

GLENVIEW POLICE PENSION MEETING

July 27, 2017

Next Regular Scheduled Meeting Date: October 27, 2017

In Attendance:

K. Christell - President
J. Foley – Board Secretary
R. Francois – Trustee
M. Untiedt – Trustee

M. Tomanek – Morgan Stanley
M. Bosley – Village Finance
D. Flessner – L & A
M. Formica – Village Administrator
D. Owen – Deputy Village Administrator

ROLL CALL:

The meeting was called to order at 8:31am by Board Secretary J. Foley.

MINUTES:

Motion to approve the April 27, 2017 minutes with one amendment. Motion made by K. Christell and seconded by J. Foley. All in favor.

TOMANEK:

Presented the Glenview Police Pension Fund Quarterly Performance Review ending June 30, 2017.

Police pension fund investment policy should be at 55%, which is the max.

Quarter in Review –

Risk markets globally continued to gain in the second quarter of 2017. Led by international markets it appears we are in the midst of the most synchronous global economic upturn since 2009.

For the quarter, earnings came in very strong, plus 14.7% which boosted US equities' performance. Nine of the 11 sectors within the S&P 500 generated positive returns in 2Q17. Health care, +7.1, Industrials and Financials rose 4.7% and 4.3%, respectively. The biggest laggards were Energy, which decreased 6.4%, and Telecom, which fell 7.0%.

Interest rates decreased during the second quarter, as the yield on the 10-year US Treasury note declined to 2.30% from 2.38%. Riskier parts of the bond market such as US high yield debt also increased in the second quarter. The Bloomberg Barclays Capital High Yield Index, rose 2.2%. The Fed remained hawkish by continuing to signal tighter policy.

The Institute for Supply Management's Purchasing Managers' Index (PMI) registered 57.8%, a 0.6-percentage-point uptick from March's reading of 57.2. The unemployment rate is at cycle lows of 4.4%. China announced plans to build a new city 100 miles south of Beijing.

Looking Ahead –

We continue to recommend equities over fixed income given our constructive view on accelerating global economic and earnings growth, supportive financial conditions, the potential for global fiscal stimulus and cheap relative valuations. We believe there will be a shift to more value and cyclical sectors in the second half of 2017. Throw in the chance for US corporate tax cuts and less regulation and this could be a very favorable cocktail for equities in general.

Watching the Federal Open Market Committee, which hiked rates for the third meeting in a row this quarter and signaled 1 further hike in 2017 and plans to begin unwinding their balance sheet later this year.

Risks to our bullish outlook include the following – (1) Ten year treasury rates rise above 3%, (2) Commercial real estate and auto financing problems create larger credit problems, (3) Oil prices roll over again and move toward \$40, and (4) ECB decides to taper asset purchases sooner and/or more aggressively than expected causing global interest rates spike – Taper Tantrum II.

Manager/Fund Issues –

Vanguard CEO Bill McNabb will step down 1/1/18. Current Chief Investment Officer (CIO), Tim Buckley to succeed him. Greg Davis global head of Vanguard' Fixed Income to become (CIO).

American Funds' Washington Mutual sleeve manager Gregory Johnson has moved off the fund. Seven remaining sleeve managers to absorb his portion.

Graystone During the Quarter –

Completed Asset Allocation Analysis to assist the Village with the GASB 2016 reporting. Prepared Scenario Analysis to Stress Test Pension Fund's Portfolio.

Recommendation –

Consider Large Value Mutual Fund Analysis to diversify Washing Mutual Large Value.

Rebalance Equity/Fixed allocation. Transfer \$375,000 from American Funds AMCAP Large Growth and \$375,000 Washing Mutual to Segall Bryant Fixed Income account.

MFS Value is a solid strategy with more of a stock selection standpoint. Would do well with existing funds.

The fund has 8.2% in Washington Mutual and recommends selling 3-million out of Washington Mutual.

An analysis was completed on the portfolio status. Mary will provide an analysis of 1/1/08 thru 1/1/09 showing statistics.

BOSELY:

Presented the police pension fund cash flow analysis showing a comparative between 2016, 2017, and 2018.

Bond maturing on August 15, 2017 in the amount of \$2 million and a 1 million ladder of security coming every year through 2023.

FLESSNER:

Presented the Glenview Police Pension Fund Monthly Financial Report for the Month End of June 30, 2017. And the Village of Glenview Police Pension Fund House Bill 5088-Municipal Compliance Report for the Fiscal Year ending December 31, 2016.

CHRISTELL:

Recognizes the pension is one-percent over on the equity side at 56%. No change will be made and the topic will be discussed at the next meeting.

Motion made by K. Christell and seconded by R. Francois to invest one-million out of the 2 million coming due on August 15, 2017 onto a 2-year government treasury or agency bond with the best rate available. This is to keep the bond ladder intact.

FOLEY:

The new Village Administrator, Matt Formica has been placed on all village accounts.

Notified the Board Shirley Pfiester (widow) passed away at 96-years. The fund is updated.

The Masterton status hearing is set for August 30. The hearing is to determine if the Village can intervene or has jurisdiction in the matter.

Motion made by J. Foley and seconded by K. Christell to move 3 million from Washington Mutual into MFS Value. This move is to make sure the fund is more broadly diversified. All were in favor.

Motion made by J. Foley and seconded by R. Francois to approve quarterly disbursements from Lauterbach and Amen. All in favor.

Motion made by J. Foley and seconded by K. Christell to accept the municipal compliance report complete by Lauterbach and Amen. All in favor.

Motion made by J. Foley and seconded by K. Christell to approve the retirement applications for Sgt. Paul Settecase and Officer Mary Peterson. All in favor.

Motion made by J. Foley and seconded by M. Untiedt to adjourn the meeting at 9:35am. All in favor. The next scheduled meeting (Q4) is October 26, 2017. There is a special meeting called for on August 30, 2017 at 8:30am for the Masterton Motion Hearing.



Kevin Christell – President
Police Pension Board