

Minutes of the Regular Meeting of the  
South Barrington Police Pension Fund  
Held on Tuesday, April 11, 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**

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, Treasurer Michelle Bodie, Village Trustee Anthony Stagno, and MVT Investment Advisors Bill Yocius and Jim Nowicki. Village President McCombie joined the meeting at 4:55 pm.

**Public Comment**

None.

**Approval of Minutes**

Mr. Lopez motioned to accept the minutes of the January 10, 2017 regular meeting as written and to accept, but not publish, the minutes of the January 10, 2017 Executive Session. Mr. Matuska seconded. Motion carried by voice vote.

**Investment Advisor Report**

Investment Advisor Nowicki briefed the Board on the portfolio for the 1<sup>st</sup> quarter 2017. He reported that the fund did well this quarter with a net investment gain of \$274,248. The value at the beginning of the quarter was \$8,635,943 and it ended at \$9,012,771. The fund has hit the \$9 million mark.

Domestic and international investments both performed well. On the fixed side, bonds were positive for the quarter. Longer durations fared better than shorter duration bonds. On the equities side, both large and mid cap growth managers beat their targets by 6 points. REITs were negatively impacted by the higher bond yields and larger cap values performed better than the small and mid caps. He noted that emerging markets and international beat domestics despite political uncertainty with the populist movement worldwide.

Mr. Nowicki stated that they rebalanced the portfolio and reset the asset allocation at 55% fixed and 45% equities.

Mr. Nowicki reviewed the portfolio account managers and specific investments within the portfolio. T Rowe Price Health Care had a good quarter.

Moving forward, MVT suspects that the Federal Reserve will increase interest rates 2 or 3 times this year. Mr. Nowicki stated that they are still cautious and are continuing their strategy with regard to long term bonds at or lower than target duration and overweighting corporate bonds. In equities, the unemployment rate is lower than we have seen in a while. There is the possibility of wage inflation so for the next couple of quarters we need to consider this. They favor underweighting REITs and preferring smaller cap and growth investments.

Mr. Matuska asked about the European economy and BREXIT implementation and how that might affect our investments. Mr. Yocius stated that it will be interesting to see how it pans out. He stated that a large part of that for us is the UK and they are looking at it closely. He noted that may be one of the reasons emerging markets performed so well this quarter and that maybe it is the time to invest more in the EU; it is a question of timing.

Mr. Nowicki shared MVT's dilemma of whether to stay with the Wedgewood account manager. It is not performing as well as it can. They were an all cap fund and did well previously but is now under performing (their benchmark was 8.91 and they performed at 6.16). However, they outperformed their domestic counterparts. MVT will continue to watch Wedgewood and will let us know if they decide to get out of it.

The Board discussed the Village's funding of the police pension fund. Mr. Nowicki noted that since MVT began serving as investment advisors in 2008, the fund has earned over \$2.6 million. The fund's current market value is over \$9 million which includes contributions from the Village and police officers as well as investment gains. The Board discussed pension funding and associated political issues such as the assumed rate of return of 6.5%. Trustee Stagno noted that our assumed rate of return does not match our actual rate of return. The Mayor expressed concern about further reduction to the assumed rate of return that is out of line with what other municipalities use. She noted that we contribute more than we are statutorily required to and are slowly increasing the pension fund percent funding.

The Board discussed fee disclosures. Mr. Nowicki provided an annual fee disclosure prepared by Charles Schwab & Co for calendar year 2016. In the interest of full disclosure, Treasurer Bodie asked that fee disclosures include all individual account managers (such as Wedgewood, Schwab, etc.) and that those fees be reflected in the quarterly bills that are voted on and accepted by the Board. Mr. Nowicki stated that the Board had originally agreed to have the fees automatically withdrawn from the account. Ms. Bodie did not dispute that but asked, going forward, that all brokerage and investment fees be disclosed quarterly and be identified in the quarterly invoice sent by MVT.

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

### **Attorneys Report**

Mr. Collins stated that he has completed the edits and updates of the pension fund's rules and regulations for the Board's approval. He gave an electronic copy to Mr. Cordell for distribution. Mr. Collins stated that the only significant changes made to the rules and regulations are the sections on retention of records and travel reimbursements. Board members will review it and vote on it at the next meeting.

Mr. Collins updated the Board on the Robert Rycraft disability case. Mr. Rycraft was sent for his annual fitness for duty exam in November 2016 and found him to be fit for duty. Mr. Collins sent a letter to Mr. Rycraft on behalf of the Pension Board informing him that he may return to work. Mr. Rycraft contested it. To ensure that Mr. Rycraft receive due process, the Board has elected to send him for a Functional Capacity Exam (FCE) which is scheduled for next month.

Mr. Rycraft has attempted to gain access to the pension fund's online account with the Illinois Department of Insurance for the purpose of identifying when he started receiving full disability payments to report to the Internal Revenue Service. Mr. Cordell stated that Mr. Rycraft was not given the security code to gain access. Mr. Collins stated that he contacted him to agree to write a letter giving him that information.

Village President McCombie asked whether or not Mr. Rycraft will return to work if found to be fit for duty. Attorney Collins replied that he may elect to return to work or, if he elects not to return, his disability pension until will cease. When he reaches the age of 50, Mr. Rycraft will qualify to begin receiving a regular pension.

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

### **Executive Session**

None.

### **New Business**

Edward Rentka Transfer of Creditable Service. President Cordell stated for the record that former SBPD Officer Rentka (from 1991-1993) has requested the transfer of his creditable service to the Darien Police Pension. Treasurer Bodie stated that we sent a check in the amount of \$47,676.02. Motion to approve the payment was made by Mr. Lopez and seconded by Mr. Abbate; motion carried by roll call vote.

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

IPPCA Spring Conference. President Cordell announced the 2017 Spring Illinois Public Pension Advisory Board (IPPAC) seminar will be held in Rock Island May 17-19, 2017. Educational and ethics training will be available and will satisfy the state training requirements for pension board trustees.

Election of Active and Beneficiary Members. The bi-annual election for Board members will be held next week. New members will take office in May.

#### Payment of Bills

Mr. Abbate motioned, and Mr. Weidig seconded to pay the following bills:

\$775.00 payable to Cary Collins for legal retainer Apr-Jun 2017.

\$2,943.00 payable to Mitchell, Vaught & Taylor Inc. for investment management services Apr-Jun 2017; delivered via electronic transfer;

\$750.00 payable John N. Stamelos, M.D. to review medical records of Robert Rycraft. Invoice dated 3/13/2017;

\$47,676.62 payable to the Darien Police Pension Fund for transfer of creditable service for Edward Rentka;

\$1,400.00 payable to Illinois Public Pension Advisory Committee for four (4) member registrations to the IPPAC Spring Seminar Conference and Educational Seminar May 17-19, 2017;

\$608.22 payable to Jumer's Casino & Hotel for lodging expenses for 3 persons (2 nights each) at the IPPAC Spring Seminar, May 17-19, 2017;

\$11.00 payable to the Kane County Clerk for notary public filing fee for Recording Secretary Lampugnano.

Total amount: \$54,163.84

The motion carried by roll call vote.

Mr. Cordell    yes

Mr. Lopez     yes

Mr. Weidig    yes

Mr. Matuska   yes

Mr. Abbate    yes

**Adjournment**

Mr. Weidig motioned, and Mr. Lopez seconded, to adjourn the meeting. The motion carried by voice vote. The meeting adjourned at 6:05 pm.

The minutes of the April 11, 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