

LAKE BLUFF POLICE PENSION FUND
REGULAR BOARD MEETING
April 16, 2015 5:30 P.M.

Roll Call

President Vinson called the regular meeting to order at 5:40 P.M. at the Lake Bluff Public Safety Building Conference Room.

Trustees Present: Brad Adams, Mark Betz, and Tom Vinson.

Trustees Absent: Erik Gehrke and Catharine Lemieux

Others Present: Treasurer Susan Griffin, Attorney Cary Collins, and Graystone Consulting Advisors Thomas McShane and James Kolbusz.

Non-Agenda Items and Visitors

None

Approval of Meeting Minutes

President Vinson moved to approve the October 16, 2014 minutes as presented; seconded by Trustee Betz and approved unanimously on a voice vote. President Vinson moved to approve the January 15, 2015 minutes as presented; seconded by Trustee Adams and approved unanimously on a voice vote.

1. Treasurer's Report

Treasurer Griffin reviewed the Statement of Net Assets and Changes in Statement of Net Assets reflecting unaudited net assets as of March 31, 2015 of \$8,753,761. She noted that the additions from May 2014-March 2015 equal \$954,478 and the deductions total \$759,030 increasing the net assets by \$195,448. She noted that the 2013 property tax monies have been received in the amount of \$603,833 and that the 2014 property tax levy of \$640,595 has been filed with the County and will be received in June and September with small amounts received from May-October. *President Vinson moved to accept the Treasurer's Report, seconded by Trustee Betz and approved unanimously on a voice vote.*

2. Investments/Investment Policy

a. Investment Report

Mr. McShane began by discussing the cash flow requirements for April-June until the Pension Fund begins to receive the 2014 property tax distributions. Mr. Kolbusz distributed an investment report as of March 31, 2015. Mr. McShane noted that the Plan is overweight in US large cap equities by 7.99% and underweight in fixed income by 1.62%. He suggested that the emerging markets and international equities should be combined making the target allocation 16%. He then drew the Trustees' attention to the Emerging Market signposts on page 8 of the Investor's Monthly (prepared by the members of Morgan Stanley Global Investment Committee.) He also noted that the 10 year bond is 1.85%.

Mr. Kolbusz reviewed the portfolio target allocations and performance by asset class compared to the fund total and benchmarks, respectively. The portfolio returned 8.33% compared to its custom benchmark of 6.22% exceeding the benchmark by 2.11% net of fees for the past two years. The Plan exceeds the 45% equity maximum allowed by Statute by 2.39% or about \$200,000. Messrs. McShane and Kolbusz suggest holding this excess in cash to shorten the duration of the portfolio. *Trustee Betz moved to authorize the reallocation of \$200,000 from ASB equity managers to cash; seconded by President Vinson and approved on the following roll call vote: Ayes: Adams, Betz & Vinson. Nays: None.*

Mr. Kolbusz highlighted the portfolio characteristics noting that the alpha is the excess risk adjusted returns and the Sharpe ratio reflects the incremental returns relative to risk of an asset with a higher number being better. ASB Capital Markets' sluggish returns are indicative of its overweight position in the financial services sector. Mr. McShane reviewed the selection process for equity managers noting that ASB's performance is compared to other managers with similar strategies. Attorney Collins stated that the Statutes require a listing each quarter of the investment fees charged to the Plan. Mr. McShane replied that the Graystone Consulting fees are 25 basis

points. He discussed the impact of the price of the dollar on the international markets' returns noting the Harding Loevner has a growth strategy while other firms like Tweedy Browne Global hedge the cost of the dollar in their investment strategy. He distributed an International Equity Mutual Fund Review to the Trustees for consideration of other international equity managers at the next meeting.

b. Investment Policy

Mr. McShane suggested that the Investment Policy should be reviewed at the next meeting. Treasurer Griffin will send the current approved Investment Policy to the Trustees, Messrs. McShane and Kolbusz, and Attorney Collins.

3. Disability Pensions Annual Physical Examinations

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." Treasurer Griffin noted that, in the past, Attorney Collins has coordinated the scheduling of the examinations with the physician and the disabled officer. He receives the medical report and provides the results to the Pension Board. Disability pension recipients Betz, Canzoneri, and Landy are under age 50 and subject to this examination. The Trustees agreed to authorize Attorney Collins to coordinate the fitness for duty examinations for the disability pension recipients pursuant to the IL Municipal Code.

4. Elections and Appointments Status

Mr. Bradford Adams was appointed to the Pension Board at the Village Board meeting on March 23, 2015 for a two-year term. Mr. Adams fills the vacancy left by Mr. Michael Inman who resigned from the Board because he moved from Lake Bluff making him no longer eligible to continue as a Trustee.

5. Board Member Training Updates

No training updates were provided.

6. Executive Session – None

Items from the Members

None

Next Board Meeting Dates

- The 2014-15 regular meetings are scheduled for: **Thursday at 5:30 PM in the Lake Bluff Public Safety Conference room August 13 and October 15, 2015. Note that the July meeting has been postponed to August 13th due to the unavailability of several members during July.**

Adjournment

At 7:04 P.M. Trustee Adams moved to adjourn the meeting; Trustee Betz seconded the motion and it was approved unanimously on a voice vote.

Respectfully submitted,

Mark Betz
Secretary

Susan Griffin
Treasurer/Recording Secretary