

**MINUTES OF THE ALGONQUIN POLICE PENSION BOARD  
KANE & McHENRY COUNTIES  
WILLIAM J. GANEK MUNICIPAL CENTER  
2200 HARNISH DRIVE, ALGONQUIN, IL**

MONDAY, NOVEMBER 4, 2013

**CALL TO ORDER:**

President Helgerson called the meeting to order at 5:00 p.m.

**ROLL CALL:**

Present: President Stan Helgerson, Vice-President Jeff Martynowicz, Secretary Andrew Doles and Trustee Art Weber. Helgerson noted the full Board was present with the exception of Assistant Secretary Dennis Walker. Village Treasurer Jack Walde, Recording Secretary Adam Carson, Susan Skillman, A.J. Weber of Lauterbach & Amen, and Mark Rewey and Greg Hosbein of Segal Bryant were also present. Mary Tomanek, Graystone Consulting, arrived a short time later.

**ADOPT AGENDA:**

A motion was made by Weber and seconded by Doles to adopt the agenda. Voice vote: unanimous ayes - motion carried.

**PUBLIC COMMENTS:**

There were no public comments.

**APPROVAL OF MINUTES:**

The minutes of the Board meeting held July 31, 2013, were presented for approval. A motion was made by Doles and seconded by Martynowicz to approve the minutes of the July 31, 2013 meeting. Voice vote: unanimous ayes - motion carried.

**VILLAGE TREASURER'S REPORT:**

A.J. Weber presented the Monthly Financial Report, and discussed how the report was set up, and explained to the Board the format of the report, page by page. Weber stated the report would be emailed to the members for review, which would include the bills paid.

**Financial Statements for the Year Ending September 30, 2013**

Balance Sheet: The net assets are \$18,293,960.23, which is an increase of \$1,189,364.89 from April 30, 2013.

The cash position was noted as of June 30, 2013, totaling \$174,000, with \$150,000 available for investment.

A motion was made by Doles and seconded by Weber to approve the financials through September 30, 2013, which also includes the bills. Voice vote: unanimous ayes - motion carried.

A.J. Weber also spoke about the municipal compliance report. Helgerson stated House Bill 5088 requires the Board to do this prior to the tax levy. It shares the Board's activity with the Village Board. A.J. Weber stated it is a formal request from the Board to the Village for the recommended municipal contribution and the statutory municipal contribution as provided by Timothy Sharpe, private actuary.

A motion was made by Weber and seconded by Martynowicz to approve the Municipal Compliance Report and authorize signatures from the president and secretary and to pass it on to the Village. Voice vote: unanimous ayes - motion carried.

A.J. Weber then exited the meeting.

#### **CONSULTANT REPORT:**

Mark Rewey and Greg Hosbein of Segal Bryant, the fixed income manager for the Board provided a presentation regarding the current position of the fund.

Hosbein spoke about the plan for flat interest rates and what happens in 2016 when the rates go up. Discussion included the Federal Reserve influence is very large.

Helgerson asked if there was an opportunity to change something on the fixed income side, & what could be changed. Hosbein suggested changing to an intermediate benchmark. Discussion continued on how there is currently no return and that it is hard to do anything. Helgerson stated the Board would probably be having a discussion on duration. Mark Rewey and Greg Hosbein then exited the meeting.

Helgerson said a change in duration would reduce the risk of an interest rate rise. Helgerson said it would be two different tiers of managers, but only one manager to manage both. Helgerson stated this would also require a revision to the investment policy. Helgerson stated 50% of the fund is currently in fixed income, and he would be looking to shift it to 45%, because it makes sense in terms of the benchmark.

Helgerson asked how much money was in the fixed income, and was advised \$8.9 million. Tomanek suggested moving 25 to 30% of the fixed income. Helgerson suggested moving a \$3 million piece over time to a lower tier in the short term, as an interim strategy driven by the market. Martynowicz agreed with Helgerson stating it was an appropriate move. Weber asked about the looming government shutdown that is expected in early 2014. Tomanek advised the government shutdown did not have much impact on the portfolio. Doles asked about the risk, and was advised a shorter duration reduces the risk, once interest rates go back up.

A motion was made by Doles and seconded by Weber to move \$3 million of fixed income to an intermediate duration portfolio with Segal Bryant. Voice vote: unanimous ayes - motion carried.

Tomanek next provided the third quarter review. Tomanek said there is still quantitative easing, and staying diversified is better in the long run. The equity market also had a

strong finish in the third quarter. She commented, 'The Fed is the Market' and that we are at their mercy. She stated the Board is very close to target within the allocations. Tomanek suggested increasing investment into international markets, and make a policy change to the range up to 25% with a target of 20%. She also suggested becoming involved in another international fund.

Helgerson spoke to the Board about moving the equity position up to 65% (55% plus 10% in insurance contracts or mutual funds). He continued stating that we can't make money in the fixed income part of the portfolio, but did advise the more exposure, the more ups and downs with the market. He said it would be a slow process, but it was time to get on the coaster to make some money. No new money would be generated on the fixed income side through 2016. If 45% of the portfolio is only earning less than half of a percent, it is killing the fund as a whole. Helgerson continued and stated no immediate change needed to be made and the topic would be revisited at the January meeting. Helgerson stated an investment policy change is necessary to make the suggested changes. Discussion included waiting to move or moving on the topic today. Martynowicz suggested making the policy change. Doles agreed but asked why wait? Weber agreed to the policy change, but wanted to make sure it was safe to do so. Helgerson said this is a slow moving strategy to get the 5% bump.

A motion was made by Doles and seconded by Weber to move \$900,000 from fixed income manager over to the equities to be allocated by the advisor. Discussion included this would not require an investment policy change at this time. Voice vote: unanimous ayes - motion carried.

Tomanek advised of \$194,538 available in the advisor account earning money market rates. This would be in addition to the \$900,000. This is not new equity money; it is just in a separate account. The money will be reallocated proportionally for the equity funds in the account. It would be changed from payout dividends and be placed in reinvestment.

The Municipal Compliance Report will be acting as the Actuarial Report, and will be submitted to the Village with the recommended tax levy contribution of \$1,178,898.

#### **APPROVAL OF BILLS FOR PAYMENT:**

Helgerson advised this was handled in the new Lauterbach report, and would be addressed in their report.

#### **REQUEST FOR BENEFITS:**

Information was presented to the Board concerning Steven C Schinkel and Arthur J Weber's January, 2014 increase in benefits. Schinkel's current benefit of \$3,934.86 increases to \$4,052.91. Weber's current benefit of \$7,884.80 increases to \$8,121.34. Helgerson advised no action is needed.

#### **EXECUTIVE SESSION:**

None at this time.

**OLD BUSINESS:**

Helgerson spoke about the Filippini retroactive payment. He continued and stated there was a police contract negotiation going on at the time of his retirement which has since been settled. There was a change in his final salary. A recalculation of his subsequent pension payment has been made. His prior salary was \$89,100 and his new salary is \$90,877.44. The monthly benefit was \$5,011.88 and will increase to \$5,111.86, or a difference in payment of \$351.54.

A motion was made by Doles and seconded by Weber to revise Ofc. Filippini's annual pension to \$61,342.27. Helgerson advised this is a normal process when there is pending contracts at retirement. Voice vote: unanimous ayes - motion carried.

**TRAINING:**

Doles advised his training was completed. Martynowicz advised he was ill during the last conference and did not attend. Helgerson stated he completed his training but had not yet received his certificate.

**NEXT QUARTERLY MEETING:**

The next Police Pension Board meeting is set for January 29, 2014 at 5:00 p.m. Helgerson also announced the tentative meeting dates for next year: April 30, July 30 and October 29, 2014.


A motion was made by Martynowicz and seconded by Doles to approve the previously announced dates for the 2014 scheduled pension board meetings. Voice vote: unanimous ayes - motion carried.

**ADJOURNMENT:**

There being no further business, it was moved by Doles and seconded by Weber to adjourn. Voice vote: unanimous ayes – motion carried.

The meeting adjourned at 6:46 p.m.

Respectfully submitted,

  
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Andrew Doles, Secretary  
Algonquin Police Pension Fund

*Minutes prepared by Adam Carson, Recording Secretary  
Approved by the Board of Trustees at its meeting held on January 29, 2014.*