Minutes
Village of Glen Ellyn
Police Pension Board
Regular Meeting
Wednesday, April 19, 2017
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	Absent
Jim Monson	Board Member	Present
Jim Mullany	Board Member	Present

Also Present: Finance Director Coyle, Assistant Finance Director/Recording Secretary Thomas, Investment Manager Merrill Rajeck (Jay Company) and Investment Consultant Chris Caparelli (Marquette Associates)

B. Public Comment (Non Agenda Items)

None.

C. Approval of Minutes

1. Police Pension Board - Regular Meeting - Jan 18, 2017 7:30 PM

Trustee Mullany suggested to add the resigned officer's names in to the minutes in paragraph 1 of section G.

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

D. Investment Report

A. Investment Report - Merrill Rajeck - The Jay Company

1. First Quarter Investment Report - Merrill Rajeck - The Jay Company

Mr. Rajeck reported that the portfolio did better than in the recent quarter due to healthcare stocks coming back some. Corporate fixed income (domestic stocks) became popular again, up almost 10% in 3 months which has been a performance booster and 29% in 12 months, 10% in 3 years and 7.3% in 5 years.

General index funds are up 6.4% and the US stock funds are up 7%. The bond fund is 16% of the portfolio, the performance capital gain moved up to 16%. The rate of return was 9.72% and the corporate investment stocks and leverage funds were up 7.92%.

Estimated cash flows: $2M maturity expected in the next 12 months. Mr. Rajeck advises not to sell anything at this time if funds are not needed. Income will be almost $626,000. The Village's contribution was $1.6M, the member contribution was $318,000, and the payments made to retirees was $2.1M. Cash flow is approximately $465,000 as a result, money will not need to be raised to make pension payments.

Mr. Rajeck stated that we need to keep an eye on what's going on at the Federal Reserve. There was discussion about raising interest rates. Mr. Rajeck doesn't feel anything needs to change in the portfolio at this point. Expectation is that the market is not going to go down much.

This will be Mr. Rajeck's last report to the pension board.

Trustee Adduci recognized Mr. Rajeck for his many years of service and valued his insight. Director Coyle presented Mr. Rajeck with a plaque recognizing his last 30 years of service. Trustee Terranova also thanked him for managing the police pension fund.

B. Investment Report - Chris Caparelli - Marquette Associates

Chris Caparelli from Marquette Associates presented information to the Pension Board concerning the transition from the Jay Company to Marquette Associates. Mr. Caparelli reviewed an investment systems review that Marquette had prepared as well as an asset allocation analysis. Mr. Caparelli discussed the recommended changes to the portfolio to transition the portfolio from its current structure to the structure being recommended by Marquette.

1. Motion to Approve Portfolio "E" as outlined in the investment review

Mr. Caparelli outlined the recommended Asset Allocation and Ranges. Portfolio "E" as recommended is as follows.

Asset Class	Target	Minimum	Maximum
Certificates of Deposit	0%	0%	10%
Intermediate G/C	35%	35%	45%
Total Fixed Income	35%	35%	45%
Large-Cap Value	9%	5%	13%
Large-Cap Core	9%	5%	13%
Mid-Cap Growth	6%	3%	9%
Small-Cap Growth	6%	3%	9%
Total U.S. Equity	30%	25%	35%
Developed Large-Cap	10%	5%	15%
Developed Small-Cap	5%	2%	8%
Emerging Markets	5%	2%	8%
Total Non-U.S. Equity	20%	15%	25%
Global Tactical	5%	0%	10%
Real Estate	10%	5%	10%
Total Portfolio	100%		

Mr. Caparelli asked the Pension Board to approve Portfolio "E" as recommended.

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

2. Motion to hire Great Lakes Advisors as the Government/Fixed Income Manager

Mr. Caparelli presented six different fixed income managers for the Pension Board to consider. The managers suggested were C.S. McKee, Great Lakes, McDonnell, Mesirow, Segall, and Ziegler. Mr. Caparelli presented information on historical returns, risk and fees for the six firms. Based on the information provided, there was a consensus of the Board to select Great Lakes.

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

3. Motion to approve an investment in the Principal U.S. Property Fund

Mr. Caparelli discussed with the Pension Board the importance of adding real estate into the portfolio. Mr. Caparelli then provided information to the Pension Board on the Principal U.S. Property Fund. The fund invests in real estate and has a conservative leverage ratio. The Fund is also diversified as far as location and real estate type. Mr. Caparelli recommended that the Pension Board approve an investment in the Principal U.S. Property Fund.

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

4. Motion to restructure portfolio to fit transition portfolio

The Pension Board will discuss custody of assets as the following item. Mr. Caparelli outlined the transition plan to transition the investment portfolio from its current structure to the recommendations and actions that the Board has taken tonight. Mr. Caparelli will work with Director Coyle to make the transitions as she is a signer on the accounts for the Pension Board. Mr. Caparelli outlined the transition portfolio and asked the Board for approval. The transition portfolio presented was:

Fixed Income		40.4%
Certificates of Deposit	Short-term fixed income	5.4%
Intermediate Govt./Credit (TBD)	Int-Term fixed income	35.0%
U.S. Equity		30.9%
Vanguard Total Stock Market Index (VTI)	US Large-Cap Core Equity	6.9%
Vanguard S&P 500 Index (VFIAX)	US Large-Cap Core Equity	9.0%
Vanguard Large-Cap Value Index (VIVIX)	US Mid-Cap Growth Equity	6.0%
Non U.S. Equity		13.7%
Vanguard Developed Markets Index (VTMNX)	Developed Large-Cap Non-US	13.7%
Real Estate		10.0%
Principal US Property Fund	Private Core Real Estate	10.0%
Cash & Equivalents		5.0%
Money Market	Cash & Equivalents	5.0%

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

E. Custodial Account

1. Motion to select US Bank as a custodian for the Police Pension Fund

Mr. Caparelli then discussed custody for the Police Pension Fund. He stated the fund could save fees by switching custody to U.S. Bank. Marquette will continue to work with the current custodian (MB) to implement the strategies outlined in the investment report until accounts can be set up with US Bank.

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

F. Approval of Expenses

1. Motion to approve the Expense Vouchers in the amount of $15,388.29 and Pension Expenses in the amount of $518,242.47 for a total of $533,630.76

President Adduci asked if there were any questions on the vouchers. Seeing none, Trustee Mullany moved and Trustee Monson seconded the approval of expense vouchers in the amount of $15,388.29, and pension expenditures in the amount of $518,242.47 for a total of $533,630.76.

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

G. Approval of Membership Changes / Contribution Refunds / Transfers

1. Motion to approve the admission into the Glen Ellyn Police Pension Fund of three new hires (all hired 3/29/17) Zachary Bava, Jacob Zakaitis, and Matthew Saitta

Director Coyle stated that there were three new hires during the quarter that should be admitted into the Police Pension Fund.

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

2. Motion to approve a contribution refund to Mallory Riggle in the amount of $61,715.72 which will be paid to National Financial Services LLC and is made to a qualifying IRA account.

Director Coyle noted that Mallory Riggle is asking to withdraw her contributions as she has left the Glen Ellyn Police Department.

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

3. Motion to approve a contribution refund to Mark Bonislawski in the amount of $3,211.61

Director Coyle noted that Mr. Bonislawski is no longer with the police department and is asking to withdraw his contributions.

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

H. Election of New Trustee

Trustee Terranova and Trustee Monson were re-elected. Jim King, retired Sgt, was elected as the new retiree Trustee. This will be Jim Mullany's last meeting as Trustee.

I. Approval of Fiduciary Liability Insurance Renewal

1. Motion to approve renewal of fiduciary insurance with Rockwood Company/Travelers Insurance in the amount of $4,526.00

Director Coyle presented renewal information for the fiduciary insurance policy.

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

J. Department of Insurance Draft Annual Report

Director Coyle presented the Department of Insurance report for fiscal year 2016 and asked the Board if they had any questions or changes. Trustee Mullany noted an error on the report for Kevin Riggle. Director Coyle acknowledged as a decimal error which will be corrected.

K. Other Business

1. Next Meeting: Wednesday, July 19, 7:30 PM, Room 301

The next meeting will be July 19, 2017 at 7:30 PM in Room 301. Trustee Terranova suggested to have future meetings at the new police department starting October 2017. Trustee Monson inquired about document destruction. With the pending police department move they would like to clean out files. Director Coyle advised that we must get state approval before destroying documents. It was decided to store the police pension files in the Finance office at the Civic Center.

L. Adjournment

1. Motion to Adjourn

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