

1 Minutes of the Regular Meeting of the
2 South Barrington Police Pension Fund
3 Held on Tuesday, April 14, 2015
4 4:30 p.m. in William R. Rose Hall
5

6 Call to Order
7

8 President Cordell called the meeting to order at 4:30 pm.
9

10 Roll Call

11 Roll call was taken. Present: Board trustees Ray Cordell, Jim Weidig, Lou Matuska, Sam
12 Lopez, Joe Abbate. A quorum was present. Also present were Village Treasurer Michelle
13 Bodie, Village Trustee Anthony Stagno, and MVT Investment Advisors Jim Nowicki and
14 David Vaught. Attorney Collins arrived at 5:00 pm.
15

16 Approval of Minutes
17

18 Mr. Lopez motioned, Mr. Abbate seconded, to accept the minutes of the January 13, 2015
19 Regular Meeting as written. Motion carried by voice vote.
20

21 Mr. Abbate motioned, and Mr. Matuska seconded, to accept the minutes of the March 9,
22 2015 Special Meeting. Motion carried by voice vote.
23

24 Mr. Weidig motioned, and Mr. Matuska seconded, to accept but not release the minutes of
25 Executive Session of the March 9, 2015 meeting. Motion carried by voice vote.
26

27 Investment Advisor Report
28

29 Investment Advisor Nowicki reported that the pension fund had a value of \$7,841,637 at
30 the end of the first quarter. Treasurer Bodie reported that the pension fund is now over \$8
31 million.
32

33 Mr. Nowicki shared with trustees the training activity given by MVT to pension boards.
34 He stated that they gave a presentation at the IGFOA pension seminar that would be
35 beneficial to this Board. He added that viewing it will count towards CPUs of required
36 annual training for pension board members. Several trustees were interested in viewing it.
37 Mr. Nowicki will forward it to Treasurer Bodie who will distribute it to them.
38

39 Mr. Nowicki briefed the Board on the portfolio activity for the quarter. He reported an
40 investment gain of \$147,086 and a net return of 5.66% for the first quarter. The cumulative
41 net return for the fund is almost 47%. Both fixed income and equities were up this quarter;
42 in fixed income we performed at 1.23 and the benchmark was 1.26. On the equities side,
43 small and mid-cap did better than large; growth outperformed value. The benchmark was
44 1.8 and portfolio performed at 2.58 so, overall, it was a good quarter.
45

46 Mr. Nowicki stated that international investments out performed their benchmarks; the
47 only disappointment was emerging markets which underperformed their targets this
48 quarter.

49
50 Mr. Matuska asked about Heartland and Mr. Nowicki responded that it was over weighted
51 on energy investments so they got rid of it and replaced it with Diamond Hill, a small/mid-
52 cap value sector that has a good track record of performance. He distributed information
53 about Diamond Hill regarding fees and performance.

54
55 Mr. Stagno asked several questions about interest rates affecting the treasury bonds if they
56 go up. Doesn't it lower the value of the bond? Mr. Vaught stated that they need to make
57 efforts to capture higher coupons that will offset the interest rate. He said that they expect
58 the interest change to be gradual and called this a "toe in the water" move since the
59 portfolio is diversified.

60
61 Discussion took place about hedging. Many managers do not like to hedging. Artisan is
62 starting to offer hedging products but they have not decided yet whether they will do it.
63 Mr. Vaught stated that MVT is currently debating it.

64
65 Mr. Stagno stated that they should explore the selling of municipal bonds. He asked MVT
66 their opinion about this. Mr. Nowicki stated that the Pension Board cannot issue debt; only
67 the Village can do that. If the Village wants explore it further, Mr. Nowicki stated that he
68 had contacts that he could introduce them to.

69
70 Mr. Nowicki stated that going forward we hit the duration on fixed income investments.
71 Knowing that the dollar is working against large cap stocks we will put more money and in
72 small and mid-cap and also real estate and healthcare stocks.

73
74 Mr. Vaught talked about making changes in targets. He stated that they wanted to change
75 the benchmarks to better reflect our portfolio and believe that the Russell 3000 better
76 reflects the whole market and more appropriate than the S & P 500 because it includes
77 small and mid-caps. Mr. Vaught stated that MVT is also recommending changing from
78 MSCI EAFE to World xUS since World xUS includes Canada and emerging markets and
79 EAFE does not. They recommend a blend of 75/25 of domestic and international stocks
80 within the equities. Specifically, MVT proposes a 36% Russell 3000 and 9% All World
81 xUS of the 45% equities portion of the portfolio. Mr. Vaught distributed literature on the
82 Russell 3000 and MSCI ACWI ex USA Index. Mr. Cordell stated that the Investment
83 Committee will consider it and inform MVT of their decision. After discussion it was
84 decided that the entire Board will consider the proposal.

85
86 Mr. Abbate motioned to accept the Invest Advisor's report as given. Mr. Weidig seconded;
87 motion carried by voice vote.

88
89 MVT Advisors Nowicki and Vaught left the meeting.

90
91 Treasurer Bodie reviewed for the board GASB #67 which has additional reporting
92 requirements. She stated that Actuary Tim Sharpe will prepare the additional documents
93 for a total fee of \$3100 and Lauterbach and Amen will prepare them for a total fee of

94 \$3500. She added that Todd from Lauterbach and Amen is willing to attend a Pension
95 Board meeting to explain and review the documents and answer questions. Mr. Sharpe is
96 not willing to attend a meeting. Treasurer Bodie presented proposals from both. The Board
97 will decide which actuary to choose. Mr. Cordell stated that they will discuss at the
98 Investment Committee meeting and make a decision at the July Board meeting.
99

100 Attorneys Report
101

102 Mr. Collins updated the Board on the Robert Rycraft Disability case that is ongoing. He
103 stated that he met with Dr. Stamelos about the case. We will send Mr. Rycraft to one or
104 more doctors for examination. Mr. Collins will notice Dr. Portland, Mr. Rycraft's surgeon,
105 for deposition regarding his findings. Originally, he found that Mr. Rycraft would be
106 recovered and able to return to full duty by January 1, 2015 but has since declared that Mr.
107 Rycraft is permanently disabled for police duty. He found that Mr. Rycraft could work
108 light-duty. Mr. Collins noted that there is a pending claim with workman's compensation
109 regarding a duty-related disability. The Village is contesting that Mr. Rycraft's injury was
110 duty-related.
111

112 They are currently in the briefing schedule. Mr. Collins did not have any information on
113 hearing dates.
114

115 Mr. Collins clarified for the Board the estimated fees on the motion to arrange for Mr.
116 Rycraft's medical exam. The stated \$20,000 fee includes legal costs as well as medical
117 costs.
118

119 Correction was made to page 8 of the Decision and Order regarding Mr. Rycraft's
120 disability claim. Mr. Collins stated that the sentence "...a determination of a temporary
121 *duty-related* disability shall issue..." was a typographical error. It should read "...a
122 determination of a temporary *non-duty-related* disability shall issue..."
123

124 Old Business
125

126 The Board discussed fiduciary liability insurance. Gallagher, Chubb, and Euclico all have
127 policies. Mr. Collins stated that this insurance is more appropriate for municipalities but
128 not for pension boards. He stated that if the Board wanted to investigate fiduciary
129 insurance, he is familiar with Euclico. Mr. Cordell stated that he had spoken to Mesirow
130 Financial who provided a review of the insurance companies. Mr. Cordell suggested that
131 Mr. Collins bring information on the Euclid company to the July meeting and the board
132 will consider it at that time. The discussion was tabled until the July meeting.
133

134 The Board reviewed the revised proposed budget for 2016 as follows.

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	200,000
	Increase to Fund Equity	100,000	150,399	1340,000

Total		870,500	673,136	1,275,000
Expenses				
	Pension Benefits	400,000	296,866	465,000
	Professional Development	5,000	2,685	5,000
	Audit, Accounting/Treasurer	1,000	840	1,000
	Investment Expenses	15,000	8,390	16,000
	Other Services	10,000	9,088	20,000
	Refund of Contributions		48,795	0
Total		431,000	366,664	507,000

135

136 Mr. Matuska motioned to approve the revised FY2016 budget. Mr. Lopez seconded. The
 137 motioned carried by roll call vote.

138 Mr. Cordell yes

139 Mr. Lopez yes

140 Mr. Weidig yes

141 Mr. Abbate yes

142 Mr. Matuska yes

143

144 New Business

145

146 Mr. Weidig motioned to accept Michael Lynch into the South Barrington Police Pension
 147 Tier II effective March 30, 2015. Mr. Lopez seconded; motion carried by roll call vote.

148

149 Mr. Weidig motioned to accept Paul Madej into the South Barrington Police Pension Tier
 150 II effective March 30, 2015. Mr. Lopez seconded; motion carried by roll call vote.

151

152 Mr. Cordell reminded board members of the IPPAC Seminar scheduled for May 13-15,
 153 2015 in Rock Island. He stated that four board members will attend.

154

155 Payment of Bills.

156

157 Mr. Lopez motioned to accept for payment the following bills.

158

159 \$750.00 payable to Cary Collins for legal retainer Apr-Jun 2015.

160

161 \$2,942.50 payable to Mitchell, Vaught & Taylor Inc. for investment management services
 162 Apr-Jun, 2015; delivered via electronic transfer; and,

163

164 \$1500.00 payable to Illinois Public Pension Advisory Committee for attendance at the
 165 IPPAC Spring Seminar on May 13-15, 2015.

166

167 Total amount: **\$4,892.50**

168

169 Seconded by Mr. Matuska, the motion carried by roll call vote.

170 Mr. Cordell yes

171 Mr. Lopez yes
172 Mr. Weidig yes
173 Mr. Abbate yes
174 Mr. Matuska yes
175
176 Treasurer Bodie left the meeting.
177
178 Executive Session
179
180 Mr. Abbate motioned to move into Executive Session. Seconded by Mr. Weidig, the Board
181 moved into Executive Session at 6:20 pm.
182 Roll call was taken.
183 Mr. Cordell present
184 Mr. Lopez present
185 Mr. Weidig present
186 Mr. Abbate present
187 Mr. Matuska present
188 Also present was Attorney Cary Collins and recording secretary Mary Lampugnano.
189
190 The Executive Session was audio recorded.
191
192 Mr. Abbate motioned to move out of Executive Session and back into regular session.
193 Seconded by Mr. Matuska the Board moved back into regular session at 6:35 pm. Roll call
194 was taken. Present: Mr. Cordell, Mr. Lopez, Mr. Weidig, Mr. Abbate, and Mr. Matuska.
195 Also present was Attorney Cary Collins and recording secretary Mary Lampugnano.
196
197 No action was taken.
198
199 Mr. Abbate motioned, and Mr. Lopez seconded, to adjourn the meeting. The motion
200 carried by voice vote. The meeting adjourned at 6:36 pm.
201
202 The minutes of the April 14, 2015 South Barrington Police Department Police Pension
203 Board regular meeting are respectfully submitted.
204 Mary Lampugnano, Recording Secretary.
205
206
207 These minutes were approved on
208 This _____ day of _____, 2015
209
210
211 _____
212 Signature