

1 Minutes of the Regular Meeting of the  
2 South Barrington Police Pension Fund  
3 Held on Tuesday, July 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, Lou Matuska, Sam Lopez, and  
12 Joe Abbate. A quorum was present. Trustee Jim Weidig arrived at 4:50 pm. Also present  
13 were Village Treasurer Michelle Bodie, Village Trustee Anthony Stagno, MVT Investment  
14 Advisors Jim Nowicki and Bill Yocius, and Attorney Cary Collins.  
15

16 Approval of Minutes

17 Mr. Matuska motioned, Mr. Abbate seconded, to accept the minutes of the April 14, 2015  
18 Regular Meeting as written. Motion carried by voice vote.  
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20 Mr. Matuska motioned, and Mr. Abbate seconded, to accept but not release the minutes of  
21 Executive Session of the April 14, 2015 meeting. Motion carried by voice vote.  
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23 Mr. Matuska motioned to accept the minutes of the May 19, 2015 Special Meeting.  
24 Discussion: the word "July" was replaced with "April" in line 43 to read "At the April  
25 meeting..." Seconded by Mr. Lopez; the motion carried by voice vote.  
26

27 Public Comments

28 None.  
29

30 Investment Advisor Report

31 Investment Advisor Nowicki briefed the Board on the portfolio activity during the 2<sup>nd</sup>  
32 quarter 2015. He called it a lackluster quarter. April and May were good months but in  
33 June the market turned downward. Stocks were flat. Mr. Nowicki hypothesized that the  
34 economic upheaval in Greece affected the world market. This quarter, fixed income was  
35 down by .51 %; equities were down by 1%.  
36

37 Mr. Nowicki discussed the strengths and weaknesses for the quarter. On the fixed side,  
38 shorter durations performed better than longer durations because of the rise in the rate of  
39 10-year treasuries. Corporate bonds were the best performers. In equities, large caps  
40 generally did better than small/mid caps with the exception of Diamond Hill (which  
41 replaced Heartland Value last quarter), a small cap that performed well. Conversely, the  
42 REITs, which performed very well last year, were the worst performers this quarter.  
43

44 Mr. Stagno asked how much the pension fund has grown in the last 10 years. Treasurer  
45 Bodie stated that the average growth over the last 10 years was 5.5%. Mr. Yocius replied  
46 that the portfolio had an average annual gain of 5.6% since 2008, the year that MVT was

47 first consulted. Mr. Stagno expressed concern that a 5.6% annual increase did not meet the  
48 actuarial assumption which was at 7%. It has since been reduced to 6.75%. The actuarial  
49 assumption tells the municipality how much they need to contribute to the fund each year.  
50 Mr. Stagno voiced concern that the Village is not contributing enough to sustain the  
51 pension in the long run and argued that the true cost of the pension fund is not reflected in  
52 the tax levy. Trustees discussed the requirements of GASB #67 and #68 which requires  
53 that the Pension Board report to the municipality each year and that it make realistic  
54 predictions of how well the fund will perform.

55  
56 Mr. Stagno stated that the pension fund is currently only funded at about 60%. He asked  
57 MVT representatives for their suggestions as to what the annual assumption should be. Mr.  
58 Matuska stated that the Village has the option of closing the gap all at once but that there  
59 are consequences of those actions. He stated that he favored “bending” the trend lines; that  
60 is, to gradually close the gap. Last year the Village lowered the assumption by .25% and  
61 Mr. Matuska stated that perhaps they will lower it again next year. Treasurer Bodie added  
62 that the Village elected to put an extra \$100,000 into the pension fund this year, which it  
63 was not obliged to do.

64  
65 Discussion ensued about the possibility of selling municipal bonds and whether that would  
66 be feasible or prudent for the Village.

67  
68 Mr. Nowicki resumed his brief on the portfolio performance this quarter and reviewed the  
69 itemized investments held in the portfolio. He noted that Diamond Hill and T. Rowe Price  
70 Health both beat their Russell 3000 benchmarks. He also noted that although Wedgewood  
71 Partners had a bad quarter, MVT believes them to be value managers as well as growth  
72 managers and advised the Board to stay with them.

73  
74 Mr. Lopez motioned to accept the Investment Advisor’s report as given. Mr. Abbate  
75 seconded; motion carried by voice vote.

76  
77 Attorneys Report

78 Mr. Collins noted a change in statute that allows pension funds to collect overpayments  
79 made in pension payments. He stated that it used to be that if an overpayment mistake was  
80 made the fund could not collect it back. The revised statute allows the fund up to three  
81 years to identify and remedy the mistakes.

82  
83 Old Business

84 Robert Rycraft Disability Status Update. Mr. Collins updated the Board on the Robert  
85 Rycraft Disability case. Depositions have been scheduled for orthopedic surgeon Dr.  
86 Gregory Portland for August 20, 2015. Pension Board members are welcome to attend.  
87 Oral arguments before the Circuit Court will be made on September 20, 2015.

88  
89 Dr. Portland requires that an initial down payment of \$1500 be collected before the  
90 deposition. Additional fees, if any, will be invoiced after the deposition. Mr. Weidig  
91 motioned and Mr. Lopez seconded, to pay Dr. Gregory Portland a sum not to exceed  
92 \$2000 as a down payment for his deposition testimony in the Rycraft disability case.  
93 Motion carried by roll call vote.

94 Mr. Cordell yes

95 Mr. Lopez yes  
96 Mr. Matuska yes  
97 Mr. Abbate yes  
98 Mr. Weidig yes

99

100 Actuarial Services. Treasurer Bodie reviewed GASB #67 which has additional reporting  
101 requirements. She stated that Actuary Tim Sharpe will prepare the report and additional  
102 documents for a total fee of \$3100 and Lauterbach and Amen will prepare them for a total  
103 fee of \$3500. She added that Todd Schroeder from Lauterbach and Amen is willing to  
104 attend a pension board meeting to explain and review the documents. She commented that  
105 the extra \$400 is worth the educational value of having Mr. Schroeder attend the meeting  
106 to answer any questions board members may have. She added that she can have them  
107 prepare a couple of different scenarios and present them to the board.

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109 Mr. Matuska motioned to hire Lauterbach and Amen for actuarial services this year. Mr.  
110 Abbate seconded; the motion carried by voice vote.

111

112 Fiduciary Liability Insurance. Tabled until the next meeting.

113

114 New Business

115 New Membership Applications. Mr. Lopez motioned to accept John Macchitelli into the  
116 South Barrington Police Pension Tier II effective July 6, 2015. Mr. Weidig seconded;  
117 motion carried by roll call vote.

118 Mr. Cordell yes

119 Mr. Lopez yes

120 Mr. Matuska yes

121 Mr. Abbate yes

122 Mr. Weidig yes

123

124 Mr. Lopez motioned to accept Michael Ornelas into the South Barrington Police Pension  
125 Tier II effective July 6, 2015. Mr. Weidig seconded; motion carried by roll call vote.

126 Mr. Cordell yes

127 Mr. Lopez yes

128 Mr. Matuska yes

129 Mr. Abbate yes

130 Mr. Weidig yes

131

132 Ray Cordell Retirement. Ray Cordell announced his retirement effective July 17, 2015 and  
133 will begin receiving retirement pension benefits effective July 18, 2015. As calculated by  
134 Treasurer Bodie, Ray served 29 years, 8 months and 17 days with the South Barrington  
135 Police Department and will receive an initial annual benefit of \$74,992.84. Mr. Matuska  
136 motioned to accept Mr. Cordell's retirement and benefit calculation. Mr. Lopez seconded;  
137 the motion carried by roll call vote.

138 Mr. Cordell abstained

139 Mr. Lopez yes

140 Mr. Matuska yes

141 Mr. Abbate yes

142 Mr. Weidig yes

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Results of the Elections of June 10, 2015. An election was held on June 10, 2015 for two (2) active member representatives to the Board and one (1) beneficiary member to the Board. Each will serve for a term of two years. Total below.

<u>Active Representatives</u>		<u>Beneficiary Representative</u>	
Raymond Cordell	10 votes	James Weidig	4 votes
Samuel Lopez	8 votes		
Jeffrey Lang	5 votes		
Samuel Parma	3 votes		

The ballots were counted by Recording Secretary Lampugnano and certified by Village Treasurer Bodie. Ray Cordell and Sam Lopez were elected to serve as Active representatives and Jim Weidig was elected to serve as Beneficiary representative.

Mr. Abbate motioned to accept the certifications of the Active Member election and the Beneficiary election. Seconded by Mr. Matuska; the motion carried by voice vote.

Mr. Cordell will serve out his term as an active representative even though he has announced his retirement from active service. This is allowable per statute and was also done with the consent of the membership. An anonymous poll was taken of active members: a total of seven (7) responses were received and all agreed that Mr. Cordell should complete his term as an active representative.

Officer Elections. Mr. Abbate motioned to nominate and elect Ray Cordell as President of the Police Pension Board. Mr. Lopez seconded; motion carried by voice vote.

Mr. Abbate motioned to nominate and elect Jim Weidig as Vice President of the Police Pension Board. Mr. Matuska seconded; motion carried by voice vote.

Mr. Abbate motioned to nominate and elect Sam Lopez as Secretary of the Police Pension Board. Mr. Weidig seconded; motion carried by voice vote.

Mr. Weidig motioned to nominate and elect Joe Abbate as Assistant Secretary of the Police Pension Board. Mr. Lopez seconded; motion carried by voice vote.

Payment of Bills.

Mr. Matuska motioned to accept for payment the following bills.

\$750.00 payable to Cary Collins for legal retainer Jul-Sep 2015.

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

\$500 payable to IPPAC for annual membership to the Illinois Public Pension Advisory Committee;

191 \$4.90 payable to Ray Cordell for reimbursement for postage for beneficiary election  
192 Ballots'  
193  
194 \$4,399.66 payable to Collins & Radja for *Robert Rycraft vs. South Barrington Police*  
195 *Pension Board et al.*  
196  
197 Total amount: \$8,597.06  
198  
199 Seconded by Mr. Lopez, the motion carried by roll call vote.  
200 Mr. Cordell yes  
201 Mr. Lopez yes  
202 Mr. Matuska yes  
203 Mr. Abbate yes  
204 Mr. Weidig yes  
205  
206 Executive Session  
207 There was no Executive Session.  
208  
209 Adjournment  
210 Mr. Abbate motioned, and Mr. Lopez seconded, to adjourn the meeting. The motion  
211 carried by voice vote. The meeting adjourned at 6:00 pm.  
212  
213 The minutes of the July 14, 2015 South Barrington Police Department Police Pension  
214 Board regular meeting are respectfully submitted.  
215 Mary Lampugnano, Recording Secretary.  
216  
217  
218 These minutes were approved on  
219 This \_\_\_\_\_ day of \_\_\_\_\_, 2015  
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222 \_\_\_\_\_  
223 Signature