

GLENVIEW POLICE PENSION MEETING

July 27, 2016

Next Meeting Date: Tuesday – October 25, 2016

In Attendance:

K. Christell - President
G. Colis – Vice President
J. Foley – Board Secretary
D. Owen – Treasurer
M. Untiedt - Trustee

M. Tomanek – Morgan Stanley
M. Bosley – Village Finance
D. Flessner – L & A
L & A Summer Intern

ROLL CALL:

The meeting was called to order at 8:33am by Board Secretary J. Foley.

MINUTES:

Motion made by J. Foley and seconded by G. Colis to approve the minutes with changes. All in favor.

TOMANEK:

Presented the Glenview Police Pension Fund Quarterly Performance Review ending June 30, 2016, Manager Review report which shows a quantitative structure and qualitative reviews, and the High Yield Fund Analysis.

Reports the labor market has peaked and seeing some improvement in earnings along with a change in leadership in the market. Overall, a really good quarter showing good returns. There is 2.5 million that is available. And the pension fund is at 55% in equities which is within the policy limits.

Glenview Police Pension Fund 2nd Quarter Summary -

Quarter in Review:

During the second quarter of 2016, global stocks and bonds generated modestly positive returns despite increased market turbulence. The historic decision by British voters to exit the European Union shocked global capital markets in June.

The top-performing sector in the S&P 500 was Energy, which was up 11.6%. Telecom rose 7.1% and was also among the top-performing sectors. The biggest laggards were Technology, which decreased 2.8%, and Consumer Discretionary, which fell 0.9%. Large and mid-cap growth outperformed value, while Emerging markets rose slightly and the MSCI EAFE declined 1.2%. The bond market registered positive returns as interest rates declined during the second quarter. The yield on the 10-year U.S. Treasury note fell to a quarter-end 1.47% from 1.77% at the end of Q1-2016. Riskier parts of the bond market such as U.S. high yield debt increased in the second quarter.

Looking Ahead:

We are generally optimistic about the markets and remain overweight global equities. Global central bank Quantitative Easing has been a powerful tailwind. More than 30% of global sovereign debt now sport negative yields. WE believe the markets will continue to benefit from a “rebalancing” stage; growth expectations have improved due to a simultaneous weak US Dollar and Chinese Renminbi. The markets will likely be impacted by continued high volatility due to “scar tissue” of the Great Recession.

On the Election:

Our government is expected to remain deeply divided; we do not believe either candidate will cause outcomes that will substantially change market fundamentals in the near term.

Manager/Fund Issues:

Mutual fund “in kind” distributions.

Graystone during the Quarter:

- ✓ Drafted Mutual Fund Retention Scorecards
- ✓ Completed High Yield Analysis
- ✓ Research other firms expected returns
- ✓ Drafted revisions to the Investment Guidelines
- ✓ Researched mutual fund redemption policies

Recommendations:

Consider increasing maximum corporate bond allocations for separate account managers from 15% to 25%.

Review High Yield Analysis (classified as other) and consider adding \$1,000,000 (2.5% of the Equity allocation) US Bank money market funds to high yield.

Transfer \$1,000,000 to McDonnell Corporate (brings allocation to 19% Corporates).

CHRISTELL:

Motion made by K. Christell/G. Colis to modify wording within the Investment Guidelines and move fund exposure from 15% to 25%.

- ✓ *The Fund's total exposure to corporate fixed income securities managed by Investment Manager or through a mutual fund will not exceed 25% of total assets.*

BOSLEY –

Presented the Cash Flow Analysis for Actuals in 2015 and Projections in 2016.

Will coordinate a meeting with police and fire pension board members to discuss the rate of return on interest. The meeting will be in a casual and informal format of discussion to discuss investment approaches and sharing of information between the two boards.

FLESSNER –

Introduced the L & A summer intern, Luke before presenting the Monthly Financial Report for the Month Ending June 30, 2016 and the Statement of Net Position – Modified Cash Basis as of June 30, 2016.

FOLEY:

Trustee Francois has been re-elected for another term to the Police Pension Board. He was elected with 99% of votes. Motion made by J. Foley/Untiedt. All in Favor

Motion by J. Foley/Untiedt to re-elect board members; Christell as President, Colis as Vice President, Foley as Secretary. All in favor.

Military time buyback of 2-years for Commander Patrick Schuster. This will move his hire date back by two years to October 2, 1993 (from 1995). Motion to approve J. Foley/Untiedt. All in favor.

Motion by J. Foley/K. Christell for entry into police pension fund, new hire Officers Patrick O'Connell (Tier 1) and Alvin Lopez (Tier 2). Officer O'Connell has elected to buyback 2-years of previous service time. All in favor.

The Department of Insurance (DOI) annual reports have been filed along with all forms and compliance fees paid.

Motion made by J. Foley/M. Untiedt to adjourn the meeting at 10:38am. All in favor.

Motions:

Motion by K. Christell/J. Foley to transfer \$1,000,000 to Easton Vance. All in favor.

Motion by K. Christell/G. Colis to modify certain wording in the Investment Guidelines and change from 15% to 25%. All in favor.

Motion made to re-elect Trustee Francois for another term, K. Christell as President, G. Colis as Vice President, and J. Foley as Secretary. All in favor.

Motion for Cmdr. Patrick Schuster to buyback two-years of military time therefore changing his date of hire from 1995 to 1993.

Motion by J. Foley/K. Christell for new hires O'Connell, P and Lopez, A into the police pension fund. Officer O'Connell has elected to buyback 2-years of previous service time. All in favor.

A motion was made by J. Foley/M. Untiedt to adjourn the meeting at 10:38am. All in favor.



Kevin Christell – President
Police Pension Fund