

REGULAR BOARD MEETING
April 19, 2018 5:30 P.M.

Roll Call

President Vinson called the regular meeting to order at 5:35 P.M. at the Lake Bluff Public Safety Building Community Room.

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

Others Present: Treasurer Bettina O'Connell, Graystone Consulting Advisor Thomas McShane, and Attorney Thomas S. Radja.

Non-Agenda Items and Visitors

None

Approval of Meeting Minutes

Trustee Adams moved to approve the January 25, 2018 regular meeting minutes and the February 1, 2018 special meeting minutes as presented; seconded by President Vinson and approved unanimously on a voice vote.

1. Treasurer's Report

Treasurer O'Connell reviewed the Statement of Net Assets reflecting audited net assets as of April 30, 2017 of \$9,519,974, with an increase in net plan assets for the fiscal year to date of \$666,639 or 7% which is \$38,334 less than the total gain of FY17.

Treasurer O'Connell notes that as the end of the Fiscal Year approaches additional reporting will be needed to export the investment account activity from the Morgan Stanley account. The data is required to complete the Annual Statement Filing for FY2018. This years' filing activity will be finished by the accounting firm of Sikich, who finalizes the annual Village audit. The participant information and interrogatories will be completed by the Village while the investment schedules and financials will be completed in conjunction with the Village's Annual Audit.

Treasurer O'Connell also requested that the minutes for FY18 be signed in order to validate their acceptance. President Vinson signed the finalized approved minutes for the August, October, and January meetings respectively.

Treasurer O'Connell discussed the creation of an Annual Report to the Board to provide information on, Assets, Investment, Contribution, Expenses, Funding Ratio, Year End Balance Analysis, Member Contribution Data, Employer Contribution Schedules, and an Annual Check Register.

Trustee Adams moved to accept the Treasurer's Report, seconded by President Vinson and approved unanimously on a voice vote.

2. Investment Report

Mr. McShane reviewed the Funds quarterly performance as of March 31, 2018. Mr. McShane highlighted the Fund's performance by category compared to its benchmarks. He indicated that volatility had returned, with worries about inflation, monetary policy, trade, and global politics, causing a 10% correction in the S&P. Also noting that the bond market registered negative returns with Bloomberg down a point for the quarter.

Discussion regarding the asset allocation targets continued with a request for narratives on the percentages to be included in the performance update. A review of the targets versus the maximums in the investments policy revealed that they do not correspond to the maximums listed in the policy. Mr. McShane indicated that valuations for internationals are currently more attractive, with a higher risk premium, it was recommended that the Board use its investment authority to purchase Harding Loevner to meet the target allocations.

Trustee Adams moved to reduce fixed income by \$250k transferring 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.

Upon further review of the allocations additional reinvestment decisions were made.

Trustee Adams motioned to move 400k from fixed income - McDonnell to Large Cap Equity, 200k Asb Capital Management and 200k iShares respectively. Seconded by President Vinson the motion was approved unanimously on the following vote: Ayes: Adams, Arnstein, Betz, Gehrke, and Vinson. Nays: None

In order to fund the pension annuitant payments the Board directed Mr. McShane to move 30k from fixed income to cash.

Trustee Adams made the motion to move 30k from fixed income to cash--Seconded by Trustee Arnstein the motion was approved unanimously on the following vote: Ayes: Adams, Arnstein, Betz, Gehrke, and Vinson. Nays: None

Mr. McShane continued with the capital market overview reviewing the % returns for the period ending 3/31/18, noting that the overall stock index returns were negative for the quarter however the 12 month and annualized rates were high. The top performing sector for the quarter was Technology which was up 3.53%. Updates to the benchmarks on pg. 20 of the performance report will be provided at the next meeting, and Mr. McShane will continue discussion regarding emerging market equities and debt.

3. Disability Pension Recipients' Annual Physical Examination

The Illinois Municipal Code 40, ILCS 5/3-115 states that "Medical examination of a police officer retired for disability shall be made at least once each year prior to attainment of age 50, as verification of the continuance of disability for service as a police officer. A brief discussion was had concerning the disability pension recipients' annual required physicals and how the appointments with physicians would be scheduled.

Trustee Adams made the motion to allow the disability annuitants to choose their own physicians and make individual independent appointments. Trustee Betz recused himself from the discussion of this matter. --Seconded by Trustee Arnstein the motion was approved unanimously on the following vote: Ayes: Adams, Arnstein, Gehrke, and Vinson. Nays: None

4. Other Business

The updated Investment Policy which includes the change to the equity allocation up to 65%, as was agreed to at the Feb 1st, 2018 meeting was reviewed. A resolution adopting the policy was included in the packet for approval.

At this time a motion was made to approve the resolution adopting the updated investment policy.

Trustee Adams made the motion, Seconded by Trustee Arnstein the motion was approved unanimously on the following vote: Ayes: Adams, Arnstein, Betz, Gehrke, and Vinson. Nays: None

Next Board Meeting Dates

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

Thursdays at 5:30 PM on July 19 and October 18 in the Lake Bluff Village Hall Conference Room.

5. 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 6:57 p.m.

Respectfully submitted,



Bettina K. O'Connell
Treasurer/Recording Secretary



Thomas Vinson
President