

1 Minutes of the Regular Meeting of the
2 South Barrington Police Pension Fund
3 Held on Tuesday, April 9, 2013
4 4:30 p.m. at the South Barrington Village Hall Lower Level
5

6 Call to Order.

7 President Cordell called the meeting to order at 4:32 pm.
8

9 Roll Call

10 Roll call was taken. Present: Board members Ray Cordell, Jim Weidig, Sam Lopez and Joe
11 Abbate. A quorum was present. Also present were Village Treasurer Mark Masciola, MVT
12 Investment Advisors Bill Yocius and Jim Nowicki. Attorney Cary Collins arrived at 4:55.
13

14 The meeting was audio recorded to aid in the transcription of minutes.
15

16 Approval of Minutes

17 Mr. Weidig motioned, Mr. Lopez seconded, to accept the minutes of the January 8, 2013
18 meeting as written. Motion carried by voice vote.
19

20 Investment Advisor/Treasurer's Report

21 Mr. Nowicki summarized the activity of the fund over the last five years. He stated that an
22 overall investment gain of 4.2% has been realized since March 2008 when the fund was
23 first managed by Mitchell, Vaught & Taylor, Inc.
24

25 Mr. Nowicki reviewed the portfolio for the 1st Quarter 2013, noting that the pension fund
26 has returned over 4% overall for the quarter. Mr. Nowicki stated that, in equities, this was
27 one of the best quarters they have had. The S&P 500 was at an all-time high at the end of
28 the quarter. He stated that the money market funds are up 9.2% and we have over \$500,000
29 in cash. The fixed side did not do as well as equities but all sectors outperformed the target.
30 There was a slight decline in longer durations at the end of the quarter.
31

32 Mr. Yocius stated the fund is currently invested 47% in equities. He acknowledged that
33 Illinois statute requires that the pension fund may only be invested only up to 45% but
34 recommended leaving it at 47% for the time being. Mr. Yocius stated that in order to return
35 to 45% equities something would have to be sold and noted that the fixed side of the
36 portfolio is not doing as well as equities. Board members discussed this and agreed at this
37 time not to sell anything on the equities side. Mr. Nowicki added that we are staying in all
38 sectors of the market because that is where we will see the best return. He stated that the
39 strategy going forward is to continue to shorten overall fixed income durations and
40 increase corporate bond allocations. On the equity side, the strategy remains to be invested
41 in all sectors.
42

43 Mr. Abbate motioned, and Mr. Weidig seconded, to accept the Investment
44 Advisor/Treasurer's Report as given and ratify the transactions of Mitchell, Vaught &
45 Taylor for the 1st quarter 2013. Motion carried by voice vote.
46

47 As an aside, Mr. Nowicki informed board members that Mitchell, Vaught and Taylor Inc.
48 would be hosting a training seminar on May 10 at U.S. Cellular Field. The training is for
49 police and fire pension board personnel. Participants are invited to attend a white sox
50 baseball game afterwards.

51
52 Attorney's Report

53 No report given.

54
55 Old Business

56
57 Alex Cruz Transfer of Creditable Service

58 President Cordell stated for the record that Alex Cruz has completed payment of his true-
59 cost to transfer creditable service from the Hawthorn Woods Police Pension. Officer Cruz
60 agreed to pay \$6,747 in 104 payroll deductions of \$72.87 until paid off. His last payment
61 will be deducted from his February 22, 2013 paycheck.

62
63 Purchase Card

64 President Cordell stated that he has researched securing a purchase card for the pension
65 board but found it more difficult than he expected. Because of the small size of our pension
66 fund he was not able to find a vendor who would issue one to the board. The purchase card
67 would have been used for conference reservations and fees. Mr. Collins stated that they
68 may be able to get one through Wells Fargo Bank. The discussion on this matter was
69 tabled and no action was taken.

70
71 New Business

72
73 Fee Disclosures

74 President Cordell noted for the record the fee disclosures provided to the pension fund as
75 prescribed by the U.S. Department of Labor. The following fees have been paid to vendors
76 during calendar year 2012.

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Charles Schwab	Brokerage fees	\$175.00
Mitchell, Vaught & Taylor	Advisor fee	\$9,000.00
Schwab Funds	Mutual fund compensation	0.25% of average daily balance
Charles Schwab	Brokerage fees	\$961,15
Wedgewood Partners	Advisor fee	\$468.00
Charles Schwab	Brokerage fees	\$399.60

77
78
79 MVT Rate Increase

80 Mr. Yocius proposed an increase in the fees charged by Mitchell, Vaught & Taylor Inc. He
81 stated that MVT originally contracted with the pension board for a flat fee of \$2,250.00 per
82 quarter for a contract period of three years. That contract was up in 2011. Mr. Yocius
83 proposed a rate increase of between 14 and 18 basis points, from \$9,000 to \$11,770
84 annually. President Cordell asked board members whether they wanted to vote on this
85 issue now or wait until the next meeting. Mr. Abbate stated that MVT has served the

86 pension fund well but added that, immaterial of the good work they do, a 25% increase is
87 dramatic.

88

89 Board members discussed the increased fee proposal. Mr. Lopez motioned to accept the
90 increase in annual fees by Mitchell, Vaught & Taylor by \$2,770 (14-18 basis points) for a
91 period of three years beginning 2nd quarter 2013 (April 1, 2013). Mr. Abbate seconded the
92 motion; motion carried by roll call vote.

93 Mr. Cordell yes

94 Mr. Weidig yes

95 Mr. Abbate yes

96 Mr. Lopez yes

97

98 IPPAC Spring Seminar

99 President Cordell stated that the Illinois Public Pension Advisory Committee spring
100 seminar is scheduled for June 5-7, 2013 in Rock Island. All pension board members are
101 required by Illinois statute to attend ethics training annually. The ethics training is
102 available at the seminar. President Cordell also extended an invitation to Village
103 Administrator Masciola to join the board members attend the seminar. He directed the
104 recording secretary to make reservations for all board members.

105

106 Pension Board Active and Beneficiary Elections

107 President Cordell stated that pursuant to 40ILCS 5/3-128, there will be an election to the
108 pension board of two active members and one beneficiary member on April 15, 2013.
109 Nominations for all three positions were accepted until April 1, 2013 and voting via sealed
110 ballot will take place April 8-15, 2013.

111

112 Approval of Bills

113

114 Mr. Abbate motioned to approve the following bills totaling \$3,235.05.

115

116 \$750.00 payable to Cary Collins for legal retainer Apr-Jun 2013.

117

118 \$2,250.00 payable to Mitchell, Vaught & Taylor Inc. for investment management services
119 Apr-Jun2013; delivered via electronic transfer (no hard check).

120

121 \$69.90 payable to Recording Secretary Mary Lampugnano for Illinois Notary Public
122 renewal.

123

124 \$165.15 payable to Allegra Print & Imaging for letterhead stationary

125

126 Mr. Weidig seconded the motion and it carried by roll call vote.

127 Mr. Cordell yes

128 Mr. Weidig yes

129 Mr. Abbate yes

130 Mr. Lopez yes

131

132 Executive Session

133 There was no Executive Session.

134

135 Adjournment

136 Mr. Weidig motioned to adjourn and Mr. Abbate seconded. Motioned carried by voice
137 vote. The meeting adjourned at 5:24 pm. Next meeting is scheduled for April 9, 2013.

138

139

140 The minutes of the April 9, 2013 South Barrington Police Department Police Pension
141 Board special meeting are respectfully submitted by Mary Lampugnano, Recording
142 Secretary.

143

144

145 These minutes were approved on

146 This ____ day of July, 2013

147

148

149

150

Signature