

Minutes of the Regular Meeting of the
South Barrington Police Pension Fund
Held on Tuesday, January 13, 2015
4:30 p.m. in William R. Rose Hall

Call to Order

President Cordell called the meeting to order at 4:30 pm.

Roll Call

Roll call was taken. Present: Board members Ray Cordell, Joe Abbate, Louis Matuska, and Sam Lopez. A quorum was present. Jim Weidig arrived at 4:45 pm. Also present were Police Chief Tom Roman, MVT Investment Advisors Jim Nowicki, Bill Yocius and David Vaught, Village Treasurer Michelle Bodie, and Attorney Cary Collins.

Approval of Minutes

Mr. Matuska motioned, Mr. Abbate seconded, to accept the minutes of the October 14, 2014 Regular Meeting as written. Motion carried by voice vote.

Investment Advisor Report

Mr. Nowicki stated that 2014 was a good year altogether. Mr. Nowicki summarized the portfolio activity for the 4th quarter 2014. He stated that we beat the benchmark on all accounts by over \$45,000. The benchmark was 2.15% and the fund performance was 2.81%. The beginning quarter balance was \$7,485,891 and it ended at \$7,695,998. Mr. Nowicki stated that the fund is up over \$2 million since March of 2008 when MVT began advising the Pension Board. The overall fund made money this quarter.

On the fixed side, Mr. Nowicki stated longer maturity investments out performed shorter durations. The ten-year treasury dropped again to 1.89. MVT tends to keep durations on fixed income investments short but they lengthened it a little. Equities did well this quarter: we got a 15% return. Healthcare stocks performed well and small caps out performed large caps in the 4th quarter. In terms of weaknesses, fixed income is our weakest. Internationals and emerging markets performed poorly this quarter; energy is not doing very well this quarter and that hurts emerging markets. Mr. Nowicki stated that we limited our exposure to emerging markets and that turned out to be a good decision. As we look forward, MVT will look for corporates for the fixed income side.

Mr. Nowicki reviewed specific investments within the portfolio. He stated that they are going to rebalance the portfolio this quarter. Two quarters ago we limited ourselves in international and emerging markets. MVT would like to change this approach. Mr. Nowicki stated that Heartland Value doubled down on energy stocks which did not pay off. He suggested removing Heartland Value small cap from the portfolio. He recommended removing Artisan mid cap value from the portfolio too. He estimated the

value of both funds combined to be about \$175,000. MVT is currently researching other small cap investments. Mr. Vaught stated that most small caps are doing very well so it has been hard to find another one. Mr. Yocius stated they have trimmed back on Heartland and Artisan the last three quarters and will delete them completely when they find a better suited small cap investment. Mr. Vaught added that it is a tough to find good small caps because most of them are closed. Mr. Matuska asked if the Artisan manager was good and if the fund did a turn-around would they reinvest in it. Mr. Vaught said that they would.

Mr. Yocius stated that healthcare and REITs were the best investments this year 32% and 31% respectively versus the S&P 500 was at 13%.

Mr. Matuska questioned MVT about Apache Petroleum's performance and wondered if they should consider dropping it. Mr. Nowicki responded that it was a latecomer for us (August 2014) and it pays a dividend so his recommendation is to hold on to it. Mr. Vaught said that Apache is a good candidate for rebalancing but they have not done it yet.

Mr. Abbate motioned to accept the Investment Advisor report and ratify the transactions and trades made by MVT for the 4th Quarter. Seconded by Mr. Matuska; motion carried by voice vote.

Attorney's Report

Mr. Collins stated that he reviewed the rules and regulations and investment policy for the pension fund and has no recommendation for changes at this time. We will have changes when the fund gets to \$10 million. At that time the fund is allowed to invest 65% in equities.

There are no executive session minutes that should be publicly released. He reminded the FOIA officer to get re-certified and he can do that online.

Bob Rycraft Update. Attorney Collins stated that he informed Mr. Rycraft's attorney that Mr. Rycraft should appear before the Board and give an update on his Functional Capacity Exam (FCE) exam. Via email, Mr. Rycraft reported that he is scheduled for an FCE in February. Once this exam is complete, Mr. Collins will review the results with the pension board's doctor and report back to the Board.

Old Business

President Cordell updated the Board on Tony Polse's refund from the pension fund. He requested and withdrew \$48,795.15 in contributions to the South Barrington pension fund.

New Business

Mr. Cordell read into the record Resolution #15-01 which removes Mark Masciola as the Village Treasurer on Pension Fund accounts acknowledges that Michelle Bodie is the current Village Treasurer. It further resolves that the pension fund President, Secretary and Village Treasurer shall be named on all investment accounts. Mr. Abbate motioned to accept Resolution #15-01; Mr. Matuska seconded the motion and it carried by voice vote.

President Cordell Distributed the signature cards for the Charles Schwab accounts, removing Mark Masciola as Treasurer and replacing him with the current treasurer, Michelle Bodie. Board members signed the signatory cards.

Mr. Lopez motioned, and Mr. Matuska seconded, to accept the Actuarial Valuation Report for the period ending April 30, 2015, and recommending to the Village Board of Trustees a tax levy in the amount of \$584,442. Motion carried by voice vote.

Protector Insurance. The Board discussed the possibility of purchasing Public Safety Plan & Trustee Protector Insurance to protect their investments. Mr. Collins stated that they might want to consider it. After discussion, the Board gave it to Attorney Collins to review and make his recommendation. No action was taken.

Budget Review. Treasurer Bodie provided a worksheet identifying the income and expenses of the pension fund. She stated that the pension board has always had a budget that was presented to the Village. It is put together by the finance committee. Discussion took place about the new Government Accounting Standards Board (GASB) requirements that a host of new financial information is required to be presented to the Village including what they expect to earn. The board discussed the pension fund budget and filled in the worksheet, adding the numbers for the proposed 2016 budget.

Income		Budget 2015	2015 YTD	Budget 2016
	Village Contribution (tax levy)	520,000	224,230	585,000
	Officer Pension Share	150,000	99,876	150,000
	Interest Income	500	253	500
	Investment Interest	100,000	198,378	250,000
	Increase to Fund Equity	100,000	150,399	150,000
Total		870,500	673,136	1,135,500
Expenses				
	Pension Benefits	400,000	296,866	464,500
	Professional Development	5,000	2,685	5,000
	Audit, Accounting/Treasurer	1,000	840	1,000
	Investment Expenses	15,000	8,390	15,000
	Other Services	10,000	9,088	10,000
	Refund of Contributions		48,795	0
Total		431,000	366,664	495,500

Mr. Matuska Motioned to approve the proposed 2016 budget that includes a total income of \$1,135,500 and total expenses of \$495,500. Seconded by Mr. Weidig, the motion carried by voice vote.

Mr. Cordell yes
 Mr. Weidig yes
 Mr. Lopez yes

Mr. Matuska yes
Mr. Abbate yes

2015 Schedule of Pension Payments. Treasurer Bodie distributed the schedule of pension payments for the 2015 calendar year. Mr. Weidig motioned, and Mr. Lopez seconded, to accept the 2015 payment schedule. Motion carried by roll call vote.

Mr. Cordell yes
Mr. Weidig yes
Mr. Lopez yes
Mr. Matuska yes
Mr. Abbate yes

Mr. Cordell noted for the record that the pensioner's verification of eligibility letters are sent out annually and will be sent out at the end of January for 2015.

Approval of Bills

Mr. Weidig motioned, and Mr. Abbate seconded, to accept and approve the bills as follows:

\$750.00 payable to Cary Collins for legal retainer Jan-Mar 2015.

\$2,942.50 payable to Mitchell, Vaught & Taylor Inc. for investment management services Jan-Mar, 2015; delivered via electronic transfer;

\$1800 payable to Timothy W. Sharpe for completion of the May 1, 2014 Actuarial Valuation for the pension fund; and completion of benefit statements for police officers;

\$250 payable to Illinois Public Pension Advisory Committee for attendance at the IPPAC Winter Seminar on December 5, 2014.

Total amount: \$5,742.50

Motion carried by roll call vote.

Mr. Cordell yes
Mr. Weidig yes
Mr. Lopez yes
Mr. Matuska yes
Mr. Abbate yes

Executive Session

There was no Executive Session.

Adjournment

Mr. Abbate motioned to adjourn and Mr. Lopez seconded. Motion carried by voice vote. The meeting adjourned at 5:50 pm. Next meeting is scheduled for April 14, 2015.

The minutes of the January 13, 2015 South Barrington Police Department Police Pension Board regular meeting are respectfully submitted.
Mary Lampugnano, Recording Secretary.

These minutes were approved on
This 4th day of April, 2015

Signature