

# **BOARD OF TRUSTEES**

## **WEST CHICAGO POLICE PENSION FUND**

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**P.O. BOX 165, WEST CHICAGO, ILLINOIS 60186 – 0165**

Board of Trustees, Quarterly Meeting  
Thursday, May 26, 2016 at 9:30 A.M.  
West Chicago City Hall-Room A

1. Call To Order
  - a. Board President John Zurick called the meeting to order at 9:32 A.M.
2. Roll Call
  - a. A quorum was established with Trustee Zurick, Trustee Cargola, Trustee Guttman, Trustee Murphy, and Trustee Malkin all present. Also present were Board Clerk Jodi Rucks, Board Attorney Keith Karlson, Board Financial Advisors John Falduto and Tom Sawyer, Derek Flessner and Todd Schroeder from Lauterbach and Amen Accounting and Actuarial Services, Board Treasurer Linda Martin, and Police Chief Michael Uplegger.
3. Approval of April 14, 2016 Board Meeting Minutes
  - a. Trustee Guttman made a motion to approve the April 14, 2016 Board Meeting Minutes. The motion was seconded by Trustee Zurick. The motion was approved 5-0.
4. Public Comment
5. Treasurer's Report
6. Investment Manager's Report
  - a. Review of and possible update to Investment Policy and Asset Allocation

Board Financial Advisor John Falduto began his report by reviewing the Investment Policy Guidelines that the Board had agreed upon last meeting including the Portfolio Allocation. Now that all the money has been transferred from the previous Financial Advisors to Sawyer/Falduto we were able get a Cash Flow/Performance Review for the past two months. From 3/14/16-5/25/16 our Investment Returns have gone up. He then took us through a detailed summary of the Portfolio Allocation and we were able to see that we have a little clean up work to do with raising our equity from 37.7% to 40%. He then reviewed the Fixed Income Allocation and the breakdown in the target and range for each fund compared to our current standings. Tom Sawyer finished the Quarterly Report by reviewing the stock returns for the first quarter. Making note of the roller coaster of stock prices from January through March of this year. Returns indices were mixed with modest gains or declines depending on their benchmarks. He also stated that despite ups and downs from this quarter they remain positive on stock prices as the year continues.

John Falduto then reviewed his Annuity Analysis of the West Chicago Police Pension Fund. He started by saying the vast majority of pension funds do not purchase annuities based on their lack of flexibility, inability to manage their duration, and corporate obligation of trusting that company's credit nature to pay you back. With that being said they reviewed the annuities in our portfolio and the majority of them have very good rates of 3-5.25%. As the renewal dates come to head they would like to sell and invest that money. The penalties on these annuities are too great to sell without having them reach their renewal dates. Sawyer/Falduto recommend evaluating them regularly but for now to hang on to them until their renewal date or further discussion. A motion was made to accept the Investment Manager's Report by Trustee Murphy. The motion was seconded by Trustee Zurick. The motion was approved 5-0.

7. Accountant's Report

- a. Derek Flessner from Lauterbach and Amen started his report to the Board by informing them that all Affidavits of Eligibility have been returned. He also addressed IDOI report that was distributed to the Board members. It is now in final review and asked if there were any changed that needed to be addressed. A motion was made by Trustee Zurick to accept the report. The motion was seconded by Trustee Murphy. The motion was approved 5-0.

8. Attorney's Report

- a. Board Attorney Keith Karlson handed out the Quarterly Legal Update to the Board Members. He made note of the DOI Issues Advisory Opinion on Corporate Bond Downgrades and the confusion that may go along with the buying and selling of investment grade bonds. A motion was made to accept the Attorney's Report by Trustee Cargola. The motion was seconded by Trustee Murphy. The motion was approved 5-0.

9. Communications

10. Board Officer's Report

11. Approval of Disbursements

- a. Approval of Bills to be Paid in May 2016  
A motion was made to approve the Bills to be Paid in May 2016 by Trustee Guttman.  
The motion was seconded by Trustee Zurick. Roll call vote was taken and approved 5-0.

12. Applications for Membership

13. Applications for Benefits

14. Applications for Refund

15. Old Business

16. New Business

- a. Actuarial Report Review

Todd Schroeder from Lauterbach and Amen started his review of the Drafted Actuarial Report for the Contribution Year Ending 2016 by going over the Management Summary and Contribution Recommendation for the fund, noting that it has decreased \$138,814 from the Prior Year. The funded percentage has decreased 3.71% on an Actuarial Value of Assets Basis from the Prior Year. He then reviewed the Defined Benefit Plan Risks and how Asset Growth is important long term. He discussed the Development of Actuarial Value of Assets and the Gain/Loss on the Actuarial Value of Assets. He finished his report by reviewing the Statutory Contribution Minimums. A final copy of the Report should be send out shortly. A motion was made to approve the Actuarial Report by Trustee Guttman. The motion was seconded by Trustee Murphy. The motion was approved 5-0.

17. Executive/Closed Session

18. Adjournment

- a. Trustee Guttman made a motion to adjourn the meeting at 10:51 A.M. The motion was seconded by Trustee Zurick. The motion was approved 5-0.