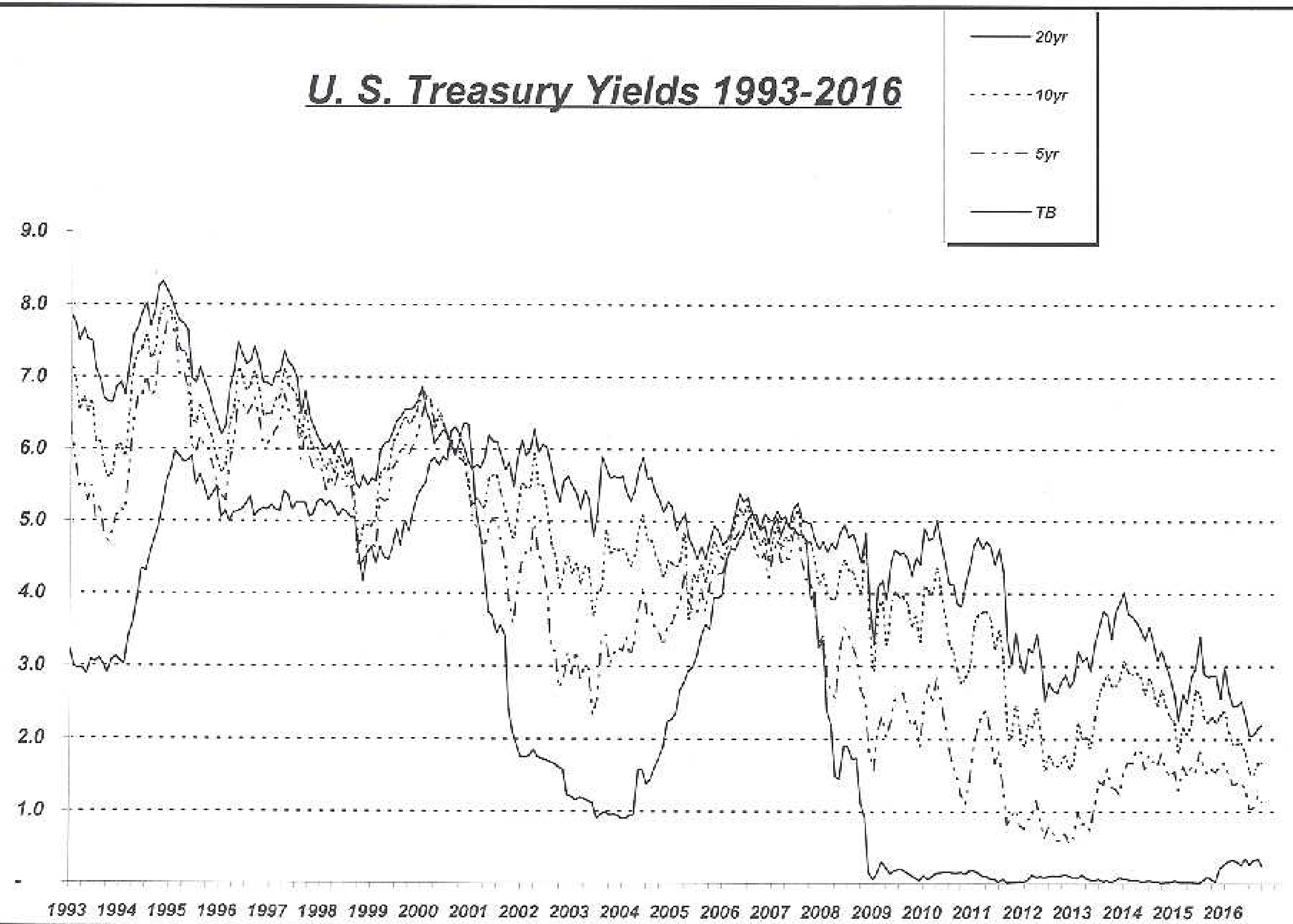
YIELD CURVE



MATURITY SCHEDULE

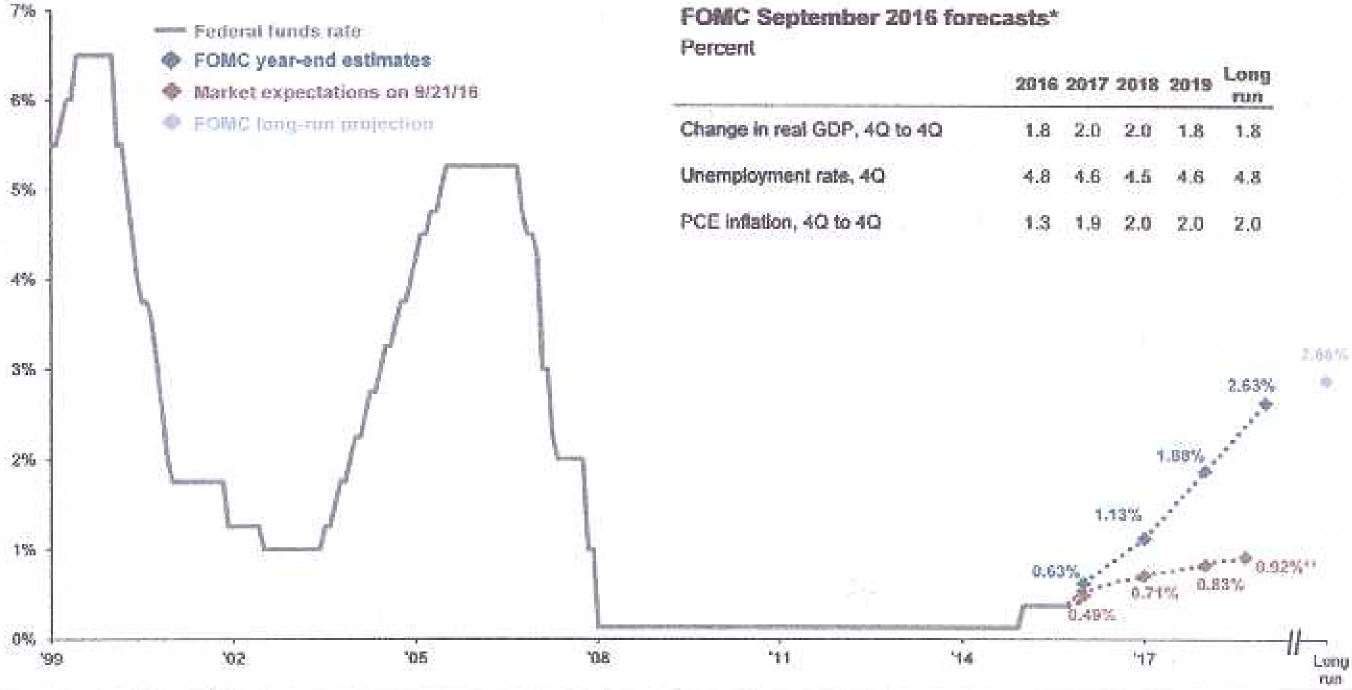


U. S. Treasury Yields 1993-2016



Federal funds rate expectations

FOMC and market expectations for the fed funds rate

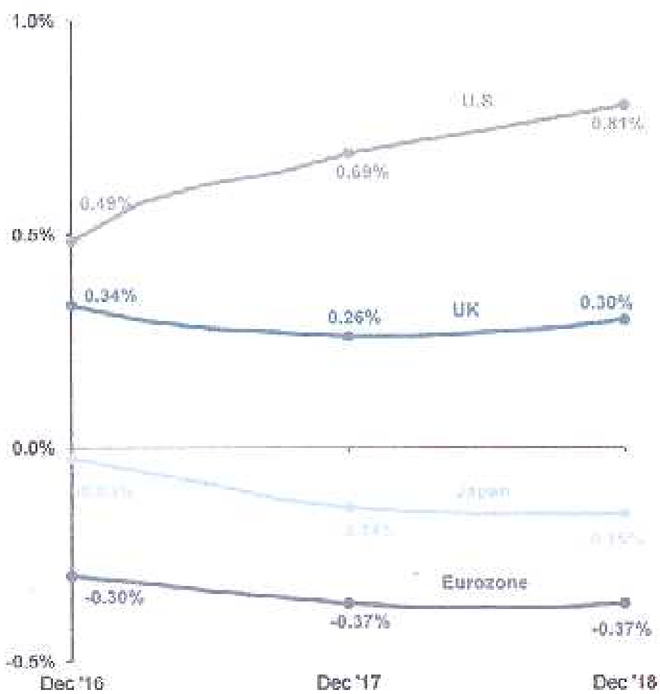


FOMC September 2016 forecasts*

Percent

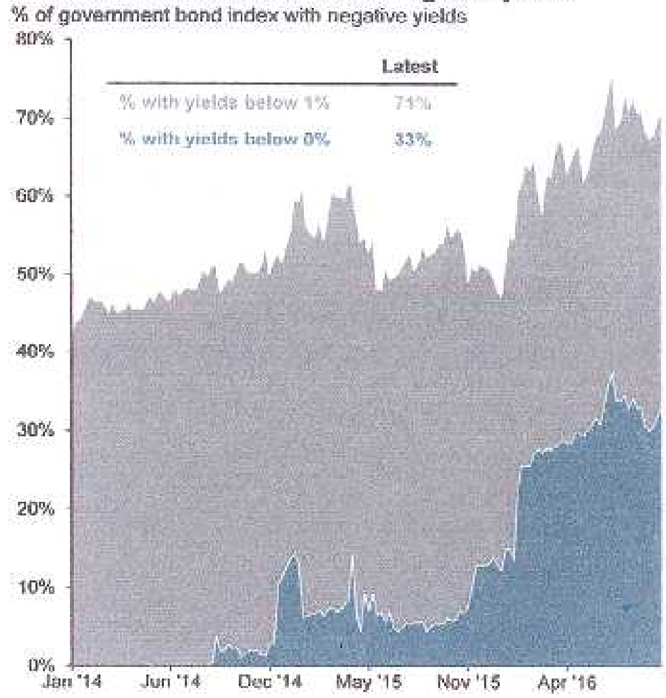
	2016	2017	2018	2019	Long run
Change in real GDP, 4Q to 4Q	1.8	2.0	2.0	1.8	1.8
Unemployment rate, 4Q	4.8	4.6	4.5	4.6	4.8
PCE inflation, 4Q to 4Q	1.3	1.9	2.0	2.0	2.0

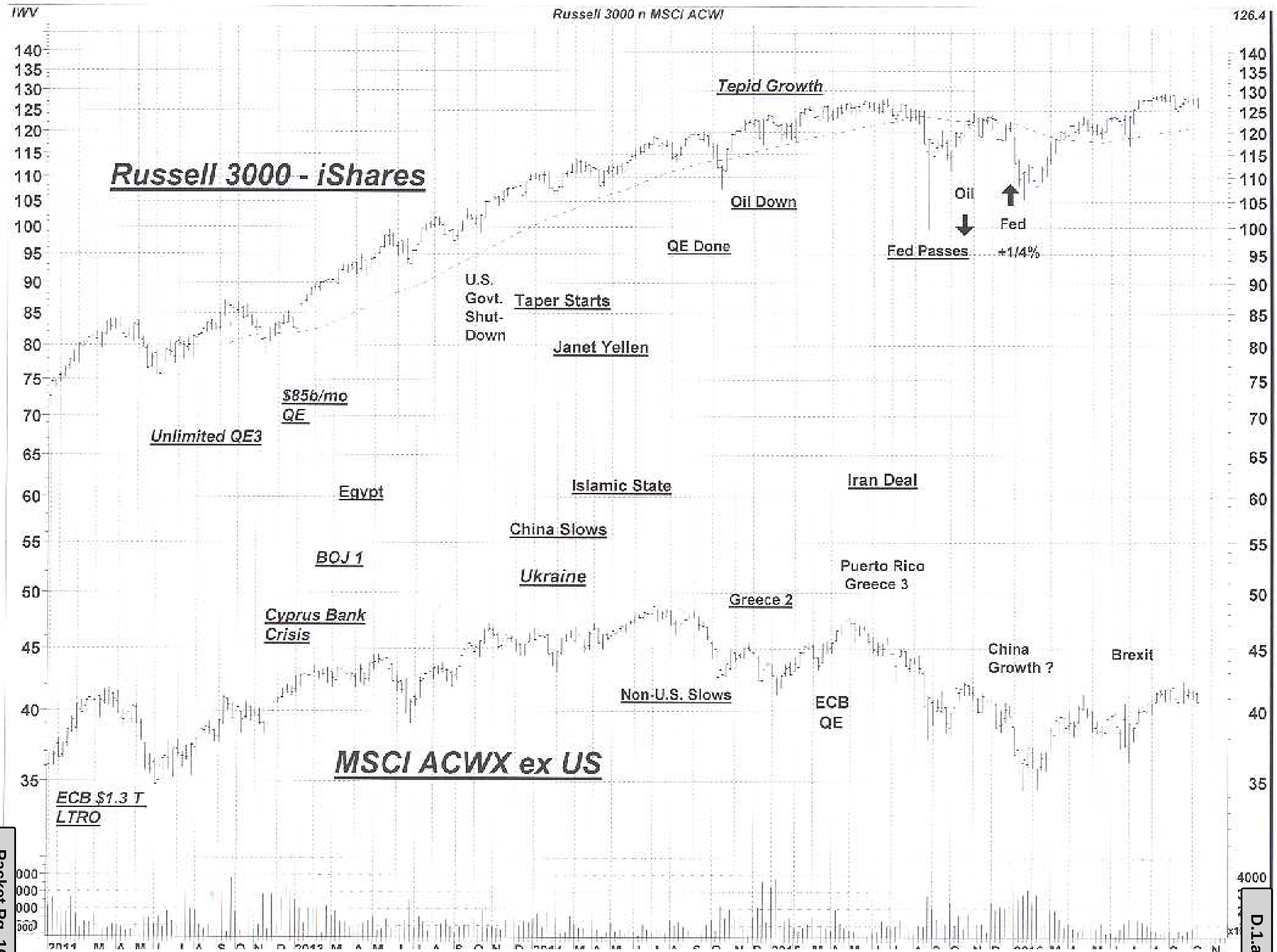
Market expectations for target policy rate*



Government bonds with low or negative yields

% of government bond index with negative yields

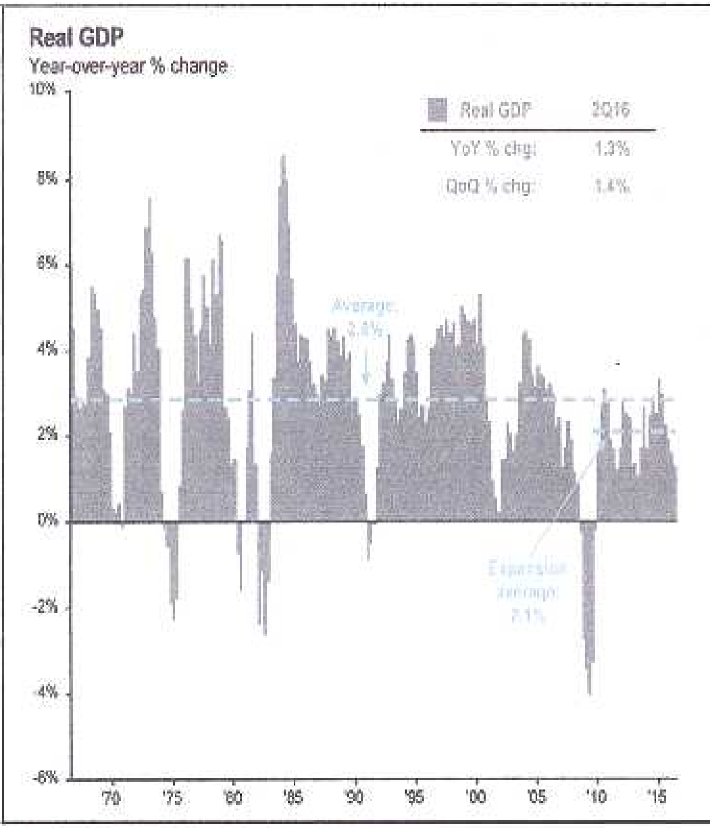




IWV
Russell 3000 n MSCI ACWI
126.4
Russell 3000 - iShares
MSCI ACWX ex US
Tepid Growth
Oil Down
QE Done
Oil
Fed
Fed Passes
+1/4%
U.S.
Govt.
Shut-
Down
Taper Starts
Janet Yellen
$85b/mo
QE
Unlimited QE3
Egypt
Islamic State
Iran Deal
China Slows
BOJ 1
Ukraine
Puerto Rico
Greece 3
Greece 2
Cyprus Bank
Crisis
China
Growth ?
Brexit
Non-U.S. Slows
ECB
QE
ECB $1.3 T
LTRO
4000

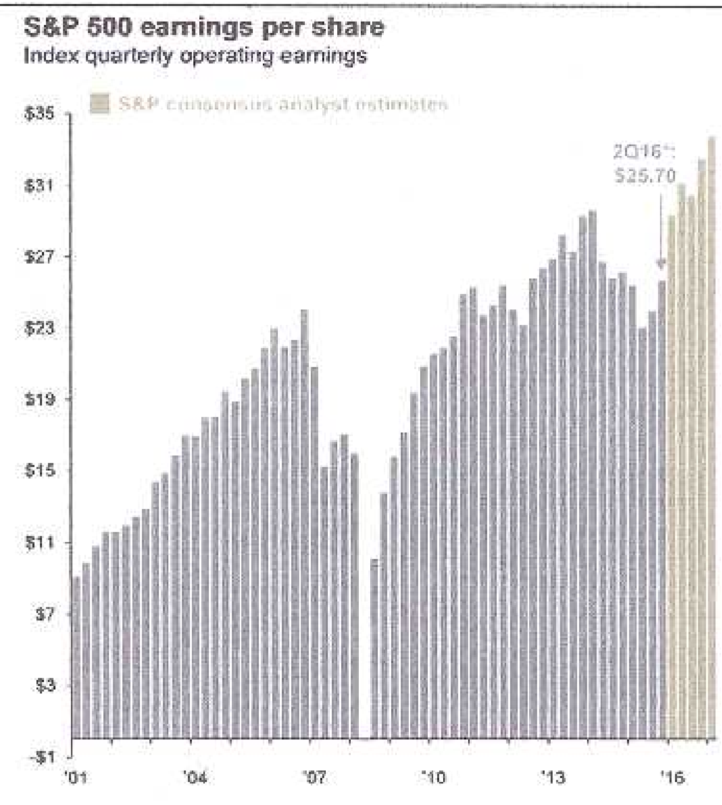
Real GDP

Year-over-year % change

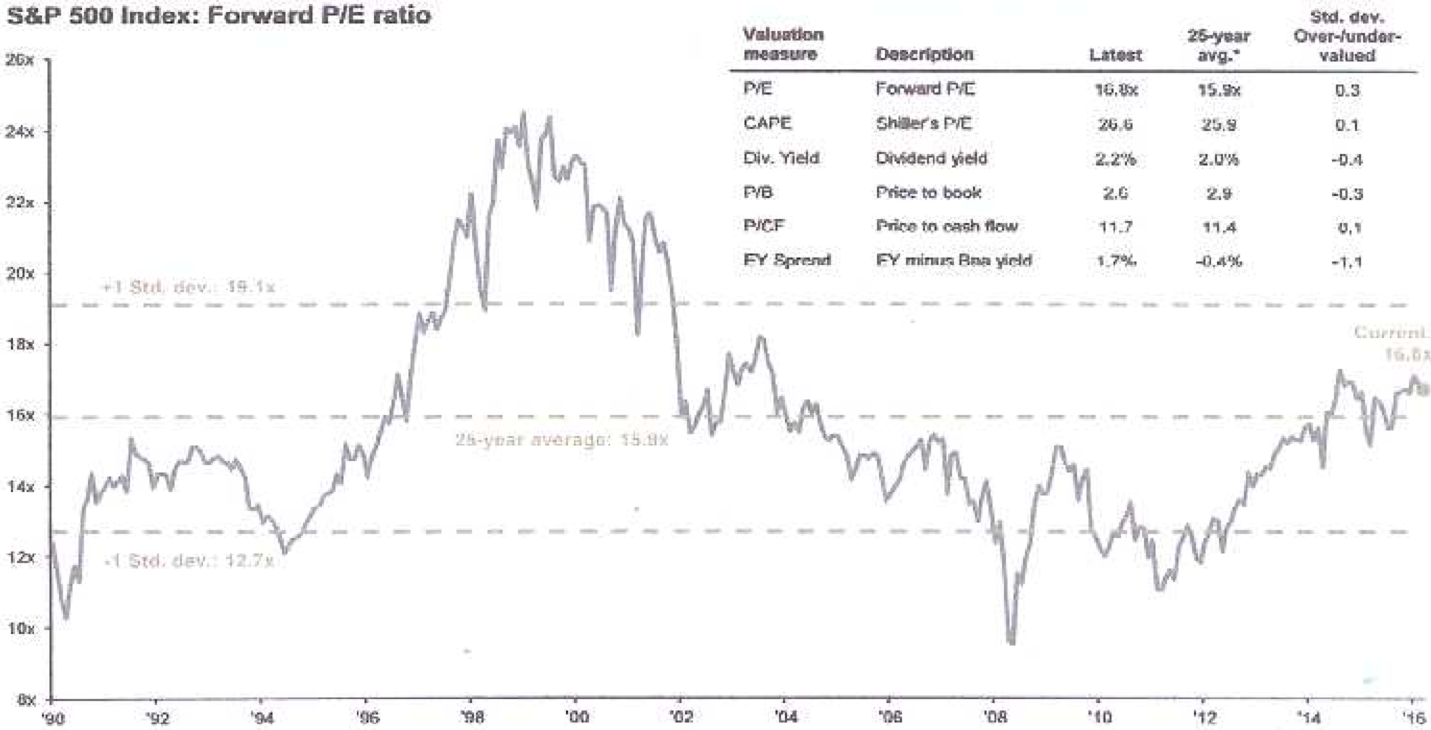


S&P 500 earnings per share

Index quarterly operating earnings



S&P 500 Index: Forward P/E ratio



Valuation measure	Description	Latest	25-year avg.*	Std. dev. Over-/under-valued
P/E	Forward P/E	16.8x	15.9x	0.3
CAPE	Shiller's P/E	26.6	25.9	0.1
Div. Yield	Dividend yield	2.2%	2.0%	-0.4
P/B	Price to book	2.6	2.9	-0.3
P/CF	Price to cash flow	11.7	11.4	0.1
EY Spread	EY minus Baa yield	1.7%	-0.4%	-1.1

Attachment: GEPPF 3Q-16 Inv Mngr Report (2470 : Investment Report - Third Quarter 2016)

GLEN ELLYN POLICE PENSION FUND

ESTIMATED CASH FLOW

	Investments		Contributions			Cash
Month	Maturities	Income	Village	Members	Payments	Balance
Beginning Cash Balance (9/30/16)						3,511,306
October		39,558		26,500	(175,000)	3,402,363
November		43,433		26,500	(175,000)	3,297,296
December	250,000	70,192		26,500	(175,000)	3,468,988
January 2017	500,000	38,974		26,500	(175,000)	3,859,462
February		37,087		26,500	(175,000)	3,748,049
March	250,000	70,233		26,500	(175,000)	3,919,782
April		39,412		26,500	(175,000)	3,638,961
May		43,287		26,500	(175,000)	3,533,748
June		70,046	752,270	26,500	(175,000)	4,207,564
July	250,000	35,297		26,500	(175,000)	3,670,545
August		36,910		26,500	(175,000)	3,558,955
September	400,000	70,056	752,270	26,500	(175,000)	4,632,781
Calculated Ending Cash Balance						4,632,781
Totals	1,650,000	594,485	1,504,540	318,000	(2,100,000)	
12 Month Net Cash Flow						**1,967,025**

FUNDING LEVEL

As of	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
1/1/2016	27,395,083	46,344,052	(18,948,969)	59.1

Investment Description	3M SMA	3 M Rtn	3M Rel	Shares	Ticker Symbol	10/13/16 Price	Acquisition Cost	Portfolio Mkt Value	% of Total	Lrg Cap	Mid Cap	Sml Cap		Target Portfolio	% of Total
MULTI-SECTOR EQUITY FUNDS															
Multi-Cap - Tot Stk Mkt ETF - V	3.0	0.0	0.0	16,000	VTI	109.61	1,047,332	1,753,706	6.4	6.4				1,775,000	
Multi-cap - Extd Mkt ETF V	4.4	1.2	1.2		VXF	89.09							+	1,000,000	
Multi-Cap - Russell 3K - i	3.0	(0.1)	(0.1)		IWV	126.24									
Multi-Cap-S&P 500 SPDR	2.7	(0.2)	(0.2)		SPY	213.38									
Large Cap Growth -Russell 1K - i	2.7	(0.1)	(0.1)		IWF	102.56									
Large Cap Growth -Vanguard	3.2	0.5	0.5		VUG	110.53							+	1,200,000	
Mid-Cap Grth Russell i	1.6	(1.4)	(1.4)	10,000	IWP	94.70	519,096	947,000	3.5		3.5			1,000,000	
Mid-Cap Grth Vanguard	1.6	(1.5)	(1.5)	14,000	VOT	103.56	532,724	1,449,846	5.3		5.3			1,500,000	
Small Cap Grth Vanguard	3.8	0.3	0.3		VBK	128.34							-	800,000	
Small Cap Value Vanguard	3.5	0.2	0.2		VBR	108.45			-						
Total Multi-Cap Equity Funds							2,099,952	4,150,551	15.2	6.4	8.7	-		7,275,000	2
SECTOR EQUITY FUNDS															
Consumer Discretionary - SPDR	1.1	(2.0)	(2.0)	10,000	XLY	79.12	639,800	791,200	2.9	2.9				800,000	
Consumer Staples - SPDR	(2.3)	(5.2)	(5.2)		XLP	52.48									-
Energy - SPDR	5.1	2.9	2.9		XLE	70.40									-
Financial - SPDR	6.8	5.9	5.9	7,000	IYG	87.65	594,370	613,550	2.2	2.2				600,000	
Healthcare - SPDR	(1.4)	(4.4)	(4.4)	11,000	XLV	70.29	585,855	773,135	2.8	2.8				800,000	
Healthcare Providers - i	(5.4)	(7.2)	(7.2)	6,000	IHF	120.38	743,159	722,280	2.6	2.6				800,000	
Industrial - SPDR	2.6	(1.3)	(1.3)		XLI	57.18									-
Materials Vanguard	0.3	(3.1)	(3.1)		VAW	103.30									-
Real Estate Vanguard	(2.5)	(7.7)	(7.7)		VNQ	83.36									-
Telecomm Svcs Vanguard	(3.4)	(7.6)	(7.6)		VOX	93.00									-
Technology SPDR	9.1	6.1	6.1	20,000	XLK	47.29	412,150	945,800	3.5	3.5				800,000	
Transportation iShares	6.3	2.1	2.1		IYT	144.99									
Utilities Vanguard	(4.4)	(6.9)	(6.9)		VPU	105.13									-
Total Sector Equity Funds							2,975,334	3,845,965	14.0	14.0				3,800,000	1
Foreign Regional Index Funds															
Emerging Markets Vanguard	9.2	4.2	4.2		VWO	37.27									
S&P Europe 350 Idx - I	0.9	0.5	0.5		IEV	38.22									
Latin Am 40 iShares	17.0	8.8	8.8		ILF	29.42									
MSCI All Cntry Asia x Japan i	9.7	5.3	5.3		AAXJ	59.16									
MSCI-ACWI Idx x U.S.	4.3	2.1	2.1		ACWX	40.81									
Foreign Country Index Funds															
MSCI Australia Idx Fund i	7.0	2.3	2.3		EWA	20.70									
MSCI Canada Idx Fund I	3.3	1.3	1.3		EWC	25.47									
MSCI Germany Idx Fund i	5.0	4.9	4.9		EWG	25.66									
MSCI Singapore Idx Fund I	(2.1)	(5.8)	(5.8)		EWS	10.42									
MSCI Switzerland Idx Fund iS	0.8	0.0	0.0		EWL	29.70									
Total Foreign Rgnal & Ctry Idx							-	-	-	-				-	-
Total Equity Portfolio							5,075,285	7,996,516	29.2	70.0	###	-		11,075,000	40
Investment Policy %										65.0	###	10.0		10,958,136	40
Fixed Income Funds															
PIMCO Corp Oppty Fund	6.4	5.1	5.1	55,600	PTY	14.55	903,945	808,980	3.0					800,000	2
PIMCO Corp & Inc Strategy Fd	1.5	1.9	1.9	57,500	PCN	14.95	943,769	859,625	3.1					800,000	2
PIMCO Income Oppty Fund	1.2	(0.0)	(0.0)	33,500	PKO	22.47	924,798	752,745	2.7					800,000	2
PIMCO Income Strategy Fund	5.2	3.2	3.2	75,600	PFL	10.38	925,712	784,728	2.9					800,000	2
PIMCO Income Strategy Fund II	4.9	3.5	3.5	84,300	PFN	9.28	870,435	782,144	2.9					800,000	2
Total Fixed Income Funds							4,568,658	3,988,222	14.6					4,000,000	14
Total Corporate Investments				400,500			9,643,943	11,984,738	43.7					15,075,000	55
MB Financial Money Fund							3,478,806	3,478,806	12.7						-
WB&T Money Fund							32,499	32,499	0.1						-
Total Money Market							3,511,305	3,511,305	12.8				-	320,339	1
Fixed Income Ladder							10,823,922	11,899,296	43.4				+	12,000,000	43
Total GEPP Portfolio							23,979,171	27,395,339	100.0					27,395,339	100.0

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/19/16 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Vouchers
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 2462) DOC ID: 2462

Approve the Expense Vouchers in the amount of $14,344.01 and Pension Expenditures in the amount of $511,884.76 for a total of $526,228.77

Please see the supporting documentation for the vouchers attached.

ATTACHMENTS:

- 2016, October Vouchers (PDF)

POLICE PENSION FUND
APPROVAL OF VOUCHERS
For the meeting in October 2016

Expenses	Check Date:	Paid amount	
Jay Company (Investment Manager)	7/29/2016	$ 9,646.00	
MB Financial (Custodial Account Fees)	7/12/2016	$ 4,363.01	
Fifth Third/IPPFA (Registration Fee - Monson)	7/15/2016	$ 335.00	
		$ 14,344.01	
			$ 14,344.01

Pension Expenses	**July**	**August**	**September**	
Service Pensions	$ 145,755.39	$ 145,755.39	$ 145,755.39	
Duty Disability Pensions	$ 16,325.72	$ 11,099.17	$ 11,099.17	
Non-Duty Disability Pensions	$ -	$ -	$ -	
Surviving Spouse Pension	$ 12,031.51	$ 12,031.51	$ 12,031.51	
Total Payroll:	**$ 174,112.62**	**$ 168,886.07**	**$ 168,886.07**	
				$ 511,884.76
			Grand Total	**$ 526,228.77**

Glen Ellyn Police Pension Fund

Invoice Date	Invoice Number	Invoice Description	Net Invoice Amount
07/28/16	72816	INVESTMENT MGR Q/E 7/31/1	9,646.00

Vendor No.	Vendor Name	Check No.	Check Date	Check Amount
474	MERRILL F. RAJECK	000005	07/29/2016	$9,646.00

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 000005

Check Date	Check Amount
07/29/2016	9,646.00

VOID AFTER 180 DAYS

Pay To The Order Of

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

FILE COPY
NON - NEGOTIABLE

APPPF

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

FORWARDING SERVICE REQUESTED

000005

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

474

Jay Company's investment management fee for the period 4/30/16 to 7/31/16 is calculated as follows:

GLEN ELLYN POLICE PENSION FUND - INVESTMENT PORTFOLIO

Asset Value on April 30, 2016	$	25,723,984
Annual Fee Rate of 15/100 of 1%		0.0015
Annual Fee Basis	$	38,586
Quarterly Proration		0.25
Fee due on August 1, 2016	**$**	**9,646**

Cash acct ✓
900 110155

CODE	AMOUNT	APPROVAL	DATE
90000 - 520800	$9,646.00	@	7/25/16

Asset Valuation:

Asset valuation used by Jay Company was determined by MB Financial Bank and WB&T 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."

Account Name : Glen Ellyn Police | Account No :[redacted]

Account Transactions

Date	Description		Income	Principal
	Sales, Maturities or Redemptions			
07/15/2016	Maturity Federal Home Loan Bank Strip 07/15/16 350000 PV @ $ 98.40445714 Cost Basis Removed $344,415.60			344,415.60
		Sub Total	0.00	344,415.60
	Payments			
07/12/2016	Market Fee Market Value: 25,814,067.27 Fee Date: 06/30/2016 Frequency: Quarterly Schedule : CUSTODY FEE B 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 15,814,067.27 — 7,907.03 Total Fee — 16,657.03 TOTAL FEE - Adjusted (Quarterly) — 4,164.26 Base Fee - Adjusted (Quarterly) — 198.75 Minimum Fee — 250.00 TOTAL DUE - Adjusted (Quarterly) — 4,363.01 100.00000000 % From Principal, 0.00000000 % From Income			-4,363.01
07/15/2016	Scheduled Cash Disbursement Ach Transfer Paid To : Glen Ellyn Police Pension Fund Monthly Pension Payroll - Illinois Funds			-145,000.00
		Sub Total	0.00	-149,363.01
	Cash Receipts			
07/01/2016	Cash Deposit Deposits (Cash) Wire transfer received			400,000.00
07/14/2016	Cash Deposit Employer Contribution Posting of wire originally received 6/7/16 Real estate taxes			646,000.00

Wheaton Bank & Trust
100 N Wheaton Avenue
Wheaton IL 60187

VILLAGE OF GLEN ELLYN POLICE PENSION
535 DUANE ST
GLEN ELLYN IL 60137-4675

Primary Account Number

Statement Dates
Prior 08/31/16 Current 09/30/16

Customer Service
(630) 690-1800

0

FINANCIAL SUMMARY

Account Description	Account Number	Ending Balance
GOVERNMENT CHECKING		$ 32,498.81
TOTAL DEPOSITS		$ 32,498.81

EFFECTIVE JANUARY 1, 2017, AMERICAN EXPRESS TRAVELER'S AND GIFT CHEQUES WILL NO LONGER BE AVAILABLE AT WINTRUST BANKING LOCATIONS.

GOVERNMENT CHECKING

Account Number		Beginning Balance	$ 17,111.04
Average Balance	$ 85,803.56	Deposits/Credits	$ 184,608.84
Low Balance	$ 17,111.04	Checks/Debits	$-169,221.07
		Service Charges	$ 0.00
		Ending Balance	$ 32,498.81
		Enclosures	0

Daily Transaction Activity

Date	Description	Additions	Subtractions	Balance
08-31	BEGINNING BALANCE			17,111.04
09-15	#PREAUTHORIZED CREDIT	145,000.00		162,111.04
09-29	#CASH MGMT TRSFR CR	39,608.84		201,719.88
09-29	#CASH MGMT TRSFR DR		335.00	201,384.88
09-29	#CASH MGMT TRSFR DR		168,886.07	32,498.81
09-30	ENDING TOTALS	184,608.84	169,221.07	32,498.81

Detailed Electronic Transaction Information

Date	Description	Additions	Subtractions
09-15	MB Financial Ban Credit 160915	145,000.00	
09-29	REF 2731507L FUNDS TRANSFER FRM DEP 7503619 FROM	39,608.84	
09-29	PENSION CONTRIBUTI ONS		

FIFTH THIRD BANK

FIFTH THIRD BANK
PO BOX 740523
CINCINNATI OH 45274-0523

24742090 - 005912 - 0001 - 0001 - 7

MEMO STATEMENT

ACCOUNT NUMBER	XXXX XXXX XXX
STATEMENT DATE	07-27-16
TOTAL ACTIVITY	$675.00

** MEMO STATEMENT ONLY **
DO NOT REMIT PAYMENT

ENTS
NOW >>

CHRISTINA COYLE **N0001735
TAX EXEMPT E9997-4452-07
535 DUANE ST
C/O CHRISTINA COYLE
GLEN ELLYN IL 60137-4675

email
iem

CARDHOLDER SUMMARY

	Purchases And Other Debits	+	Cash Advances	Credits	=	Total Activity
CHRISTINA COYLE XXXX XXXX XXX						
Cardholder Total	$675.00		$0.00	$0.00		$675.00

CARDHOLDER ACTIVITY

Post Date	Tran Date	Reference Number	Transaction Description	VCN	Amount
07-01	06-30	55429506182894572872744	ILLINOIS CPASOCIETY 8009930407 IL Annual Dues		310.00
07-06	07-05	55429506188207733407586	PAYFLOW/PAYPAL 08888339770 NE Online pmt		30.00
07-18	07-15	85345516197900018300024	ILLINOIS PUBLIC PENSIO ELGIN IL registration - J. Monson		335.00

CODE	AMOUNT	APPROVAL	DATE
122100-520600	$310.00	@	8/5/16
50100-520835	$10.00		
50200 - "	$10.00		
54000 - "	$10.00		
90000-520600	$335.00		

Il CPA Society	310.00	122100 520600	17297	COYC-69
Payflow	10.00	50100 520835	17298	70
30.00	10.00	50200 520835	"	"
	10.00	54000 520835	"	"
Il Public Pension	335.00	90000 520600	17299	71
		copy month end		

Ken Sarni <ken@ippfa.org>
Friday, July 15, 2016 2:26 PM
Christina Coyle

Subject: Registration Confirmed - 2016 IPPFA MidAmerican Pension Conference

Dear Jim:

Your registration has been confirmed. Please save this email for future reference.

Event: 2016 IPPFA MidAmerican Pension Conference
Attending: Jim Monson
Number in Party: 1
Time: 7:00 AM
Date: Tuesday, October 4, 2016
Confirmation Number: K5N5N99KXHF
Current Registration:

Pension Fund training

Registration Information:

Registration Items

Jim Monson	IPPFA Member	

Sessions

Jim Monson	* Walk to Forum *	05-Oct-2016 11:55 AM
Jim Monson	National/International Update	06-Oct-2016 8:00 AM
Jim Monson	Real Estate Investing	06-Oct-2016 8:55 AM
Jim Monson	Private Equity Secondaries: A Core Building Block for Long Term Investors	06-Oct-2016 10:00 AM
Jim Monson	* Walk to Forum *	06-Oct-2016 11:45 AM
Jim Monson	* Room Changeover *	06-Oct-2016 1:00 PM

Additional Information

Jim Monson Will you be attending the Trustee Workshop on Tuesday, October 6th?

Yes

Will you be attending the Welcome Reception on Tuesday, October 6th at 8PM?

Yes

Are you a first time attendee?

No

Click here to view the event summary

We look forward to seeing you there.

1

Attachment: 2016, October Vouchers (2462 : October Vouchers 2016)

Sincerely,
Ken Sarni
IPPFA
ken@ippfa.org
If you no longer want to receive emails from Ken Sarni, please Opt-Out

Your payment for the 2016 IPPFA MidAmerican Pension Conference event has been successfully processed. Please save this email for your records.

Transaction Information:

Item	Transaction Information	Quantity	Amount
IPPFA Member	$335.00	1	$335.00
	Transaction Total		$335.00

Registration Confirmation Number: K5N5N99KXHF
View your registration

If you have any questions about this transaction or email, please contact Ken Sarni directly at ken@ippfa.org.

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/19/16 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Personnel
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 2463) DOC ID: 2463

Approval of Membership Changes / Contribution Refunds / Transfers / Other Pension Changes

The changes this quarter include:

Retirement:

There were no retirements during the quarter.

New Hires

One officer was hired during the quarter. Samuel Carius was hired on September 21, 2016.

Transfers

There were no applications for transfers during the quarter.

Contribution Refunds

Jonathan Guzman has requested to withdraw his contributions from the fund. The amount of the request is $3,016.57.

Other

At the prior meeting, it was mentioned that the Department of Insurance had contacted the Fund about the pension amount for Thomas Roman. The State of Illinois passed Public Act 91-939 which was effective February 1, 2001. This changed the percent increase per year from 2% to 2.5%. The Department of Insurance contacted us to state that the Fund should have increased his percentage according to the new, higher rate rather than the old rate. However, we had on file an opinion letter from the Department of Insurance from 2001 that instructed us to use the lower rate. Due to this conflict, the Department of Insurance instructed us to submit a request for a second opinion, which was done on June 22, 2016.

Subsequent to the last meeting, the M.J. Adkins from the Department of Insurance responded that their revised opinion is that the new, higher rate should have been used. This goes against the opinion that the Fund received in 2001. She further suggested that we contact our Pension Fund attorney to determine what courses of action were available to us.

Staff contacted Rick Reimer. In discussions with him, the best course of action is to issue retroactive pay to both Thomas and Mary Roman (Thomas had a QILDRO). Then the Fund will begin paying them at the corrected, higher rate. Attached is a calculation of the amount owed.

The Board should approve the retroactive payment as well as approve the corrected pension amount for 2016.

ATTACHMENTS:

- Roman DOI 2nd opinion Retro Pension(PDF)

Village of Glen Ellyn
Police Pension Fund
Revised Calculation - Roman

Employee Name		Year	Employee Gross	Correct Gross	Amount owed
ROMAN	THOMAS	2008	$ 20,218.60	$ 21,703.80	$ 1,485.20
ROMAN	THOMAS	2009	$ 21,771.72	$ 22,354.92	$ 583.20
ROMAN	THOMAS	2010	$ 22,424.88	$ 23,025.54	$ 600.66
ROMAN	THOMAS	2011	$ 23,097.60	$ 23,716.32	$ 618.72
ROMAN	THOMAS	2012	$ 23,790.60	$ 24,427.80	$ 637.20
ROMAN	THOMAS	2013	$ 24,504.36	$ 25,160.64	$ 656.28
ROMAN	THOMAS	2014	$ 25,239.48	$ 25,915.44	$ 675.96
ROMAN	THOMAS	2015	$ 25,996.68	$ 26,692.92	$ 696.24
ROMAN	THOMAS	January-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	February-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	March-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	April-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	May-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	June-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	July-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	August-16	$ 2,231.38	$ 2,291.14	$ 59.76
ROMAN	THOMAS	September-16	$ 2,231.38	$ 2,291.14	$ 59.76
				Total Thomas Roman	**$ 6,491.30**
ROMAN	MARY	2008	$ 20,218.52	$ 21,703.80	$ 1,485.28
ROMAN	MARY	2009	$ 21,771.72	$ 22,354.92	$ 583.20
ROMAN	MARY	2010	$ 22,424.88	$ 23,025.54	$ 600.66
ROMAN	MARY	2011	$ 23,097.60	$ 23,716.32	$ 618.72
ROMAN	MARY	2012	$ 23,790.48	$ 24,427.80	$ 637.32
ROMAN	MARY	2013	$ 24,504.24	$ 25,160.64	$ 656.40
ROMAN	MARY	2014	$ 25,239.36	$ 25,915.44	$ 676.08
ROMAN	MARY	2015	$ 25,996.56	$ 26,692.92	$ 696.36
ROMAN	MARY	January-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	February-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	March-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	April-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	May-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	June-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	July-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	August-16	$ 2,231.37	$ 2,291.14	$ 59.77
ROMAN	MARY	September-16	$ 2,231.37	$ 2,291.14	$ 59.77
				Total Mary Roman	**$ 6,491.95**
				Grand Total	**$ 12,983.25**

Police Pension Fund
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/19/16 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Report
Prepared By: Christina Coyle

SCHEDULED

AGENDA ITEM (ID # 2464) DOC ID: 2464

Police Pension Funding and Annual Report to the Village Board

Background

Over the past four years, the Police Pension Board, the Finance Commission, and the Village Board have been diligent in reviewing the salary increase and investment return actuarial assumptions used to fund and account for the Police Pension Fund.

The changes in assumptions over the past four years are as follows:

	2012	2014	2015
Salary Assumption	5.00%	5.00%	5.00%
Investment Return Assumption	7.25%	7.00%	6.75%

Issues

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.

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 was up for renegotiation. The contract was extended this in 2016 for two years with a 3% increase in November 2016 and a 2.5% increase in 2017. The prior contract had increases of 2.5% and 2.75%, depending on the year. Given the new increases are substantially similar to the prior contract, staff is not recommending changing this assumption at this time.

The Finance Commission has recommended in the past that the investment return assumption be 6.25% per annum if the equity allowance is maximized and 6.00% if the investment portfolio remains at its current allocation.

The proposed Village budget has been distributed (and posted on the website) and includes budgeting for a contribution with an investment return assumption of 6.50%. This results in a contribution from the General Fund to the Police Pension Fund of $1.613 million in fiscal year 2017. This is increased from the contribution of $1.292 million in fiscal year 2016. In 2016, the Village Board did contribute an additional $400,000 from the General Fund to the Police Pension Fund for a total 2016 contribution of $1.692 million.

Staff is recommending to continue to lower the return assumption to 6.5%. Then, over 2017, potentially with the help of a new investment consultant which will be decided at this October meeting, the Board can review this assumption in greater detail given any changes that are made in the portfolio.

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 recommend to the Village Board to lower the investment return assumption from 6.75% to 6.50%.

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:

- VOGE Police Municipal Compliance Report - December 31 2015 (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, 2015

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	$25,811,378
Market Value	$25,811,378

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

Estimated Receipts - Employee Contributions	$351,609
Estimated Receipts - All Other Sources	
Investment Earnings	N/A
Municipal Contributions	$1,504,539

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	$1,504,539
(b) Annual Requirement of the Fund as Determined by:	
Illinois Department of Insurance	N/A
Private Actuary - Report Dated May 10, 2016 (Entry Age Normal)	$1,504,539
Private Actuary - Report Dated May 10, 2016 (PA096-1495)	$1,462,723

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, 2015

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 Fiscal Year	Preceding Short Fiscal Year
Net Income Received from Investment of Assets	$(11,813)	$1,207,294
Assumed Investment Return		
Illinois Department of Insurance - Actuarial Report	N/A	N/A
Private Actuary - Report Dated May 10, 2016	6.75%	7.00%
Actual Investment Return	-0.05%	7.28%

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

Number of Active Members	38

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	25	$1,436,658
(ii) Disability Pension	3	$ 130,835
(iii) Survivors and Child Benefits	7	$ 193,524

7. The funded ratio of the fund:

Illinois Division of Insurance - Actuarial Report	N/A	N/A
Private Actuary - Report Dated May 10, 2016	59.1%	64.8%

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, 2015

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 May 10, 2016	$18,948,969

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. <u>Safekeeping and Custody</u>

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

X. <u>Performance Benchmarks</u>

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

SCHEDULED

Meeting: 10/19/16 07:30 PM
Department: Police Pension Fund
Department Head: Christina Coyle
Category: Award
Prepared By: Christina Coyle

AGENDA ITEM (ID # 2471) DOC ID: 2471

Motion to Award Investment Consulting Services

Background

The Pension Board has interviewed three investment consulting firms at prior meetings. Those firms were Strategic Capital, the Bogdahn Group, and Marquette Associates. At this meeting, the Board may select a firm for investment consulting services.

Actions Requested

Motion to award investment consulting services to the firm selected by the Pension Board.