

GLENVIEW POLICE PENSION MEETING

January 28, 2010

Next Meeting: To be scheduled

In Attendance:

E. Bjankini
J. Foley
S. Turlek
T. Hileman

K. Christell
M. Tomanek
G. Colis

Speakers: Art Tepfer - Actuary
Strategy Asset Managers:
Bob DeMichele & Dennis Jamison
Sherry Lauterbach - L & A
Maggie Bosley - Finance

MINUTES:

Meeting called to order at 8:37a.m. by Trustee Bjankini who motioned to accept the minutes from the November 20, 2009 meeting. Minutes accepted and signed by Chairman Christell.

ART TEPFER:

Art is the Actuary for the Police Pension Fund. He gave a brief summary of his actuarial functions which consisted of analyzing past and present data while applying financial and statistical theories while communicating the outcome effectively to all parties involved. Art distributed his Actuarial Valuation Packet for FY January 1, 2009 - December 31, 2009. He also submitted a handout explaining the re-adjustment of the valuation of the Glenview Police Pension Fund for year ending December 31, 2009 to account for the non-passage of Senate Bill 2011.

Spoke of funded liabilities, unfunded liabilities and the cost along with how the process works, how the information is gathered, actions taken and the final outcome once all the information has been received.

Actuaries, including Art are using the 1984 Mortality table, AR2000

All changes and assumptions are openly communicated by Art to the Pension Board and the Village Finance Department. The next adjustment is scheduled for 2012. The last one was 2009.

The Valuation Objective percentage for the pension fund is in better shape than other average funds. It is a solid fund with good history of consistent returns.

Presented a comparison between the Actuarial Value of Assets and the Market Value of Assets for the current year and the five preceding years of 20% above and 20% below the Market Value of Assets.

Explained the Reconciliation of the Change in the Statutorily Required Village Contribution due to factors not limited to but including...*Increase in Normal Cost and Amortization Payment due to anticipated pay changes, Effects of Asset Smoothing, Increase/Decrease resulting from changes in assumptions, Gain (Loss) for the prior Plan Year, and Gain (Loss) all sources.*

**SB 2011 will extend the amortization of any Unfunded Liability to July 1, 2049. This Bill was not passed.*

Investment returns are out basing pension payments. The average return on investments for the pension fund for the previous five (5) year period is currently 6.87 percent. This return, considering current market conditions far exceeds most other pension funds.

TOMANEK:

Distributed to the Board, the Investment Performance Review for period ending December 31, 2009.

Suggested to the Board that they find an interest bearing institution to hold funds that will be liquidated.

At the November 20, 2009 meeting, Mary suggested to the Board that they research moving funds out of ING or look to a different MID Term Bond Fund Financial Manager.

STRATEGY ASSET MANAGERS (SAM):

On the recommendation of Mary Tomanek, Strategy Asset Managers (SAM) made their presentation to the Board. The presentation included Robert DeMichele, President and CEO along with Dennis Jamison, CFA, Senior Vice President and past financial manager of ING. SAM was founded in 2001 with portfolio managers having over 30-years of investment experience and offices located in New Jersey, California and Texas. They offer domestic and global equity investment strategies and domestic fixed income investment strategies.

Dennis Jamison was the key speaker. He is a portfolio manager and is responsible for GNMA and US Treasury portfolio management. He has over 35-years of investment experience. Prior to joining SAM IN 2009, Dennis was the senior vice president and fixed income portfolio manager at ING. During his time with ING (8-yrs), Dennis was managing the mid-term bond portion of the police department pension fund. Some highlights are...

- *He will provide outstanding service with honesty and integrity. Feels he can give the Board what they need*
- *He is dynamic in the type of mortgages that are purchased. He looks to buy at a gross spread which is cheaper than the market. Considers geographic areas and loan sizes*
- *Will design a portfolio for whatever Benchmark the Board deems. Feels that portfolios have internal values to them with a stable pattern, benchmark and high yielding*
- *Risks are controlled with the outlook of positive returns*
- *Is a full faith in credit investor*
- *Stated that every account is separately managed*
- *Goal is to provide a consistent return*

Dennis provided the Board with police pension client portfolios return information up to June 2009. Beat benchmark by 25-basis points over a period of time. Board portfolio is an 80/20 benchmark. These numbers are associated with ING.

COLIS:

Trustee Colis addressed the issue of Lauterbach and Amen performing duties for both the police pension and the Village/Finance. With the detailed work being performed by L & A, there should be more of a check and balance. L & A should not be checking their own work. This would be better off done by a third party.

Commented on the positive relationship within the Village environment to Village Manager Hileman and Sherry Lauterbach that they were doing a good job with the police pension fund.

In regards to the pension issues, Trustee Colis would like a Letter of Understanding stating that the Village of Glenview Director Ahner shall reconcile all funds associated with L & A and Harris Bank. She will report to Village Manager Hileman any irregularities and that she will be an authorized signer at Glenview State Bank.

With the Village using PMA Financial, the Pension Board would like to formalize the duties of PMA Financials in regard to bond transactions. This can be done per VM Hileman by coming up with procedure and contract. Sales and purchases of bonds will generate a fee upon any executed transaction, usually 5 basis points.

HILEMAN:

Village Manager Hileman attended the pension meeting and addressed the Board on the position of the Village and pension reform. The Pension Board members were informed that the Village Board had appropriately approved a property tax levy of \$1,758,051.00 under the assumption that SB 2011 would not pass.

Village Manager Hileman address Trustee Bjankini directly concerning an e-mail which was sent by Trustee Bjankini to VM Hileman and copied to Village President Cummings dated December 24, 2009, asking if the Village of Glenview had adopted the Northwest Municipal Conference (NWMC) agenda to make funding a police and fire pension's public debate. Village Manager Hileman stated that it was inappropriate of Trustee Bjankini to ask the Village Administration what they will decide to do in the future. That there is no agenda by the NWMC and Village Manager Hileman and President Cummings are advocating a more moderate approach to the issue at the NWMC meetings.

In addressing the issues brought forward by Trustee Colis, VM Hileman informed the Board that Amy Ahner, Director of Administrative Services will be the internal control conduit. She will route funds and be the third party for the needs of the pension fund. Amy will sign-off on the verification of funds that are distributed monthly.

Due to the fact that Mary Tomanek's husband who works for SmithBarney and is also a retired Glenview Police Officer, VM Hileman feels that there is a conflict with SmtihBarney taking on the role as the third party and handling funds for the Pension Board.

Would like the Board to know that if they have any issues or questions, the Board should come to Todd or President Cummings first where they would be happy to personally address the Pension Board. Looking for positive interaction.

BJANKINI:

In response to the e-mail dated December 24, 2009, Trustee Bjankini spoke to Village Manager Hileman. Trustee Bjankini stated that he learned of the NWMC agenda of making a public debate of municipal funding of public pensions by reading the posted and published minutes of recent NWMC open meetings. Trustee Bjankini read an article in the local section of the Tribune newspaper dated December 24, 2009 where President Cummings addressed municipal pension funding. President Cummings also addressed the League of Women Voters during a State of the Village dinner and spoke of an increase in Glenview's pension funding. Trustee Bjankini also

noted that the cost of funding the police and fire pensions was brought up at a recent Village Board meeting.

Trustee Bjankini advised Village Manager Hileman that he discussed these findings with Board members Foley, Christell and Colis individually. The Board believes that the issues presented by the NWMC and the Village President are best resolved in the political arena by elected representatives in Springfield. The Pension Board does not see anything positive in putting municipal funding of police pension in a public forum. The Board never wanted to engage a public debate concerning funding costs.

Provided a copy of The Report of Examination of the Glenview Police Pension Fund audit from the State of Illinois to President Christell and each Trustee.

Noted that the Pension Board and the Village Finance Department would be using the same firm for conducting financial transactions.

Submitted a copy of the SECURITY ADMINISTRATOR AUTHORIZATION form dated 12/28/09 stating that Kevin Christell, Eric Bjankini, Chris Clark and James Foley are the officers of the Pension Fund and that J. Foley is appointed as the Security Administrator who will be responsible for assigning roles for the completion and/or viewing of the annual statement filings.

Submitted a copy of the Department's Compliance Audit and Examination response to items 1 through 9 set forth in the "Summary of Findings."

Submitted a list of the scheduled pension benefit increases for calendar year 2010 which will be disbursed to pensioners by L & A.

S. LAUTERBACH:

Spoke of the unique situation working for the Village in Finance and the Police Pension Board simultaneously. Sherry touched on various procedural matters which include some valid issues and concerns such as...

- *Staff is sending staff money (valid concern to all)*
- *Letter of Direction with SmithBarney (transfer of funds to third party)*
- *Move main operation account to SmithBarney*
- *A fax is sent monthly to SmithBarney containing the dollar amount of pension payments. From there SmithBarney forwards the funds to Harris Bank*
- *L & A reconciles the movement of all monies, vendor checks with Harris Bank statements*
- *Annual audit completed by a third party*

Submitted the Glenview Police Pension Fund Monthly Financial Report for the Month End of December 31, 2009. The report consists of a monthly compilation Opinion, financial statements and supplementary information.

M. BOSLEY:

Maggie Bosley is affiliated with L & A as their Financial Consultant. She serves the Village by performing the upper level financial management functions as the Assistant Finance Director with the Finance Department.

The transferring of bonds and sales for the pension board has been conducted by Maggie. The executions are completed with the authorization of VM Hileman or AVM Chris Clark.

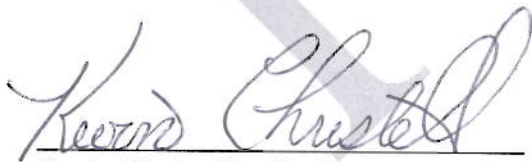
Maggie will be looking in to PMA Financial Network to see if they would take over the investment functions she has been conducting. PMA Financial provides investment consultations and management services to the Village and will provide the services of purchasing or selling bonds for the Police Pension Board upon their specific transaction instructions. Maggie will be contact PMA to get a better understanding of their functions.

State that there is no formal agreement with PMA Financial.

FOLEY:

A motion was made by Trustee Foley to move funds currently invested with ING to Strategy Asset Management. Motion seconded by Trustee Colis and agreed by all Board members.

Meeting adjourned at 11:11a.m.

A handwritten signature in cursive script, reading "Kevin Christell". The signature is written in black ink and is positioned above a horizontal line.

Kevin Christell - Chairman
Glenview Police Pension Board