

1 Minutes of the Regular Meeting of the
2 South Barrington Police Pension Fund
3 Held on Tuesday, July 12, 2016
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, Jim Weidig, Sam
12 Lopez, and Joe Abbate. A quorum was present. Also present were Village Treasurer
13 Michelle Bodie, Attorney Cary Collins, Village Trustee Anthony Stagno, and MVT
14 Investment Advisors Bill Yocius and Jim Nowicki. Village President McCombie joined
15 the meeting at 5:08 pm.
16

17 Public Comments

18 None.
19

20 Approval of Minutes

21 Mr. Abbate motioned to accept the minutes of the April 12, 2016 regular meeting as
22 written. Mr. Weidig seconded. Motion carried by voice vote.
23

24 Investment Advisor Report

25 Investment Advisor Nowicki reviewed the portfolio for the 2nd quarter 2016. Mr. Nowicki
26 reported that the fund did well this quarter. We beat the benchmark. The beginning value
27 of the fund was \$7,875,155 and ended the quarter at \$8,389,756 for a gain of \$114,601.
28 The fund's asset allocation remains 55% in fixed and 45% in equities.
29 Despite concerns about Brexit, higher bond prices and lower interest rates meant longer
30 term bonds did well this quarter. Shorter bonds did not do as well as the longer ones. Mr.
31 Nowicki still recommended the short term bonds because of the fluctuations. He stated that
32 we are risk adverse on the fixed side.
33 On the equities side, the REIT managers performed well due to falling interest rates. Also,
34 T Rowe Price Healthcare did well. Dividend investments did well. Small caps performed
35 better than large. Brexit hurt the banks and international stocks under-performed
36 compared to domestic stocks.
37

38 Mr. Nowicki reviewed the portfolio account managers and the specific stocks within the
39 portfolio. He noted that Wedgewood was a great performer (they hold Apple) but they had
40 a bad quarter and had a negative return. As Apple declines so does Wedgewood. MVT still
41 feels that Wedgewood is a viable manager but are looking for a replacement in case they
42 continue to decline and may purchase an index fund.
43

44 Mr. Nowicki stated that Oakmark is a good international firm. They are overweight in
45 financials (benchmark is 19; they are at 32). We are talking to them. We are currently
46 underweight to internationals which helped us this quarter.

47

48 Moving forward, Mr. Nowicki stated that they will continue to buy treasuries and
49 corporates that are dividend payers as well as investing in both REIT's and health care.

50

51 The Board discussed the investment strategies. Trustee Stagno asked why the fund would
52 not buy more long term bonds and ride them out to maturity. Mr. Yocius replied that they
53 are active in trading bonds; we do buy and sell bonds but don't always ride them to
54 maturity. Earlier in the quarter we sold some shorter duration for longer duration bonds.
55 He cited an example of the 10 year US Treasury; the rate recently went down to 1.36 %
56 which was unprecedented.

57

58 Mr. Stagno asked that if our goal is to beat the benchmark, why not just purchase an index
59 fund? Mr. Yocius stated that we beat the benchmark this quarter, and many quarters, so his
60 opinion is that we are better off buying individual stocks.

61

62 Mr. Matuska asked how much we pay out in pension benefits each quarter and asked that
63 information be included in the quarterly report.

64

65 Mr. Weidig motioned, and Mr. Abbate seconded; to accept the Investment Advisor's
66 Report as given. Motion carried by voice vote.

67

68 Treasurer Bodie reported that, as directed by the Pension Board last quarter, the Illinois
69 Funds account was closed and all funds were moved to the BMO-Harris account. She
70 reported that the direct deposit in the BMO account is going smoothly. Ms. Bodie will talk
71 to Mr. Cordell independently about setting up an account with TD Ameritrade.

72

73 Attorneys Report

74 Mr. Collins updated the Board on the Robert Rycraft disability case appeal. He stated that
75 he is still waiting for the Appellate Court to rule on the two briefs filed. He remained
76 hopeful saying that it may be a good sign that it is taking so long. There is still the
77 possibility of presenting oral arguments to the Court. He stated that our argument is that
78 Mr. Rycraft did not hurt his shoulder on duty but Mr. Collins does not think it would come
79 to presenting oral arguments before the Court.

80

81 Mr. Matuska asked how cases are assigned in the court. Mr. Collins responded that there
82 are several ways they are assigned and no particular formula. he also stated that sometimes
83 decisions are rendered quickly and other times not, and there is no way to predict it.

84

85 Mr. Cordell asked if it is too soon to require Mr. Rycraft to undergo an annual physical for
86 fitness for duty. He asked if there was there any downside to this. Mr. Collins replied that
87 his (Mr. Rycraft's) attorney might object because the case has not been settled yet but it is
88 within the Board's discretion to order it. Mr. Cordell, with concurrence of the Board,
89 directed Attorney Collins to set up an appointment for an annual physical and if necessary,
90 a functional capacity exam, for Mr. Rycraft.

91

92 Mr. Collins briefed the Board on legislation regarding pension funding including the
93 state's new Intercept policy. This is in an effort to get municipalities to fund their pension

94 funds who currently may not be funding their pensions properly. Mr. Collins stated that it
95 will not affect South Barrington because we are regularly contributing to our pension fund.
96

97

98

98 Old Business

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100 Approval of Lauterbach & Amen's 3 year Actuarial Services Contract. Mr. Cordell stated
101 that this contract proposal came into the office shortly after the April meeting. Mr. Cordell
102 polled the Board members individually by phone and all who responded agreed to enter
103 into a contract with Lauterbach & Amen to prepare actuarial reports for the fund. He stated
104 that we have been using them for some time and happy with their service and that the fee
105 increase for this proposal is nominal. Mr. Cordell asked for a motion to officially accept
106 the contract. Motion was made by Mr. Abbate to approve the contract by Lauterbach and
107 Amen to provide actuarial services for a 3 year period beginning April 30, 2016. Seconded
108 by Mr. Matuska, the motion carried by voice vote.
109

110

110 The Board discussed the actuary's rate of return estimated versus actual. The investment
111 advisors said the rate of return is 6%. Ms. Bodie stated that actuary rate is different from
112 the actuarial assumption and that the Board has been prudent in lowering the assumed rate
113 of return. The Village Board has been bringing the actuarial assumption down by .25%
114 each year. Our trend for the last few years has been to bring the assumption down. Dr.
115 Stagno stated that even though the percent is coming down, the actual monetary amount is
116 increasing and South Barrington tax payers will have to pay for it eventually. More
117 discussion took place about assumption versus actual returns on the pension investments as
118 well as unfunded liability issues including the outdated mortality table. No action was
119 taken.
120

121

121 New Business

122

123 Officer Elections. Attorney Collins called for nominations for Pension Board officers. The
124 following nominations were made.
125

126

126 Mr. Abbate nominated Mr. Cordell for the office of President;

127

127 Mr. Abbate nominated Mr. Weidig for the office of Vice President;

128

128 Mr. Cordell Nominated Mr. Lopez for the office of Secretary;

129

129 Mr. Lopez nominated Mr. Matuska for the office of Assistant Secretary.
130

131

131 Nominations were closed; Mr. Collins called for ratification of the officer nominations and
132 election of officers by the Board; it ratified by voice vote.
133

134

134 Executive Session

135

135 None.
136

137

137 Payment of Bills

138

138 Mr. Matuska motioned to ratify for payment the following bills.
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140

140 \$750.00 payable to Cary Collins for legal retainer Jul-Sep 2016;
141

141

142 \$2,942.50 payable to Mitchell, Vaught & Taylor Inc. for investment management services
143 Jul-Sep 2016; delivered via electronic transfer;

144
145 \$1,642.09 payable to the Illinois State Treasurer for the Department of Insurance annual
146 compliance fee;

147
148 \$500.00 payable to the Illinois Public Pension Advisory Committee for Annual
149 Membership July 2016-June 2017;

150
151 \$1400.00 payable to the Illinois Public Pension Advisory Committee for attendance at the
152 Spring Seminar and Ethics training May 18-20, 2016;

153
154 \$608.22 payable to Jumer's Casino & Hotel for lodging at the IPPAC Spring Seminar,
155 May 18-20, 2016;

156
157 \$228.96 payable to Jim Weidig for reimbursements for the IPPAC Seminar, May 18-20,
158 2016;

159
160 \$172.80 payable to Ray Cordell for reimbursements for the IPPAC Seminar, May 18-20,
161 2016;

162
163 \$194.40 payable to Sam Lopez for reimbursements for the IPPAC Seminar, May 18-20,
164 2016;

165
166 Total amount: \$8,438.97

167 Seconded by Mr. Abbate, the motion carried by roll call vote.

168 Mr. Cordell yes

169 Mr. Lopez yes

170 Mr. Matuska yes

171 Mr. Abbate yes

172 Mr. Weidig yes

173

174 Adjournment

175 Mr. Weidig motioned, and Mr. Matuska seconded, to adjourn the meeting. The motion
176 carried by voice vote. The meeting adjourned at 6:26 pm.

177

178 The minutes of the July 12, 2016 South Barrington Police Department Police Pension
179 Board regular meeting are respectfully submitted.

180 Mary Lampugnano, Recording Secretary.

181

182

183 These minutes were approved on

184 This _____ day of _____, 2016

185

186

187

188 _____
Signature