

GLENVIEW POLICE PENSION MEETING

November 20, 2009

Next Meeting: January 2010

In Attendance:

E. Bjankini J. Foley
M. Tomanek C. Hansen
K. Christell G. Colis
S. Turlek

MINUTES:

The meeting was called to order at 8:30a.m. by Trustee Bjankini. Trustee Bjankini motioned to accept the minutes from the August 19, 2009 meeting. This was seconded by Trustee Colis. All were in favor of accepting the Minutes.

TOMANEK:

Mary distributed to the Board the Investment Performance Review for Period Ending September 30, 2009, Index Returns from January 1998 through June 2009, S & P 500 Economic Sectors and the Zephyr StyleAdvisor.

In her review of the financial statements, the funds had a great quarter. There was a lagging in returns last year but returns have improved year-to-date.

- S&P 500 earnings were very broad based for the quarter. Financials are down from last year but riskier assets did better this year
- Corporate Profits are down less but going at a slower pace
- Retail Sales have shown some improvements. The holiday season should show more.
- US Employment is showing a high unemployment rate of 17% but lay-offs are occurring less frequently.
- Federal Funds are at a rock-bottom level. The economy is still struggling and there is still a lot going on.
- S&P Index Performance comparisons over the years from 1965 – 2009 show a lot of similarity between the years.

Mary has recommended to the Board that they transfer the entire fund balance from Brandywine to AMCAP Large Growth Fund. This would give about a 2-million dollar position in AMCAP. Brandywine has underperformed the benchmark and is no longer recommended.

Stated that the year-to-date performance is ahead and suggested keeping as is.

Stated that this is not the best time to buy bonds/treasuries. The agency rates are low. The non-callable agency bond interest rates and retail are running at 1.9% for 2013 and 2.34% for 2014. There are lots of \$750,000 (institutional size investments) which should get another .03-.07 in additional returns. Treasuries are a quarter to half point less in yield.

Feels that the Board should research moving funds out of ING or look to a different MID Term bond fund Financial Manager. Dennis Jamison, past financial manager, has left ING and joined a new firm, Strategy Asset Manager LLC. Dennis brings the fixed income side to Strategy Asset Management LLC. Mary has recommended researching other Mid Term Bond fund management companies. Mary will schedule a meeting with the Board and

Dennis Jamison of Strategy Asset Manager LLC in January 2010 and other qualifying bond managers in December of 2009.

The Bond Maturity Schedule shows that there is a Strip that came due on 11/15/09 with a value of 2-million dollars.

COLIS:

Posed the question to the Board, "Being that the fund holds 21-million of government long term bonds, do we as a board continue to replenish the long term bond fund by laddering our bond portfolio or sub this out?"

BOARD:

Motion made by the Board to closeout Brandywine (\$937,145) and move to AMCAP Large Growth Fund. Motion was made by Trustee Bjankini and seconded by Trustee Colis. All other members were in full agreement of the motion.

President Christell and Trustee Colis have been re-appointed by Village President Kerry Cummings for another two-year term which expires 5/2011.

Board members signed the State Auditor's findings in the Report of Examination of the Pension Fund, Illinois Department of Insurance, Public Pension Division.

The Board approved the payment for the annual IPPFA annual membership dues for Trustees Bjankini and Foley.

Board has authorized Lauterbach & Amen, LLP to remit the IRS-Form 8655. This confirms to the IRS that the Board has authorized Lauterbach & Amen, LLP to remit the federal withholding taxes and to sign and file our 945 tax returns. This letter states that the Board is in compliance with all codes.

Board agreed to purchase two agency non-callable bonds in the amount of \$750,000 for 2013 and 2014.

BJANKINI:

Sharon Turlek, Assistant Human Resource Director attended the Board meeting in place of Chris Clark as the Village Treasurer's designee.

HB5088 – Municipal Compliance Report – Lauterbach & Amen has completed all necessary disclosures required by the new statute showing that the Pension Board is in compliance. The President and Secretary of the Pension Fund are required to sign the report. The Report must be provided to the Municipality before the tax levy is filed on the last Tuesday in December. There is a \$500 fee for completion of the Report. The report was given to the Village.

Shall set up a meeting with Lauterbach & Amen in regards to issues that continue to occur such as, pension payroll issues, government agency bids, transactions, bond transfers check & balance system along with other issues.

Authorization was given to Lauterbach & Amen, LLP to process the monthly pension and vendor disbursements. Authorization was given via signature of Board Chairman Kevin Christell and Village Treasurer, Todd Hileman.

Would like the Board to meet with Dennis Jamison of Strategy Assets and the McDonnell Group.

Checks from the IRS were received by the pension board. Not knowing what the checks were for, it was found that the IRS incorrectly posted funds. The funds will have to be returned.

D. Lubbat/Finance asked Trustee Bjankini if funds needing to be transferred to make pension payouts should be Board approved. She was advised that this should be an automatic process.

Concerns were brought to the meeting by Trustee Bjankini on several issues relating to the proper operation of pension funds.

- As a check & balance system, should there be a moderator to facilitate all money transfers, payroll being met, check on bond prices (sought & bought)?
- How does the Board address the fact that there is no independent Village Finance Director to oversee the pension business? The same company that was hired by the pension fund to do pension fund accounting also does the Village Finance business

Board was informed that meeting Minutes need to be signed by Board Chairman and a copy kept on file with Board Secretary. A signature line shall be added to all minutes. This will keep us in compliance with the state audit.

The Pension audit from the Illinois Department of Insurance was received from auditor Percy Wilkerson. The examiner's findings show that the Board needs to address items 1-9 of the summary in the meeting minutes. An extension was granted to 12/22/09. Written response of the auditor's findings will be drafted by Board attorney Rick Reimer.

Summary of Findings 1-9:

- 1. The municipality has not been levying a tax amount equal to the actual determined amount (Municipal Funding Requirement).** The Board is aware that the municipality's tax amount is not equal to the determined amount. This difference will be addressed between the Board and the Village of Glenview.
- 2. Deductions are being assessed on compensation paid to police officers for overtime (Contributions and Benefits).** The Village Finance Department has been made aware of the issue and is auditing the payroll records dating back to 2005 to determine what overpayments exist.
- 3. Deductions are being made on lump sum payments for unused accrued sick and vacation time earned (Contributions and Benefits).** The Village Finance Department has been made aware of the issue and is auditing all payroll records dating back to 2005 to determine what overpayments exist.
- 4. The following listing relates to the board granting initial pension increases, during the year of 2008, that differs from that mandated in the Pension Code:**
 - Mrs. Irene Mickie is being paid a monthly pension of \$3710.00
 - This has been adjusted and corrected (Lind Mickie's correct date of birth)
 - Mr. John O'Connell, III is being paid a monthly pension of \$4161.01
 - This is correct. Payouts were adjusted for two-years due to overpayment
 - Mr. Michael O'Connell is being paid a monthly pension of \$5617.60
 - This is correct. Payouts were adjusted for two-years due to overpayment
 - Bobby Caldwell is not a retiree of the Glenview Police Department

- *Mr. Ernest Pietrowiak is being paid a pension of \$2815.35*
 - *This is correct. The payout was calculated by the State of Illinois*
 - *Mr. Roger Roess is being paid a monthly pension of \$4569.42*
 - *Pension payout was 1-day early. Retirement date will be adjusted*
5. ***The municipality is not always assessing pension contributions based upon salary attached to rank. (Contribution and Benefits)*** *This is a Village Finance error. The Finance Department is looking into correcting the base pay. The problem will be resolved.*
 6. ***The fund's investment policy, with respect to contracts for investment services should be expanded to include a clause for the acknowledgement of fiduciary responsibility and investment fee disclosures. (Investment Policy)*** *Contracts for investment services do include a clause which is already in place. Fees are disclosed within our Minutes.*
 7. ***Many of the membership files did not contain a written application to come under the provisions of Article 3. (Membership Records)*** *Files are being updated with necessary information. Records will be updated placing us in compliance.*
 8. ***Membership files are lacking complete documentation. (Membership Records)*** *This issue has been addressed. All documentations will be provided.*
 9. ***Minutes of board meetings should be expanded to include those items listed in the "Corporate Records" section of this report. Will include terms of all pension board officers and elected trustees. All information shall be provided.***

FOLEY:

Meeting adjourned at 10:50am by Trustee Foley and seconded by Trustee Colis. The next meeting is scheduled for January 2010. Date undetermined at this time.

Kevin Christell - Chairman
Glenview Police Pension Board