

Minutes of the Regular Meeting of the
South Barrington Police Pension Fund
Held on Tuesday, January 10, 2017
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 was taken. Present: Board trustees Ray Cordell, Jim Weidig, Sam Lopez, Joe Abbate, and Lou Matuska. A quorum was present. Also present were Attorney Cary Collins, Village President Paula McCombie, Police Chief Tom Roman, and MVT Investment Advisors Bill Yocius and Jim Nowicki.

Public Comment

None.

Approval of Minutes

Mr. Abbate motioned to accept the minutes of the October 11, 2016 regular meeting as written. Mr. Lopez seconded. Motion carried by voice vote.

Investment Advisor Report

Investment Advisor Nowicki reviewed the portfolio for the 4th quarter 2016. He reported that the fund did not do well this quarter with a loss of \$14,731. Mr. Nowicki stated that the increase in the Treasury rate did not bode well for us; the rate increase affected our longer term maturities. We did, however, beat the benchmark. The benchmark was negative. The beginning value of the fund was \$8,520,674 and ended the quarter at \$8,635,943.

Fixed income investments performed poorly this quarter. Mr. Yocius spoke about the loss in fixed income. "How can you lose money in bonds?" he asked, and explained the concept of "roll-down" when rates go up, the value of the bond go down. Also the inflation rate did not increase as anticipated. Mr. Yocius recommended holding on to the bonds until maturity and receive full maturity value of the bond. He cited a combination of factors for a poor performance in the portfolio—the results of the Presidential election; unanticipated results in the market; a strong U.S. dollar; and less inflation than predicted.

Mr. Nowicki reviewed the portfolio account managers and specific investments within the portfolio. Equities did well this quarter, especially small cap and mid cap. Diamond Hill and TRowe Price small cap had good quarters. Oakmark had a very good quarter coming

back with a good increase on the equity side. On the contrary, TRowe Price Health Sciences had negative earnings as did Cohen & Steers Realty. Mr. Nowicki stated that this quarter dividends and healthcare got hurt but we do not know if this is a trend. MVT remains cautious and will wait for definitive economic data before changing investment strategy. Going forward, since we don't know what will happen in the near future, MVT does not recommend rebalancing or making any changes to the allocation. Treasurer Bodie stated that the real estate taxes will come into the Village in March. She asked where those monies will be placed. Mr. Nowicki stated that they might be placed in fixed income or else kept it in cash.

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

Mr. Nowicki distributed reading material to Board members regarding the REIT cycle.

Attorneys Report

Mr. Collins briefed board members on the IL Local Government Expense Control Act and the Record Retention Act. The Records Retention Act must be written into the Pension Fund Rules and Regulations. Mr. Collins will edit the Rules & Regulations to include the records retention requirements and will submit it for approval at the April meeting.

Mr. Collins updated the board on the upcoming IPPAC seminar in May 2017.

Mr. Lopez motioned to accept the Attorney's Report as given. Seconded by Mr. Weidig, the motion carried by voice vote.

Mr. Collins stated that he will update the Board on the Robert Rycraft disability case appeal in Executive Session. Mr. Matuska motioned to move into Executive Session at 5:22 pm. Mr. Weidig seconded. Roll call was taken.

Mr. Cordell present
Mr. Weidig present
Mr. Matuska present
Mr. Abbate present
Mr. Lopez present

Also present was Village Present McCombie, Treasurer Bodie, Attorney Collins, and Police Chief Roman.

The Executive Session was audio recorded.

The Board moved back into Regular Session at 5:43 pm. Roll call was taken.

Mr. Cordell present
Mr. Weidig present
Mr. Matuska present
Mr. Abbate present
Mr. Lopez present

Also present was Village Present McCombie, Treasurer Bodie, Attorney Collins, and Police Chief Roman.

Old Business

Rycraft Duty Disability Pension. Robert Rycraft was sent to a physician in November 2016 for his annual fitness for duty exam. Dr. Prasant Atluri examined Mr. Rycraft and found him to be fit for duty. He sent a letter to the Board with his report and assessment. Mr. Collins stated that the Board has the option of sending a letter Mr. Rycraft informing him that he may return to work.

Mr. Abbate motioned to direct Attorney Collins to write a letter to Mr. Rycraft informing him of the findings of the fitness for duty exam and directing him back to work. Seconded by Mr. Lopez. Discussion ensued. Mr. Matuska asked what Mr. Rycraft's options would be. Mr. Collins stated that he may elect not to return to work. In that case, the Board could convene a reverse disability hearing at which Mr. Rycraft may present his argument for remaining unfit for duty.

The motion passed by roll call vote.

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

New Business

2017 Schedule of Pension Payments. Treasurer Bodie prepared a schedule of pension payments for the calendar year 2017 for a total of \$678,010.64. Mr. Lopez motioned to accept the schedule as written. Seconded by Mr. Matuska, the motion carried by roll call vote.

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

FY 2017-2018 Budget. Treasurer Bodie prepared a Pension Fund FY 2018 preliminary worksheet. The Board reviewed the budget; total income estimate of \$1,351,500 and total expense estimate of \$731,400, leaving a surplus of \$620,100. Mr. Weidig motioned to accept the 2017-2018 budget. Mr. Lopez seconded; the motion carried by roll call vote.

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

Pensioners' Annual Verification of Eligibility Letter. President Cordell directed the Recording Secretary to send out the 2017 annual eligibility letters to all pensioners.

Edward Rentka Pension Transfer. President Cordell stated for the record that former SBPD Officer Rentka (from 1991-1993) has made an inquiry about transferring his creditable service to the Darien Police Pension. Treasurer Bodie stated that our share would be an estimated \$23,000-\$25,000. At this time, Mr. Rentka has not made a request to transfer his service.

Payment of Bills

Mr. Collins raised his hourly rate for services from \$175 to \$200, and his quarterly retainer increase to \$775. Mr. Weidig motioned and Mr. Lopez seconded to accept payment of \$775.00 payable to Cary Collins for legal retainer Jan-Mar 2017; motion carried by roll call vote.

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

Mr. Abbate motioned, and Mr. Matuska to accept payment of \$2,942.50 payable to Mitchell, Vaught & Taylor Inc. for investment management services Jan-Mar 2017; delivered via electronic transfer; motion carried by roll call vote.

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

Mr. Abbate motioned and Mr. Lopez seconded to accept payment of \$2,317.20 payable to INSPE Associates, LTD for medical exam and review of Robert Rycraft; motion carried by roll call vote.

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

Mr. Weidig motioned and Mr. Abbate seconded to accept payment of \$30 payable to Jensen Jacobsen & Associates, Inc. for 4-year renewal of bond for Recording Secretary Lampugnano's Illinois Notary Public; and \$10 payable to Illinois Secretary of State for Notary Public renewal application fee; motion carried by roll call vote.

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

Total amount: \$6,074.70

Adjournment

Mr. Weidig motioned, and Mr. Lopez seconded, to adjourn the meeting. The motion carried by voice vote. The meeting adjourned at 6:01 pm.

The minutes of the January 10, 2017 South Barrington Police Department Police Pension Board regular meeting are respectfully submitted.
Mary Lampugnano, Recording Secretary.

These minutes were approved on
This _____ day of _____, 2017

Signature