

LAKE BLUFF POLICE PENSION FUND
REGULAR BOARD MEETING
October 15, 2015 5:30 P.M.

Roll Call

President Vinson 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, Erik Gehrke (arrived at 5:43), Catharine Lemieux and Tom Vinson.

Trustees Absent: None.

Others Present: Treasurer Susan Griffin, Attorney Barbara Bell, Graystone Consulting Advisor James Kolbusz, and Marty McLaughlin, ASB Managing Director (via telephone).

Non-Agenda Items and Visitors

None

Approval of Meeting Minutes

Trustee Adams stated that the August 13th minutes, Item #3-Investments should reflect that the Board authorized \$240,000 in transfers from ASB Capital Management at \$120,000 each for two months. *Trustee Lemieux moved to approve the August 13, 2015 minutes as amended; seconded by Trustee Adams and approved unanimously on a voice vote.*

Amend the Order of Business

Trustee Lemieux moved to amend the agenda to discuss Item #3 – Investment Report first; Trustee Adams seconded and the motion was approved unanimously on a voice vote.

1. Investments/Investment Policy

a. Investment Report

Mr. Kolbusz distributed a large cap core equity review and market commentary dated October 15, 2015 prepared by ASB Capital. Mr. Marty McLaughlin, ASB Capital Managing Director (participating by telephone) noted that ASB has outperformed the market in 11 of the past 16 years. He explained that the underperformance of the plan's stock portfolio in 2015 is due to growth companies performing better than value/core companies and the unanticipated 50% drop in oil prices. He commented that Amazon price is 350 times its earnings compared to the S&P at 18 times earnings. ASB will continue its strategy of purchasing fundamentally sound businesses and corporations that return cash to the investors. Mr. McLaughlin's call ended at 6:05 PM.

In response to Trustee Lemieux's inquiry, Mr. Kolbusz stated that 22.5% of the portfolio is managed by ASB Capital Management.

Mr. Kolbusz distributed an investment report as of September 30, 2015. Mr. Kolbusz reviewed the portfolio target allocations and performance by asset class compared to the fund total and benchmarks, respectively. He highlighted the Harding Loevner mutual fund purchase of \$120,000 in September (as well another planned \$120,000 in October) and suggested a review of the Cohen & Steers mutual fund and mid-small cap investments at the next meeting. The portfolio is underweight in international equities by 7.67% and overweight in mid-cap equities by 2.58%, cash equivalents by 2.89%, and large cap equity by 2.51%.

Mr. Kolbusz recommends reducing the fixed income portfolio by \$240,000 over 2 months (\$120,000 during November & December) and reallocating the funds to Harding Loevner and reducing the ASB equities by 25% (based on the 10/14/15 market value) to S&P 500 either SPDR or iShares EFT to be selected based on the fees. *Trustee Adams moved to authorize the reallocation of funds as discussed; seconded by Trustee Betz and approved on the following roll call vote: Ayes: Adams, Betz, Gehrke, Lemieux, and Vinson. Nays: None.*

2. Review of Actuarial Valuation and 2015 Levy Request

Treasurer Griffin presented the highlights of the Police Pension Fund FY2015 Actuarial Valuation prepared by

Kathleen Manning of MWM Consulting. She noted that the actuary recommends a total Village contribution of \$650,024 or 51.9% of payroll (based on the Entry Age Normal Cost method). This 2015 recommended levy amount is 1.5% greater than the prior year of \$640,595. The funded ratio increased as of April 30, 2015 to 57.60% from 53.73% under the more conservative EANC method. The recommended contribution is projected to reduce the unfunded liability to 10% by 2040 as required by law with reasonably level annual contributions. This property tax revenue will be received in the fiscal year beginning May 1, 2016. Also in this package was the actuarial valuation prepared by the State of Illinois (based on the PUC method) requiring a levy of \$527,046. Multi-year historical Plan data was presented showing statistics on the fund for fiscal years 2003-2017. *Trustee Adams moved to request a 2015 property tax levy for police pension purposes in the amount of at least \$650,024; the motion was seconded by Trustee Betz and approved upon a roll call vote. Ayes: Adams, Betz, Gehrke, Lemieux, and Vinson. Nays: None.*

3. Treasurer's Report

Treasurer Griffin reviewed the Statement of Net Assets and Changes in Net Assets reflecting unaudited net assets as of September 30, 2015 of \$9,334,181 and the additions of \$766,585 and the deductions total of \$366,852 increasing the net assets by \$399,733. She noted that 97% of the 2014 property tax levy of \$640,595 has been received. The remaining balance will be received October-December. *President Vinson moved to accept the Treasurer's Report, seconded by Trustee Adams and approved unanimously on a voice vote.*

4. Review of Pension Recipients Benefits and 2016 Pension Increase

Pursuant to the Illinois Municipal Code 40, ILCS 5/3-111.1 (d)(f), (2006) retirees upon the attainment of age 55 are eligible for a 3% annual increase in their retirement effective January 1st of each year; however, it does not include spouses of deceased retirees and disability annuitants. Treasurer Griffin presented a schedule of pension benefits as of December 31, 2015 and with the 3% increases effective January 1, 2016. *Trustee Adams moved to approve the pension benefits increases; Trustee Lemieux seconded the motion and it was approved on the following roll call vote: Ayes: Adams, Betz, Gehrke, Lemieux, and Vinson. Nays: None.*

5. Board Member Training Updates

Trustee Adams has registered for trustee certification training. Attorney Bell will send information on the IL Professional Firefighters Association training which is available to Police Pension Trustees.

6. Executive Session – None

Items from the Members/Treasurer

Treasurer Griffin asked for approval to pay the IL Public Pension Fund Association 2016 annual membership dues in the amount of \$795. After a brief discussion the members deferred resolution on this matter to the next meeting.

Next Board Meeting Dates

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

Adjournment

At 7:30 P.M. Trustee Lemieux moved to adjourn the meeting; Trustee Adams seconded the motion and it was approved unanimously on a voice vote.

Respectfully submitted,

Mark Betz
Secretary

Susan Griffin
Treasurer/Recording Secretary