

LAKE BLUFF POLICE PENSION FUND  
REGULAR BOARD MEETING  
April 21, 2016 5:30 P.M.

Roll Call

President Pro-Tem Betz called the regular meeting to order at 5:38 P.M. at the Lake Bluff Public Safety Building Conference Room.

Trustees Present: Brad Adams, Mark Betz, and Catharine Lemieux.

Trustees Absent: Tom Vinson and Erik Gehrke.

Others Present: Treasurer Susan Griffin, Attorney Chris Freiberg, and Graystone Consulting Advisor James Kolbusz.

Non-Agenda Items and Visitors

None

Approval of Meeting Minutes

*Trustee Adams moved to approve the January 21, 2016 minutes as presented; seconded by Trustee Lemieux and approved unanimously on a voice vote.*

**1. Investments/Investment Policy**

**a. Investment Report**

Mr. Kolbusz distributed an investment report as of March 31, 2016. He discussed the capital markets overview for the 1<sup>st</sup> quarter of 2016. He noted that the portfolio is intentionally overweight in cash by \$247k and underweight in fixed assets by \$209k. The time weighted returns for the portfolio for the fiscal year is -1.88% compared to the custom benchmark of -0.72%. Much of this loss is attributed to ASB Capital Management performance of -5.96% for the fiscal year. Mr. Kolbusz stated that MSSB had meeting with ASB Capital regarding their performance. Trustee Lemieux inquired if the recent growth in ASB performance is attributed to investment in a riskier asset class. Mr. Kolbusz replied that ASB has not made significant changes to its strategy. Trustee Lemieux asked about outlook for ASB performance as they manage 16% of the fund's portfolio. Mr. Kolbusz commented that the Board could move an additional 1-2% of the domestic equity portfolio managed by ASB to a large cap investment. Trustee Adams suggested moving 1-2% in increments from ASB to iShares S&P large cap based on current market values.

Mr. Kolbusz highlighted the Cohen & Steers REIT fiscal year performance of 0.04% compared to the FTSE NAREIT (All Equity RE at 10.11%. He highlighted the inclusion of total fund performance and total asset allocation charts on page 8 and discussion ensued regarding the risk/return analysis chart (since 1/1/13) of the Fund compared to its custom benchmark.

*Trustee Adams moved to authorize the reallocation of 2% (of the current market value) of the domestic equity portfolio managed by ASB to the iShares large cap fund; seconded by Trustee Betz and approved on the following roll call vote: Ayes: Adams, Betz, and Lemieux. Nays: None.*

**2. Treasurer's Report**

Treasurer Griffin reviewed the Statement of Net Assets and Changes in Net Assets reflecting unaudited net assets as of March 31, 2016 of \$8,942,902 and estimated to be \$8,894,130 as of April 30<sup>th</sup>. She noted that the April estimate does not include the unrealized gain from the mark-to-market of the investments at April 30, 2016.

Treasurer Griffin advised the Board that the personal property replacement tax (PPRT) will be reduced due to a notice from the State that some income tax revenue was misclassified as replacement taxes for years 2014 and 2015 resulting in an overpayment of PPRT to municipalities. This resulted in approximately \$780 being overpaid to the Police Pension Fund. This amount will be deducted from FY2016 revenue and shown as a receivable as it is expected to be repaid in calendar year 2017 (the State has not announced the repayment plan at this time.)

*Trustee Adams moved to accept the Treasurer's Report, seconded by Trustee Lemieux and approved unanimously on a voice vote.*

**3. Pension Trustee Elections & Appointments (Lemieux, Betz, Vinson & Gehrke)**

The terms of Trustees Betz, Gehrke, and Vinson expire as of April 30, 2016. Treasurer Griffin sent notices to all beneficiaries and active participants for nominations for the two Active Trustee positions and the one Beneficiary Trustee position. Sergeant Gehrke and Officer Vinson were the only nominees from among the active participants and Officer Betz was the only nominee from the beneficiaries. Treasurer Griffin noted that five responses were received from beneficiaries' ballots - all for Trustee Betz - and nine ballots were received from the active officers - all voting for Trustees Gehrke and Vinson. The Board certified the results of this election. Trustee Lemieux clarified her intention to serve until the end of 2016. Treasurer Griffin commented that Village President O'Hara has been advised of this and will begin recruitment of a replacement trustee.

**4. Disability Pension Recipients Annual Physical Examination**

The Illinois Municipal Code 40, ILCS 5/3-115 states that "Medical examination of a police officer retired for disability shall be made at least once each year prior to attainment of age 50, as verification of the continuance of disability for service as a police officer. No examination shall be required after age 50." President Vinson reported that Attorney Collins advised him that recipients Betz, Canzoneri and Landy were all examined by a qualified physician and they all continue to be physically unable to return to duty.

**5. Liability Insurance Discussion**

Pursuant to a request from Trustee Adams regarding information on the Village's liability insurance for Pension Board Trustees Treasurer Griffin contacted the Village's insurance administrator, Intergovernmental Risk Management Association ("IRMA"). The Village has public officials (which includes Pension Board Trustees) liability ("POL") coverage but it does not include fiduciary liability coverage. Fiduciary liability is typically excluded under POL policies. Discussion ensued regarding the reason for fiduciary liability insurance. IRMA has an optional fiduciary liability coverage program for police pension boards that can be pursued if the trustees desire to pay for this coverage. Treasurer Griffin obtained the application for this insurance but noted that there are questions that require the Board's consideration. A quote would be provided upon completion and submission of the application to the broker. Trustee Adams requested that Attorney Cary Collins opine on this matter.

**6. Board Member Training Updates**

Having completed the new trustee certification training, Trustee Adams has until June 2017 to complete the 16 hours continuing education which must include 8 hours of ethics training.

**7. Executive Session - None**Items from the Members/Treasurer

Treasurer Griffin suggested a meeting with the Committee of the Whole at 6:00 PM before the May 9<sup>th</sup> or June 13<sup>th</sup> at Village Board regular meeting to discuss the actuarial assumptions for the Police Pension Plan FY2016 valuation. The Village's actuary, Kathleen Manning will be in attendance. Trustees Lemieux, Adams and Betz are available on May 9<sup>th</sup>. Trustee Lemieux is not available on June 13<sup>th</sup>. Treasurer Griffin will present this request to the Village Board and President Vinson and Vice-President Gehrke for their availability.

Trustee Adams suggested that the meetings be held in the Community Room as the Conference room gets crowded when all Trustees and others are in attendance.

Next Board Meeting Dates

- The 2016 regular meetings are scheduled for: **Thursday at 5:30 PM in the Lake Bluff Public Safety Community Room July 21, and October 20, 2016.**

Adjournment

At 7:12 P.M. Trustee Adams moved to adjourn the meeting; Trustee Lemieux seconded the motion and it was approved unanimously on a voice vote.

Respectfully submitted,

Mark Betz  
Secretary

Susan Griffin  
Treasurer/Recording Secretary