

Tel: (847) 223-2341

Fax: (847) 223-4831

GRAYSLAKE POLICE PENSION FUND
10 South Seymour, Avenue, Illinois 60030-0906
DOI Pension Fund Number POO9600

MINUTES OF A REGULAR MEETING OF THE GRAYSLAKE POLICE PENSION FUND held April 21, 2016 at 8:00 a.m. at the Village Hall, 10 South Seymour Avenue, Grayslake Illinois.

I. Call to order and roll call

Trustees present: Stu Crowley, Brian Ernst, Conrad Gutraj, Tom Morris, and Linda Wegge. Also in attendance: Attorney Jeff Goodloe, Finance Director Bettina O'Connell, John Falduto from Sawyer Falduto Asset Management, and Steve Eitel and David Lewis from PNC.

President Crowley called the meeting to order at 8:05 a.m.

No members of the public were present.

II. Public Discussion

Crowley invited members of the public to speak. There being no response, Wegge made a motion, seconded by Morris to close public discussion. All "Ayes". Motion Carried.

III. Approval of Minutes of January 21, 2016 Regular Meeting and Minutes of February 15, 2016 Special Meeting (Manges Disability Hearing)

The minutes of the January 21, 2016 Regular Meeting, the minutes of the February 15, 2016 Special Meeting Open Session, and the minutes of the February 15, 2016 Special Meeting Closed Session were reviewed.

Wegge made a motion, seconded by Morris to approve all three sets of minutes as presented. All "Ayes". Motion Carried.

IV. Sawyer / Falduto Financial Report – Equity Investment Report

Mr. Falduto presented the 2016 First Quarter Investment Performance Report including performance review, portfolio statement, and the transaction ledger. Mr. Sawyer appeared by telephone and presented the market commentary. Total account return for the quarter of -0.40% net of fees. Total account return year to date of -0.40% net of fees. Mr. Falduto indicated that the Bridgeway Ultra-Small Company mutual fund is on SFAM's watch list due to performance.

Wegge asked whether the Cohen & Steers mutual fund and Fidelity Advisor mutual fund were also going to be added to the SFAM watch list. Mr. Sawyer indicated that those mutual funds were not on SFAM's watch list at this time given their historical performance.

Wegge made a motion, seconded by Ernst to accept the 2016 First Quarter Investment Report. All "Ayes". Motion Carried.

V. PNC Report – Fixed Income Report

Steve Eitel and David Lewis presented the 2016 First Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 2.18% net of fees. Total account return year to date of 2.18% net of fees.

Gutraj asked a question regarding the possible impact of two Federal Reserve Bank rate increases on the fixed income portfolio's structure.

Gutraj made a motion, seconded by Morris to accept the 2016 First Quarter Investment Report. All "Ayes". Motion Carried.

Finance Director O'Connell tendered a check to Mr. Eitel transferring \$70,000 from First Midwest Bank to PNC for investment in the fixed income account.

VI. Treasurer's Report

- A) **Financial Report** – Finance Director O'Connell presented the treasurer's report. Pension Fund net present assets at approximately \$16.8 million reflecting a 2.6% net increase in the portfolio for the year ended March 31, 2016. The Village also made an additional \$167,000 contribution to the pension fund.
- B) **Tax Levy Update** – Finance Director O'Connell indicated that the Village is anticipating a tax levy of approximately \$562,000 for the pension fund. Finance Director O'Connell advised that she is going to meet with Actuary Schroeder to discuss actuarial assumptions and projections to assist the Village in budgeting for future pension contributions.
- C) **Audit Update** – Lauterbach & Amen will be performing the audit. Gutraj asked whether there is any conflict of interest since Lauterbach & Amen also performs the actuarial valuation. Finance Director O'Connell and Attorney Goodloe advised there is not a conflict of interest.
- D) **Department of Insurance Annual Statement Update** – Finance Director O'Connell discussed the "Siren" issued by the IDOI on April 15, 2016. The Pension Board will take appropriate action to comply with the new filing requirements set forth in the "Siren."
- E) **Compliance** – Finance Director O'Connell stated that compliance issues related to the Illinois Finance Entity Servicer Certification Form and IDOI Security Administrator Authorization Form would be discussed later in the agenda.
- F) **Illinois Finance Entity Certification Form** – Finance Director O'Connell advised that First Midwest Bank had completed and returned the Illinois Finance Entity Servicer Certification Form.

Wegge made a motion, seconded by Gutraj to accept the treasurer's report. All "Ayes". Motion Carried.

VII. Attorney's Report – Attorney Goodloe provided an update regarding Pension Reform Litigation, SB-3317, and HB-1334.

A) Discussion and Vote to approve the written "Decision and Order" and "Certificate of Payment" in the matter of the disability pension application of Joseph Manges

Wegge made a motion, seconded by Gutraj, to approve the written "Decision and Order" and "Certificate of Payment" in the matter of the disability pension application of Joseph Manges. Roll Call Vote: Ayes – Crowley, Ernst, Gutraj, Morris, Wegge. Nays – None. Abstain – None. Motion Carried.

Attorney Goodloe will serve copies of the approved "Decision and Order" and "Certificate of Payment" on Joseph Manges and attorney Bernard Wysocki.

VIII. Old Business

A) Manges Disability Application Update – See VII(A) above.

B) Intergovernmental Agreement between Grayslake and Hainesville regarding police service – Attorney Goodloe emailed the trustees copies of the IGAs between Grayslake and Hainesville. Attorney Goodloe opined that Hainesville did not qualify as a "municipality" within the meaning of the Pension Code such that it had a duty to levy a tax for the Grayslake Police Pension Fund. Morris questioned whether Grayslake, in approving the IGA with Hainesville and the amounts Hainesville would pay Grayslake annually for police service, conducted an analysis that considered the possible increased liability to the police pension fund. Finance Director O'Connell indicated that she could assemble information to address Morris' question and present the information at the next meeting. The Pension Board will include this item on the next agenda for additional discussion.

IX. New Business

A) Statement of Economic Interest Forms due May 1, 2016 – Trustees were reminded that the county clerk will be emailing trustees regarding the statement of economic interest forms and that each trustee's form must be completed and filed on or before May 1, 2016.

B) IDOI Security Administrator Authorization by August 1, 2016 – Crowley made a motion, seconded by Gutraj, to complete the new IDOI Security Administrator Authorization Form and to maintain Finance Director O'Connell as the Security Administrator. All "Ayes". Motion Carried.

C) Pay Bills – Wegge made a motion, seconded by Morris, to approve the payment of the bills as presented in the treasurer's report. Roll Call Vote: Ayes – Crowley, Ernst, Gutraj, Wegge, Morris. Nays – None. Abstain – None. Motion Carried.

D) Other

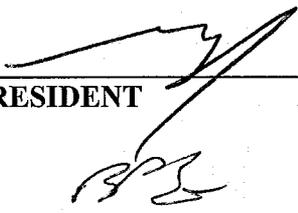
Finance Director O'Connell presented the "Police Pension Fund Overview" Report that included an historical analysis of percent funded levels, total assets, Village contributions, and comparable community percent funded levels.

X. Adjournment

Wegge made a motion, seconded by Morris to adjourn the meeting at 9:13 a.m. All "ayes". Motion carried.

MINUTES APPROVED on _____

7/21/16



PRESIDENT



SECRETARY