

**GLENVIEW POLICE PENSION MEETING**  
**September 1, 2010**  
Next Meeting: Monday, December 6, 2010 @ 8:30am

**In Attendance:**

J. Foley  
G. Colis  
K. Christell

R. Francois  
S. Stewart

Graystone Consulting

\*Mary Tomanek

Lauterbach & Amen, LLP

\*Nathan Gaskill, CPA

\* Kelly Krueger

Actuarial

\*Art Tepfer

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**ROLL CALL:**

The meeting was called to order at 8:30am by Trustee Foley.

**MINUTES:**

Motion made to accept and approve the Minutes from the May 7, 2010 meeting by J. Foley with one change. The Minutes were approved and seconded by Trustee Colis and all others were in favor.

**TOMANEK:**

Reported that this was a very volatile quarter showing the potential for slow growth and the showing of Flash Traders, basically know as high-frequency trading, which implies speed trading. Firms make trades in a matter of microseconds or one-millionth of a second. Some trading firms try to catch fleeting moves in everything from stocks to currencies to commodities. They hunt for "signals," such as the movement of interest rates, that indicate which way parts of the market may move in short periods. Some try to find ways to take advantage of subtle quirks in the infrastructure of trading.

Thinks that rates will stay low in 2011 but the internal fixed rates did very well.

Asset Strategy Management under performed on the equity side. Mary has no recommendations at this time for change of funds but, may be looking at potential index approach for down the road. Maybe increase the equity component of the portfolio and revisit corporate bond strategy as it is a diversification issue.

At some point, the Board needs to even out (re-balancing) to 50-percent. This does not have to be done all at the same time but something for the Board to consider. The Board should keep in mind that the market is down at this time.

On the Fixed Income side, there is a bond that will mature on December 15, 2011 valued at \$130,000. Mary stated that it seems that no one is really watching this bond. She recommends that the Board keep an eye on it. Trustee Christell will check into the bond.

Reported that some trends are moving towards less rigid re-balancing structures and seeing this, some Boards have moved away from that strategy. It would be the Board's decision on what they would like to do.

Mary submitted an article from Morgan Stanley titled US Economics/Slam Dunk Stimulus. The article summarizes...

- information to facilitate refinancing of home mortgages
- would give homeowners more cash but would have negative impact of portfolios
- a quick way for politicians to get positive image without negative feedback from consumers (something to consider)

**FOLEY:**

Will ask Graystone Consulting to send a letter to the Village to authorize US Bank to pay the quarterly fees to Strategy Asset Management. This is requested to aid mandatory reporting. The Board concurred.

Received an email from Maggie Bosley of L & A that the Glenview State Bank account is low on cash. Maggie is requesting a transfer of \$550,000 be made to off-set funds in the account. Recommended SmithBarney request a transfer from their cash account to the Glenview State Bank account so payroll for the next few months would be available to L & A. The Board agreed.

Reported retired police officer Nick Aitkin turned 50 on Aug 31, 2010 is now eligible to collect his police pension.

Reported on previous findings that the municipality has not been levying a tax amount equal to the actuarially determined amount. The Village response is that when submitting the levy amount to Cook County, the Village of Glenview has historically subtracted out the 3% when determining the Levy Ordinance amount. The County subsequently has added 3% for Loss and Costs to the levy amount to calculate the Total Levy. County does this to every municipality. The figures on the table indicate the Total Levy for the Police Pension for each of the Levy Years. These Total Levy figures are according to the Tax Levy Agency Report generated each year by Cook County. **Therefore, the Total Levy in each of the Levy Years 2005 through 2008 did equal or slightly exceed the Actuarially Required Levy Estimate.**

It should be noted that for the 2009 Tax Levy, the Village did not deduct the 3% for Loss and Cost.

Year of Levy	Tax Levy			
	Requirement Actuary's Estimate	Amount Levied	3% Loss & Cost	Total Levy
2005	940,502	917,476	27,524	945,000
2006	1,294,975	1,257,282	37,718	1,295,000
2007	1,319,434	1,281,553	38,447	1,320,000
2008	1,151,490	1,117,961	33,539	1,151,500

**COLIS:**

Addressed the Board with the question of, "should the Board re-balance on a set schedule?" meaning, should they stay on a quarterly basis? After discussion, the Board agreed to continue re-balancing at this time.

**GASKILL:**

Briefly touched on the Police Pension Fund Financial Report Month Ending July 31, 2010. The Plan Net Assets held in Trust for Pension Benefits are \$47,376,000. He stated he did not believe Cook County would release the final 2010 tax levy until January 2011. This lack of funding to the Village and subsequently the Fund hurt cash flow to billing.

**TEPFER:**

Art distributed the Police Pension Fund Actuarial Valuation as of January 1, 2010 for the Fiscal Year ending December 31, 2010. The results of the valuation indicate that the recommended minimum contribution from the Village for the next tax year is \$1,720,924 or 26.18% of current payroll. This contribution coupled with the anticipated \$625,373 or 9.91% of current payroll to be collected from participating police officers will be sufficient to meet the State statutory requirements described in 40ILCS 5/3. Further information is provided within his report. **Under state definition, the pension fund is projected to be 85.18% funded in 2010 and is in a very good financial position. It is well funded and ahead of the state average which is crucial.**

Art spoke of an issue regarding the Annual Statement which was brought to the Department of Insurance (DOI). Line 34.1 in the statement is never filled out and always zero (0). The DOI will make the correction. The DOI Annual Statement is not audited. Art believes it should be. The audit is important because the DOI report is used for other purposes. From an Actuarial standpoint, they are over stating their position because of the report. In general, there will be a slight overstatement of funding percentage.

Explained the Actuarial smoothing concept equals a smooth investment return. It reduces the impact of negative or positive spikes so his calculations do not use the actual numbers.

He touched on the:

- Derivation of Experience Gain (Loss) as of January 2, 2010... Pg 17
- Development of Actuarial Value of Assets...Pg 22

**MOTIONS MADE:**

Remove 2-million from Strategy Asset Management bond portfolio. Divide 1-million between Royce Premier (small value) and Ariel Funds (mid value), each receiving \$500,000 and the other million placed into Vanguard Interim Fund to re-balance the Fund. This motion was made by Trustee Christell and seconded by Trustee Colis. All were in favor.

The Board has requested that Art Tepfer, Actuarial (Tepfer Consulting Group) be retained as the Actuarial for 2011. This motion was made by Trustee Christell and seconded by Trustee Colis. All were in favor.

Trustee Foley reported that the wrong date of birth was reflected on the paperwork for deceased officer Lind Mickie which created an incorrect payout of pension funds to his widow in the amount of \$2315.04. L & A did the calculation of the 2002 error discovered in the 2009 DOI audit. Her account is now correct. Motion was made to forgive the difference. Motion made that the money will not be retrieved from Mickie's widow because she is on a fixed income and any future cases will be handled on an individual basis. This motion was made by Trustee Christell and seconded by Trustee Stewart. All were in favor.

Motion made by Trustee Foley to fund the IPPFA conference for Trustee Christell if his schedule will allow him to attend. Motion seconded by Trustee Stewart. All were in favor.

Motion made to adjourn meeting at 10:50am by Trustee Foley and seconded by Trustee Stewart. The next scheduled meeting will be Monday, December 6, 2010 @ 8:30am



Kevin Christell

Chairman – Police Pension Board