

1 Minutes of the Regular Meeting of the
2 South Barrington Police Pension Fund
3 Held on Tuesday, October 10, 2017
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 4:35 pm.
9

10 Roll Call

11 Roll call was taken. Present: Board Trustees Ray Cordell, Sam Lopez, Joe Abbate, Adam
12 Puralewski and Trustee-elect Edgar Alvarado. A quorum was present. Also present were
13 Treasurer Michelle Bodie, Attorney Cary Collins, Village President Paula McCombie,
14 Village Trustee Anthony Stagno, Police Chief Tom Roman, MVT Investment Advisors
15 Bill Yocius and Jim Nowicki, and Mr. Todd Schroeder of Lauterbach & Amen, LLP.
16

17 Public Comment

18 President Cordell recognized the contributions of Trustee Lou Matuska to the Pension
19 Fund. Mr. Matuska retired last month. President Cordell read into the record the inscription
20 on a plaque offered to Mr. Matuska "...with grateful appreciation for your dedication and
21 commitment to the South Barrington Police Pension Board 2013-2017." Mr. Cordell also
22 welcomed Trustee-elect Edgar Alvarado who will be appointed to the Police Pension
23 Board by the Village Board of Trustees on Thursday.
24

25 Approval of Minutes

26 Mr. Abbate motioned to accept the minutes of the July 11, 2017 regular meeting as written.
27 Mr. Lopez seconded. Motion carried by voice vote.
28

29 Actuarial Valuation as of April 30, 2017

30 Todd Schroeder of Lauterbach & Amen, LLP gave a summary report of the Actuarial
31 Valuation using data as of April 30, 2017. He walked members through the process of
32 determining the actuarial valuation as of April 30, 2016 and highlighting the changes from
33 last year. He noted that there was a \$22,000 increase in contributions this year over last
34 year. The market value of the assets is \$9,246,515 and the actuarial value of the assets is
35 \$9,581,528.
36

37 Mr. Schroeder fielded questions regarding the report, specifically about how data is
38 calculated. He stated that calculations are made every year, and every 4 to 5 years
39 Lauterbach & Amen conducts a full review of pension funds throughout the region to
40 update their actuarial assumptions. The review was done last year.
41

42 Mr. Stagno asked about the mortality studies done to support the assumptions. He was
43 concerned that the assumptions have not been realistic and do not reflect the true cost. Mr.
44 Schroeder stated that the most current mortality study was done in 2014 and used data
45 from 2006. He stated that we also expect continued improvements in the mortality tables in

46 the future. The table will be updated annually and they will keep it current so as to lessen
47 the volatility. He stated that for this review they looked at 105 police pension funds. The
48 improvement factors (less smoking, less heart disease, etc.) have increased life expectancy
49 of retirees.

50

51 The current assumption is 6.25%. This rate is set by the Village Board of Trustees. After
52 the fund reaches a value of \$10 million, the assumption will increase to 6.75%. The
53 statutory minimum requirement contribution is \$570,582 but the valuation report
54 recommends a contribution of \$827,293.

55

56 Mr. Abbate motioned, and Mr. Lopez seconded, to accept the actuarial valuation as of
57 April 30, 2017 as written. The motion carried by roll call vote.

58 Mr. Cordell yes

59 Mr. Abbate yes

60 Mr. Lopez yes

61 Mr. Puralewski yes

62

63 Investment Advisor's Report

64 Investment Advisor Nowicki reviewed the portfolio for the 3rd quarter 2017. He reported
65 that, like last quarter, the fund did well with a net investment gain of \$205,141 and a net
66 investment gain of \$3,053,393 since 2008 when MVT began advising the Board. We beat
67 the benchmark this quarter. Mr. Nowicki reported that equities had a very strong quarter
68 and that all international investments beat their benchmark.

69

70 Bond prices increased during this quarter but were volatile which affected the longer
71 maturity bonds. Shorter durations performed better than longer durations. Equities also
72 performed well. Oakmark and Oppenheimer did well, and T.R. Price Healthcare
73 outperformed the benchmark. Growth stocks performed the best this quarter. Going
74 forward he recommended fixed corporate debt and shorter than target duration bonds.

75

76 Mr. Yocius answered questions from Trustee-elect Alvarado regarding bonds, stating that
77 they did not want to take the default risk on corporate bonds. That is one of the reasons our
78 corporate bonds tend to be of shorter duration.

79

80 Questions were entertained regarding the portfolio performance. Mr. Alvarado asked for an
81 attribution table to help him better understand the total return against the benchmark. Mr.
82 Yocius agreed to provide it for him.

83

84 Mr. Abbate motioned to ratify the transactions and trades as enumerated on pages 17-19 of
85 the MVT 3rd Quarterly 2017 Report. Seconded by Mr. Lopez; the motion carried by voice
86 vote.

87

88 Mr. Lopez motioned to accept the Investment Advisor report as given. Mr. Abbate
89 seconded; the motion carried by voice vote.

90

91 Attorney Report

92 Attorney Collins requested that the Board adjourn into Executive Session to discuss the
93 Robert Rycraft case. President Cordell suggested that they postpone the Executive Session
94 till the end of the meeting; the Board agreed.

95
96 Mr. Collins answered questions regarding the Rules and Regulations that were revised and
97 distributed at the last meeting. The Rules were edited to include language that requires the
98 Board to take bids from financial services companies at least once every five years. Mr.
99 Lopez motioned to accept the Pension Board 2017 Revised Rules and Regulations as
100 written. Seconded by Mr. Puralewski; the motion carried by roll call vote.

101 Mr. Cordell yes
102 Mr. Abbate yes
103 Mr. Lopez yes
104 Mr. Puralewski yes

105

106 New Business

107 Required Reporting to Municipality by Pension Board. Mr. Abbate motioned to accept the
108 report to the Village of South Barrington summarizing the activity of the Police Pension
109 Board for the fiscal year to date ending April 30, 2018. Seconded by Mr. Lopez; the
110 motion carried by voice vote.

111 Mr. Cordell yes
112 Mr. Abbate yes
113 Mr. Lopez yes
114 Mr. Puralewski yes

115

116 Acceptance of the IDOI Annual Statement. Mr. Abbate motioned to accept the Illinois
117 Department of Insurance Annual Statement as of April 30, 2017. Seconded by Mr. Lopez;
118 the motion carried by voice vote. The statement was signed by President Cordell, Secretary
119 Puralewski, and Treasurer Bodie.

120

121 Selection of 2018 Regular Meeting Dates.

122 The regular quarterly meeting of Pension Board will be held at 4:30 p.m. in Rose Hall on
123 the following dates.

124 January 9, 2018

125 April 10, 2018

126 July 10, 2018

127 October 9, 2018

128

129 Payment of Bills.

130 Mr. Lopez motioned and Mr. Puralewski seconded to pay the following bills in a total
131 amount of \$9,770.10.

132

133 \$775.00 payable to Cary Collins for legal retainer Oct-Dec 2017.

134

135 \$2,942.50 payable to Mitchell, Vaught & Taylor Inc. for investment management services
136 Oct-Dec 2017; delivered via electronic transfer;

137

138 \$1,200.00 payable to INSPE Associates, for additional review and written report of Robert
139 Rycraft by Dr. James A. Hill;
140
141 \$967.68 payable to Illinois Bone And Joint Institute, LLC for functional capacity
142 evaluation of Robert Rycraft on August 21, 2017 (paid on 8/4/17);
143
144 \$3,600.00 payable to Lauterbach & Amen, LLP for preparation of the Actuarial Report for
145 FY ending April 30, 2017;
146
147 \$235.00 payable to Eastern Illinois University for Pension Administrator training for
148 Michelle Bodie
149
150 \$49.92 payable to Mary Lampugnano for reimbursement for personalized plaque for
151 retiring Board member Lou Matuska.
152
153 Motion carried by roll call vote.
154 Mr. Cordell yes
155 Mr. Puralewski yes
156 Mr. Lopez yes
157 Mr. Abbate yes
158
159 Executive Session
160 Motion was made. by Mr. Abbate, and seconded by Mr. Lopez, to go into Executive
161 Session pursuant to Section 2(c)(1) of the Open Meetings Act. Roll call was taken. Present:
162 Mr. Cordell, Mr. Lopez, Mr. Puralewski, Mr. Abbate, and Mr. Alvarado.
163 Also present were Treasurer Michelle Bodie, Attorney Cary Collins, Village President
164 Paula McCombie, and Police Chief Tom Roman. The Board entered into Executive
165 Session at 6:29 p.m.
166
167 Attorney Collins updated the Board on the Robert Rycraft fitness for duty case.
168
169 Motion was made by Mr. Lopez to leave Executive Session and return to Regular Session.
170 Mr. Abbate seconded the motion. Motion carried. The Board moved back in to Regular
171 Session at 6:50 p.m.
172 Mr. Cordell yes
173 Mr. Abbate yes
174 Mr. Lopez yes
175 Mr. Puralewski yes
176
177 Other Business
178 Treasurer Bodie distributed a list of Illinois public pension funds that summarized and
179 ranked them. South Barrington ranked 251 and yielded a 5.5% return over the last 10
180 years.
181
182 Adjournment

183 Mr. Lopez motioned, and Mr. Abbate seconded, to adjourn the meeting. The motion
184 carried by voice vote. The meeting adjourned at 6:59 pm.

185

186 The minutes of the October 10, 2017 South Barrington Police Department Police Pension
187 Board regular meeting are respectfully submitted.

188 Mary Lampugnano, Recording Secretary.

189

190

191 These minutes were approved on

192 This 9 day of January, 2018

193

194

195

196 Signature 