

**Western Springs Police
Pension Board Meeting Minutes
April 20, 2016**

1. Roll Call:

Present:

Mark Doyle, President
George Graves, Vice President
John Piest, Secretary
Grace Turi, Director of Finance
Dave Dayhoff, Beneficiary Board Member

Others Present:

Jim Horvath, Village Trustee
Mary Nye, The Bogdahn Group

Meeting called to order at 7:00 p.m.

Items of Discussion:

2. Citizen Comments

No comments from citizens.

3. The Bogdahn Group Portfolio Review

Mary Nye of The Bogdahn Group reviewed the performance of the markets for the Quarter ending March 31, 2016. Ms. Nye stated that she has two items to address: the regular Investment Performance Review; and the Large Cap Value Analysis.

Ms. Nye began with her analysis of the Investment Performance Review. She stated that the first Quarter of 2016 was volatile. Broad equity markets declined significantly through the first half of the period; however, equity prices recovered through the second half of the quarter.

The US equity markets were modestly positive for the 1st Quarter, with the exception of the Russell 2000. The fixed income markets were positive primarily caused by the Fed indications they would likely be slowing their expected pace of future interest rate increases, possibly down to just two times in 2016.

Ms. Nye said that for the year ending 3/31/16, the international markets were negative, as expected. The equity markets were mostly negative, with S&P 500 as the only positive. Fixed income markets were positive, ranging from .5 to 2.5.

Ms. Nye then discussed Fund specific information. She advised that the Fund began the Quarter on 1/1/16 with a market value of \$13,407,822. The Fund market value increased to \$13,579,784 at 3/31/16 due to positive net flows and positive returns on investments. The one-year performance for the Fund was negative. The Fund began 4/1/15 at \$14,123,423 and ended 3/31/16 at \$13,579,784 due to negative net flows and negative returns on investments.

Ms. Nye next discussed the Asset Allocation of the Fund. As of 3/31/16 the Fund is 44.1% US Equity, 15.0% International Equity, 37.4% US Fixed Income and 3.6% Cash. Fixed Income plus Cash totals 41%, which is well over the State Statute minimum of 35%.

Ms. Nye then reported on allocation versus Fund investment policy. Total Domestic Equity for the Fund is well within the target range and very close to investment target. Total International Equity is at the lower end of target range. Total Domestic Fixed Income is above target range.

Ms. Nye stated that because the Fund is within range she would not recommend rebalancing at this time unless Grace Turi needed cash. Ms. Turi stated that no cash is needed at this time.

Ms. Nye went on to discuss the Comparative Performance of the Fund with all plans in the Universe. The Fund is below policy for the Quarter as well and FYTD and prior years. She stated this is mostly due to struggles in Domestic Equity, in particular CS McKee and Acorn. Ms. Nye stated CS McKee's performance is of greatest concern, and that Acorn is of some concern. Holland should be watched as well, though they did turn around a bit.

Ms. Nye presented the Large Cap Value Analysis with four managers to consider as replacements for CS McKee: BMO, Dreyfus, RidgeWorth and Sound Shore. She felt these four managers are the strongest with diversified portfolios that fit the Fund criteria. However, none of these managers really impress her. She recommends considering an index fund rather than active management mostly due to the higher expense with similar results. There was discussion among the Board members regarding passive versus active management. The Board decided to direct CS McKee to sell the Fund's \$1,800,000 account at the best price in a timely manner, not to exceed one month maximum. The Fund will then invest these funds into a Large Cap Index fund. George Grave motioned to approve this transaction, John Piest seconded this motion, and all were in favor. The motion carried.

4. Approval of Minutes from Previous Meeting

A correction of the Minutes of the January 20, 2016, meeting is required under "7. Approval of COLA Increases". The word "Approval" should be corrected to the word "Notification". George Graves motioned to approve the change. John Piest seconded this motion, and all were in favor. The motion carried.

5. Quarterly Review of Financial Statements

Grace Turi reported that the returns on investment for the 1st Quarter ended March 31, 2016, was \$21,081. The bulk of the cash in the account came from property tax distributions which were 52% of the levy, giving a total Net Income of \$196,356. The Fund ended with \$13,590,236, which is slightly higher than Mary Nye's total because the Fund has a small checking account with Illinois Funds that Bogdahn does not manage. Ms. Turi stated the audit has just been completed. The contribution to the Fund will probably be higher than the previous year. Ms. Turi will have these numbers at the July meeting. Ms. Turi requested that Andrew Weithe be contacted to determine if he wants his contributions.

George Graves motioned to approve the Financial Statements. John Piest seconded this motion, and all were in favor. The motion carried.

6. Review/Approval of Bills/Invoices

The following payments were presented for approval:

Holland Capital - \$3,658.68 for Quarterly Advisory Fee for 1st Quarter 2016

Mesirow - \$4,439.49 for Quarterly Management Fee for 1st Quarter 2016

Klein, Thorpe and Jenkins - \$155.00 for Legal Services rendered through 11/30/15 regarding RFP for investment advisor

Klein, Thorpe and Jenkins - \$355.60 for Legal Services rendered through 12/31/15

Lauterbach & Amen - \$2,250.00 for Actuarial Report for fiscal year ended 12/31/14 for 2015 contribution

IPPFA - \$150.00 for George Graves seminar at NIU-HE

The Bogdahn Group - \$5,000.00 for performance evaluation for 3/31/16 reports and consulting services from 4/1/16 through 6/30/16

C.S.McKee - \$3,465.92 for Quarterly Advisory Fee for Period Ending 3/31/16

Mark Doyle motioned to approve all payments. John Piest seconded the motion, and all were in favor. The motion carried.

7. Executive Session Discussion

George Graves reported that the Board is required to state twice a year that the Board is aware that if Executive Sessions are conducted, there must be Executive Session minutes that are to be open for the public. It was agreed that this constitutes notice was made by the Board at today's meeting.

8. Old Business

There was discussion raised by John Piest regarding records retention/destruction of files. He is awaiting a response and will follow up.

9. New Business

John Piest questioned whether Mike Battista is to be considered part of the Board for the election ballot. After discussion, it was decided that John would contact the Department of Insurance for their direction on this matter and report back to the Board at the next meeting.

Grace Turi advised that The Siren from the Illinois Department of Insurance came out detailing new requirements that the Pension Fund has to file a CPA audit report with the Division within 6 months of the close of the year. She will get clarification on whether this will require a separate report or not, and she will advise at the next meeting.

10. Next Meeting

The Board agreed that the next Board Meeting will be July 20, 2016 at 7:00 p.m.

11. Adjournment

George Graves motioned to adjourn the meeting. John Piest seconded the motion, and all were in favor. The motion carried, and the meeting adjourned at 8:07 p.m.

Respectfully submitted,

Diane V. Christou
Recorder of Minutes

Accepted by:

John Piest
Secretary of the Board

Date

Mark Doyle
Board President

Date