

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

WEDNESDAY, OCTOBER 26, 2016

**CALL TO ORDER:**

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

**ROLL CALL:**

Present: President Stan Helgerson, Vice President Brian Smith, Secretary Andrew Doles, Trustee Andrew Dykstra and Trustee Art Weber. Treasurer Michael Kumbera, Deputy Treasurer Susan Skillman, and Recording Secretary Adam Carson were also present. Greg Hosbein from Segall Bryant was present, along with Mary Tomanek for the third quarter review to the Board.

**ADOPT AGENDA:**

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

**PUBLIC COMMENTS:**

There were no public comments.

**APPROVAL OF MINUTES:**

The minutes of the meeting held July 27, 2016, were presented for approval. A motion was made by Weber and seconded by Doles to approve the minutes. Voice vote: unanimous ayes - motion carried.

**APPOINTMENTS:**

No appointments at this time.

**VILLAGE TREASURER'S REPORT:**

Kumbera advised the asset audit total ending September 30, 2016 was \$24,519,120.53. Helgerson advised about 95% of the revenues are in for the year, and advised Tomanek about approximately one million dollars of new money for investment. A motion was made by Doles and seconded by Weber to approve the financial report through September 30, 2016. Voice vote: unanimous ayes - motion carried.

**APPROVAL OF BILLS:**

The total pensions check register payments July 2016 through September 2016 is \$228,779.78. The total vendor check registers July 2016 through September 2016 is \$39,994.65, with the total amount being \$268,774.43. A motion was made by Smith and seconded by Dykstra to approve the payment of bills. A roll call vote was taken with all ayes and no nays.

**REQUEST FOR BENEFITS:**

The annual annuitant increase, effective January 1, 2017 was next discussed. The formal list will be provided by Lauterbach & Amen in January, however Helgerson asked if could possibly be provided a preliminary list earlier. Helgerson also advised this was a raise set by state statute of 3% after they have been on the plan for one year, and after age 55. A motion was made by Smith and seconded by Doles to approve the annual annuitant increase. A roll call vote was taken with all ayes and no nays.

The disability application from Charles Gibellina was received by the Board on October 25, 2016. Helgerson advised Secretary Doles had forwarded the application to the Board attorney and the necessary arrangements for doctor's evaluations will be determined and set by the attorney. Helgerson did advise

this was a duty related disability application for benefits.

### **NEW BUSINESS:**

The 2016 Actuary Report was presented to the Board for approval. The Board was advised there were no changes and this would be the formal acceptance of the report. A motion was made by Smith and seconded by Doles to approve the 2016 Actuary Report. A voice vote was taken with all ayes and no nays.

The tax levy request recommendation for 2016 was next presented is \$1,899,018.00. A motion was made by Weber and seconded by Dykstra to approve the tax levy request to be presented to the Village Board. A roll call vote was taken with all ayes and no nays.

The Illinois Department of Insurance Report was next up for review. Helgerson confirmed the report had previously been filed, which provides a summary of the audit, which is provided by Sikich. A motion was made by Weber and seconded by Doles to approve the Illinois Department of Insurance Report for fiscal year ending 2016. A voice vote was taken with all ayes and no nays.

The consideration of increase in recording secretary fee from \$100.00 to \$125.00 per meeting was next presented. Helgerson advised he had contacted the Board regarding the increase. Helgerson advised the minutes are regularly in order and have the approval of the attorney. A motion was made by Doles and seconded by Weber to approve the increase of the recording secretary fees effective this meeting. A roll call vote was taken with all ayes and no nays.

### **CONSULTANT REPORT:**

A review of the investment policy was next discussed. Tomanek advised the changes in the investment policy were mostly housekeeping. There was an update under 6.1 on the benchmarks, with the specific return percentages being removed. An updated policy will be forth coming with the changes being made. Helgerson also provided a draft investment procedure and internal control manual. He advised this is a fall back measure if all the investment managers were to be removed from the process. A motion was made by Weber and seconded by Doles to approve the modifications of the investment policy as presented. There was no further discussion. A voice vote was taken with all ayes and no nays.

A second motion was made by Doles and seconded by Smith to approve the investment procedure and internal control manual. A voice vote was taken with all ayes and no nays.

Hosbein arrived at the meeting and provided the fixed income update to the Board. He discussed the current condition of the market and the struggles. He advised the Board the firm continues to focus on high quality fixed income accounts. There has been a 5.36% return for three quarters. He continued and stated there is still slow economic growth and the bond market is doing well with the quantitative easing. He believed the interest rates would stay low for the next 6-12 months, and suggested a possible move to intermediate bonds.

Tomanek then provided the third quarter report.

She stated overall it was a crazy quarter, but still a good quarter. The fund was up just more than 6.5%, for year to date returns. She continued and stated the targets are close with the allocations. She stated there may be some short-term volatility surrounding the upcoming election, but does not believe the gains in the market will be derailed. She added an expectation for a raise in interest rates in December, and overall continued low but positive growth. She also presented the draft scorecard updates for the quarter as well to the Board.

She did advise there was a contract change with RBC Global Management. The amount of fees with them is staying the same but the change in the name of the advisor from Morgan Stanley to RBC Global

Management. A motion was made by Smith and seconded by Doles to amend the Morgan Stanley and Smith Barney agreement to address the changes to RBC portion of the portfolio. A roll call vote was taken with all ayes and no nays - motion carried.

Helgerson then addressed the new money to be invested. Helgerson reminded the Board of the 60% allocation to equities and 40% to Segall Bryant (fixed income). The 40% to the fixed income would be spread between tier one and tier two allocations. A motion was made by Doles and seconded by Weber to invest one million dollars with the allocation of 60% into equities and 40% fixed income basis within the portfolio allocation. There was no further discussion. A roll call vote was taken with all ayes and no nays - motion carried.

Doles asked Tomanek about reducing the growing pension liability with the fund. She advised the Board has continued to make more investments and increase equity exposure. The actuarial assumption has trended lower which is positive. The rebalancing adjustments to the fund that are constantly being made also reduce the risk. Helgerson advised this fund is unusual in that this fund is reducing unfunded liability, essentially reducing liability.

Helgerson advised of two additional items not listed on the agenda, but wanted to advise the Board and do not require Board action. The Municipal Compliance Report was received and needs to be submitted with the tax levy request. Helgerson advised it would be formally approved at the January meeting. Additionally, a new hire named Brandon Watson was hired and will be added to the agenda for the January meeting.

**CLOSED SESSION:**

None at this time.

**OLD BUSINESS:**

None at this time.

**TRAINING:**

Doles asked about the records retention policy. Skillman advised they currently are holding everything.

**NEXT QUARTERLY MEETING:**

The next Police Pension Board meeting is tentatively scheduled for January 25, 2017 at 5:00 p.m.

**ADJOURNMENT:**

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

The meeting adjourned at 6:23 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 25, 2017.*