

**LAKE BLUFF POLICE PENSION FUND  
SPECIAL BOARD MEETING  
February 1, 2018 5:30 P.M.**

Roll Call

President Vinson called the regular meeting to order at 5:36 P.M. at the Lake Bluff Public Safety Building Conference Room.

Trustees Present: Peter Arnstein, Brad Adams, Erik Gehrke, Tom Vinson, and Mark Betz

Trustees Absent: none

Others Present: Treasurer Bettina O'Connell, Graystone Consulting Advisor Thomas McShane

Non-Agenda Items and Visitors

None

**1. Investment Report**

Mr. McShane disbursed a quarterly performance review as of December 31, 2017 and an asset allocation analysis as of February 1<sup>st</sup>, 2018. He highlighted the Fund's performance by category compared to its benchmarks, and reviewed the following items with the board:

1. Basics of Investing
2. Asset Allocation Analysis
3. Allocation Decisions
4. Investment Policy Changes

Mr. McShane's asset allocation analysis provided insight and suggestion regarding the allocations of the pension fund investments. The Board discussed the asset class map, fixed income, annualized rate of returns, dividends and adding asset classes that perform differently for negative correlation. With the key to investment strength being diversification to help smooth the risk, Trustees focused on the Funds asset distributions. A discussion concerning the Fund's \$10.5 million value, the actuarial investment objective of a 7% rate of return and the forecasted statistics provided in the strategic asset allocation summary of the report provided the basis for a change to the asset distributions.

*Trustee Adams moved to reduce fixed income–McDonnell Gov. Credit by \$500k transferring \$200k to cash and 300K to international equity–Harding Loevner. Seconded by Trustee Arnstein the motion was approved unanimously on the following vote: Ayes: Adams, Arnstein, Betz, Gehrke, and Vinson. Nays: None.*

Mr. McShane reviewed the current Investment Policy adopted August 17, 2017. In conjunction with the asset allocation analysis the Board discussed amending the diversification targets to better follow the State Statute that indicates the total allowable investment in equities (mutual funds) is 65%.

*Trustee Betz moved to change the allocation on pg. 4 of the investment policy to a maximum of 65% for Equities, and 80% for Fixed Income. Seconded by Trustee Adams and approved unanimously on the following vote: Ayes: Adams, Arnstein, Betz, Gehrke, and Vinson. Nays: None.*

**2. Other Business**

Trustee Adams indicated that he would bring a guest to the next regular meeting that was interested in potentially replacing Trustee Arnstein.

Next Board Meeting Dates

The 2018 regular meetings are scheduled for the remainder of 2018 as follows:

**Thursdays at 5:30 PM on April 19, July 19 and October 18 in the Lake Bluff Public Safety Community Room.**

**3. Executive Session - None**

Adjournment

There being no further business to discuss, Trustee Adams moved to adjourn the meeting; Trustee Arnstein seconded the motion and it was approved unanimously on a voice vote at 6:55 p.m.

Respectfully submitted,

Bettina K. O'Connell  
Treasurer/Recording Secretary

Thomas Vinson  
President