

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 July 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 (arrived at 8:07 a.m.), 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 (SFAM), Steve Eitel and David Lewis from PNC, and Todd Schroeder from Lauterbach & Amen.

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 April 21, 2016 Regular Meeting

The minutes of the April 21, 2016 Regular Meeting were reviewed.

Wegge made a motion, seconded by Gutraj, to approve the April 21, 2016 regular meeting minutes as presented. All "Ayes". Motion Carried.

IV. Sawyer / Falduto Financial Report – Equity Investment Report

John Falduto and Thomas Sawyer (Mr. Sawyer appeared by telephone) presented the 2016 Second Quarter Investment Performance Report including performance review, portfolio statement, and the transaction ledger. Total account return for the quarter of 1.63% net of fees. Total account return year to date of 1.22% net of fees. Mr. Falduto specifically discussed the T. Rowe Price Growth Stock Fund and its recent underperformance. Mr. Falduto stated that SFAM had not lost faith in that particular fund and that SFAM did not intend on selling it at this time.

Wegge asked a question regarding strategic allocations in the equity portfolio in light of Mr. Sawyer's market commentary. Mr. Sawyer did not recommend any strategic reallocations to the portfolio but rather viewed certain underperforming sectors as an opportunity to rebalance.

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

V. PNC Report – Fixed Income Report

Steve Eitel and David Lewis presented the 2016 Second Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 1.47% net of fees. Total account return year to date of 3.68% net of fees.

Morris commented that he appreciated and agreed with the reported investment changes that PNC made in the fixed income portfolio. Wegge asked a question regarding the possible impact of the presidential election on the fixed income portfolio. Both PNC and SFAM provided their views.

Wegge made a motion, seconded by Morris to accept the 2016 Second Quarter Investment Report. All “Ayes”. Motion Carried.

Finance Director O’Connell tendered a check to Mr. Eitel transferring \$365,000 from First Midwest Bank to PNC for investment in the fixed income account.

VI. Treasurer’s Report

- A) Village Treasurer’s Report** – Finance Director O’Connell presented the treasurer’s report. Pension Fund net present assets at approximately \$17.3 million reflecting a 4.3% net increase in the portfolio for the year ended June 30, 2016.
- B) Audit Update** – Lauterbach & Amen is currently performing the audit and Finance Director O’Connell advised that she anticipates having the final audit report for the October quarterly meeting.
- C) Tax Levy/Actuarial Valuation Update** – Enrolled actuary Todd Schroeder presented the draft actuarial valuation report as of May 1, 2016 and discussed applicable assumptions utilized in calculating the recommended municipal contribution of \$663,310. Finance Director O’Connell advised that the Village was also working with Mr. Schroeder to address appropriate funding recommendations in light of anticipated future retirements.

Morris asked a question regarding the “Asset Return Less Than Expected” category in the actuarial valuation report and the effect of consistent investment returns that were less than the 7% actuarially assumed investment return rate. Morris questioned whether the recommended contribution was sufficient in light of anticipated lower investment returns.

Gutraj asked a question regarding the importance of the Village’s consistency in making the recommended actuarial contribution. Schroeder noted that for the past 5 years the Village has contributed more than the recommended contribution to the pension fund. Gutraj also asked a question regarding the mortality assumptions.

Wegge asked when the final actuarial valuation report would be available. Schroeder anticipated that the final report would be completed in the next few weeks after the audit is finalized.

- D) Department of Insurance Annual Statement Update** – Finance Director O’Connell advised that Lauterbach & Amen is in the process of preparing the DOI annual statement so that it will be timely filed before October 31, 2016.
- E) Annual Report to Village Board (40 ILCS 5/3-141)** – Finance Director O’Connell presented the section 3-141 report that was also presented to the Village Board. Morris made a motion, seconded by Gutraj to accept the section 3-141 report for the fiscal year ended April 30, 2016. All “Ayes”. Motion Carried.

Wegge made a motion, seconded by Morris to accept the treasurer’s report. All “Ayes”. Motion Carried.

VII. Attorney’s Report – Attorney Goodloc provided an update regarding SB-3317, HB-1334, and proposed contribution enforcement rules.

- A) Update on Manges Disability** – Attorney Goodloc advised that the written “Decision and Order” and “Certificate of Payment” were served on Joseph Manges and Attorney Bernard Wysocki on April 21, 2016. Mr. Manges did not file a complaint for administrative review.

VIII. Old Business

- A) IPPFA-ATC, Lake Geneva, WI** – President Crowley reminded trustees of the annual IPPFA training conference.
- B) Intergovernmental Agreement between Grayslake and Hainesville regarding police service** – Finance Director O’Connell advised that she spoke with the Village manager regarding the Pension Board’s previous questions regarding the IGA. The Village manager stated that the calculated annual cost paid by Hainesville to Grayslake for police service is equal to at least 10 percent of Grayslake’s total annual cost for police service, which included factoring in the costs for the police pension fund.

IX. New Business

- A) Discussion and vote on acceptance of Gutraj application and tax filing for increase in disability pension pursuant to 40 ILCS 5/3-114.1(d)** – Crowley made a motion, seconded by Morris, to approve Conrad Gutraj’s annual pension increase pursuant to 40 ILCS 5/3-114.1(d). Ayes – Crowley, Ernst, Wegge, Morris. Nays – None. Abstain – Gutraj. Motion Carried.
- B) Semi-Annual Review of closed minutes pursuant to 5 ILCS 120/2.06(d).**
- 1. February 15, 2016 closed session minutes** – Morris made a motion, seconded Gutraj, to make the February 15, 2016 closed session minutes public. All “Ayes”. Motion Carried.
- C) Selection of Board Officers** – Ernst made a motion, seconded by Morris to maintain the current slate of officers (President – Crowley; Vice President – Gutraj; Secretary – Ernst; Assistant Secretary – Morris). All “Ayes”. Motion Carried.

D) **Pay Bills** – Wegge made a motion, seconded by Morris, to approve the payment of the bills as presented in the treasurer’s report with the provision to amend the description for the DOI compliance fee by omitting the reference to medical examination fees and replacing with DOI compliance fee. Roll Call Vote: Ayes – Crowley, Ernst, Gutraj, Wegge, Morris. Nays – None. Abstain – None. Motion Carried.

E) **Other** – Finance Director O’Connell advised that the Pension Board had previously approved the updated DOI security administrator form but that she did not have the required signatures in order to send the form to the DOI. The Pension Board obtained the necessary signatures on the form and Finance Director O’Connell will send it to the DOI.

X. **Adjournment**

Morris made a motion, seconded by Wegge to adjourn the meeting at 9:12 a.m. All “ayes”. Motion carried.

MINUTES APPROVED on 10/20/16



PRESIDENT



SECRETARY