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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 October 20, 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, and Tom Morris (arrived at 8:06). Trustees Absent: Linda Wegge. Also in attendance: Attorney Jeff Goodloe, Finance Director Bettina O'Connell, Dave Harrington Asset Management (SFAM), and Steve Eitel and David Lewis from PNC.

President Crowley called the meeting to order at 8:03 a.m.

No members of the public were present.

II. Public Discussion

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

III. Approval of Minutes of July 21, 2016 Regular Meeting

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

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

IV. Sawyer / Falduto Financial Report – Equity Report

Dave Harrington presented the 2016 Third Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 4.82% net of fees. Total account return year to date of 6.10% net of fees.

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

V. PNC Financial Report – Fixed Income Report

Steve Eitel and David Lewis presented the 2016 Third Quarter Investment Performance Report including performance review, market commentary, portfolio statement, and the transaction ledger. Total account return for the quarter of 0.02% net of fees. Total account return year to date of 3.71% net of fees.

Gutraj asked a question regarding anticipated interest rate hikes by the Federal Reserve. PNC predicted a quarter point rate hike by the end of the year. Gutraj asked whether “corporate credit” is synonymous with “corporate bonds.” PNC confirmed the two phrases are synonymous.

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

Finance Director O’Connell tendered a check to Mr. Eitel transferring \$323,000 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 \$18 million reflecting an 11% net increase in the portfolio for the year ended September 30, 2016.
- B) Compliance Report** – Finance Director O’Connell presented the FYE April 30, 2016 Audit, the FYE April 30, 2016 Department of Insurance Annual Statement, and the Actuarial Valuation Report as of May 1, 2016.
- C) FYE April 30, 2016 Audit** – Finance Director O’Connell presented the financial audit. Ernst made a motion, seconded by Gutraj, to accept the financial audit for the fiscal year ended April 30, 2016. All “Ayes.” Motion Carried.
- D) Department of Insurance Annual Statement** – Finance Director O’Connell presented the Department of Insurance Annual Statement for the fiscal year ended April 30, 2016. Finance Director O’Connell indicated that PNC and SFAM were listed in the annual statement’s interrogatories as broker dealers. Attorney Goodloe advised that they are not broker dealers and that they should be listed as investment advisers and that the Pension Board has investment advisory agreements with both. Finance Director O’Connell indicated that she would change the designations on the annual statement before filing it with the Department of Insurance. Morris made a motion, seconded by Gutraj to approve the filing of the Department of Insurance Annual Statement for the fiscal year ended April 30, 2016 provided that PNC and SFAM are designated as investment advisers instead of broker dealers. All “Ayes.” Motion Carried.

- E) Actuarial Valuation Report as of May 1, 2016** – Finance Director O’Connell presented the final Actuarial Valuation Report as of May 1, 2016 and the GASB 67/68 Report as of May 1, 2016 that were prepared by Lauterbach & Amen. Finance Director O’Connell also presented the “Estimated Benefit Payments – 100% Retirement” worksheet prepared by Lauterbach & Amen. Morris asked questions regarding the Management Summary on the actuarial valuation and the actuarial value of assets. Ernst made a motion, seconded by Gutraj to accept the actuarial valuation and GASB 67/68 reports as of May 1, 2016 that were prepared by Lauterbach & Amen. All “Ayes.” Motion Carried.

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

- VII. Attorney’s Report** – Attorney Goodloe provided an update regarding proposed contribution enforcement/intercept rules and Public Act 99-604.

VIII. Old Business

- A) Conrad Gutraj’s 3% October pension increase submitted to PNC** – Finance Director O’Connell and Ernst stated that the appropriate documentation had been sent to PNC in order to process Conrad Gutraj’s 3% October pension increase pursuant to 40 ILCS 5/3-114.1(d). Additionally, due to an error, Conrad Gutraj did not receive the 3% increase that he was entitled to effective January 1, 2016. Therefore, Conrad Gutraj is entitled to a retro payment of \$859. PNC has been instructed to issue the retro payment with the October 2016 payroll.

IX. New Business

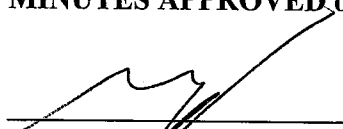
- A) Report on IPPFA’s Annual Training Conference** – Gutraj and Morris discussed securities fraud monitoring and whether the Pension Fund’s liability insurance policy covers cyber security fraud. Attorney Goodloe will review the policy to see whether cyber security fraud is covered or whether the Pension Fund would need to amend its current coverage. In light of discussions regarding pension fund consolidation, Morris discussed whether it would be beneficial to invite State legislators to a Pension Board meeting so that the legislators could observe how the Pension Board functions and administers the pension fund.
- B) Pay Bills** – Morris made a motion, seconded by Gutraj, to approve the payment of the bills as presented in the treasurer’s report. Roll Call Vote: Ayes – Crowley, Ernst, Gutraj, Morris. Nays – None. Abstain – None. Motion Carried.
- C) Authorize Secretary Ernst to request recommended property tax levy from the Village Board** – Morris made a motion, seconded by Gutraj to authorize Ernst to recommend a property tax levy in the amount of \$670,888 as recommended by the actuarial valuation report as of May 1, 2016 prepared by Lauterbach & Amen. All “Ayes.” Motion Carried.

D) **Schedule annual meeting dates for January, April, July, and October 2017** – Gutraj made a motion, seconded by Morris to set the following quarterly meeting dates in 2017 to start at 8:00 a.m.: January 19, April 20, July 20, and October 19. All “Ayes.” Motion Carried. Attorney Goodloe advised that notice of the quarterly meeting dates must be posted at the Village Hall.

X. **Adjournment**

Morris made a motion, seconded by Gutraj to adjourn the meeting at 9:05 a.m. All “Ayes”. Motion carried.

MINUTES APPROVED on 11/19/17



PRESIDENT



SECRETARY