

Minutes of the Special Meeting of the Investment Committee  
Of the South Barrington Police Pension Fund  
Held on Thursday, May 3, 2018  
2:00 p.m. in William R. Rose Hall

Call to Order – Chairman Alvarado called the meeting to order at 2:00 pm.

Roll Call - Roll call was taken. Present: Chairman Edgar Alvarado, Trustee Sam Lopez, and Trustee Adam Puralewski. A quorum was present. Also present was Pension Fund President Ray Cordell, Pension and Village Trustee Joe Abbate, Village President Paula McCombie, Village Trustee Dr. Anthony Stagno, MVT Advisor Bill Yocius and Treasurer Michelle Bodie.

Public Comment – Village Trustee Stagno addressed the committee and MVT advisor Bill Yocius with his concerns related to MVT's purchase of a fixed investment in March for the South Barrington portfolio. Bill Yocius responded that no compensation, including "soft dollars", was received by MVT for this purchase.

New Business - The purpose of the meeting is to determine how to transition the portfolio to a position of 65% investment in equity. MVT Advisor Bill Yocius distributed a prepared report listing all the fixed investments with their current market values divided under headings of "Keep", "Mature" and "Sell". The "Mature" investments total \$499,237 for fixed investments maturing within the next 90 days. The "Sell" investments total \$1,006,261 for fixed investments MVT recommends the fund sell to invest in equity investments.

Advisor Yocius described his evaluation process which targeted those investments which have generated more income than unrealized loss and which have been held by the fund the longest. Another of his objectives was for the fixed investment sales transaction to be "duration neutral" to the portfolio because our current duration is close to the 75% of the benchmark duration of 3.8 years, which is the maximum spread allowed by the investment policy.

Advisor Yocius reviewed the "What If" and Parallel Simulation spreadsheets he prepared to further explain the reasoning for the list of investments to sell. He was able to demonstrate that the duration will change by .063 years and the book yield will decrease by only .089%. In response to a question regarding the expense to liquidate these investments, Yocius responded the transaction cost is \$15 for an overall fee of \$120 for all issues.

After discussion, Trustee Lopez made a motion to direct MVT to sell the fixed investments as recommended and invest the proceeds in the Vanguard Total Index Fund. Trustee Puralewski seconded the motion. The motion was approved by roll call.

Chairman Alvarado    Yes  
Trustee Lopez        Yes  
Trustee Puralewski   Yes

With regard to the ongoing fixed income investment maturities, Trustee Alvarado made a motion to invest those funds in the Vanguard Total Index Fund. Trustee Puralewski seconded the motion. The motion was approved by roll call.

Chairman Alvarado    Yes

Trustee Lopez        Yes  
Trustee Puralewski    Yes

Chairman Alvarado discussed the next phase the Investment Committee would need to contemplate, what the equity investment portfolio should look like long term. The Committee will need to determine a tactical investment strategy by evaluating aspects such as the use of active versus passive managed investments and the use of growth versus value funds.

The members of the Committee agreed to meet on Wednesday, May 30, 2018 at 4 pm to discuss the tactical investment strategy for the pension fund.

Old Business - None

Adjournment. Trustee Lopez motioned and Trustee Puralewski seconded, to adjourn the meeting. The motion carried by voice vote. The meeting adjourned at 3:00 pm.

The minutes of the May 3, 2018 South Barrington Police Pension Investment Committee special meeting are respectfully submitted.

Michelle Bodie, Treasurer

These minutes were approved on  
This 30<sup>th</sup> day of May, 2018

Edgardo Alvarado  
Signature