

Downers Grove Police Pension Fund

Regular Quarterly Board Meeting

January 28, 2019

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Regular Quarterly Board Meeting
January 28, 2019

BEFORE THE DOWNERS GROVE
POLICE PENSION FUND BOARD OF TRUSTEES

REGULAR QUARTERLY BOARD MEETING
January 28, 2019
9:00 a.m.

REPORT OF PROCEEDINGS HAD and testimony
taken before the DOWNERS GROVE POLICE PENSION FUND
BOARD OF TRUSTEES, taken at the Downers Grove
Village Hall, 801 Burlington Avenue, Downers Grove,
Illinois, before JANET L. HAYDEN, C.S.R., License
#084-004484, a Notary Public qualified and
commissioned for the State of Illinois.

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1 TRUSTEE BLAYLOCK: I'll go ahead and call to order
2 the Downers Grove Police Pension Board Meeting,
3 January 28, 2019. Roll call of officers?
4 TRUSTEE BURKE: Burke, here.
5 TRUSTEE BLAYLOCK: Blaylock, here.
6 TRUSTEE SIDLER: Sidler, here.
7 TRUSTEE MILLER: Miller, here.
8 TRUSTEE BLAYLOCK: Do we need -- I guess we don't
9 need a motion for electronic communication.
10 TRUSTEE BURKE: Yes, we do, because we're going to
11 get a call from an insurance company.
12 MS. BUTTNY: Alliant Mesirow. Well, we will be
13 calling them.
14 TRUSTEE BURKE: I make a motion to permit
15 electronic attendance.
16 TRUSTEE SIDLER: Second.
17 TRUSTEE BURKE: Burke, aye.
18 TRUSTEE BLAYLOCK: Blaylock, aye.
19 TRUSTEE SIDLER: Sidler, aye.
20 TRUSTEE MILLER: Miller, aye.
21 TRUSTEE BLAYLOCK: Does somebody want to make a
22 motion to approve the minutes from last meeting?
23 TRUSTEE BURKE: I make a motion to approve the
24 minutes of October 22, 2018.

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1 PENSION BOARD MEMBERS PRESENT:
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3 MR. ANDREW BLAYLOCK, President
4 MR. DENNIS BURKE, Secretary
5 MR. NORM SIDLER, Vice President
6 MR. STEVE MILLER, Assistant Secretary
7 MR. WILLIAM NIENBURG, Trustee
8 ALSO PRESENT:
9 Ms. Judy Buttny, Treasurer
10 Mr. Eric Endriukaitis, Lauterbach and
11 Amen
12 Mr. Doug Oest, Marquette and Associates
13 APPEARED TELEPHONICALLY:
14 Mr. Clayton Casale, Alliant Mesirow
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1 TRUSTEE SIDLER: Second.
2 TRUSTEE BLAYLOCK: Roll call?
3 TRUSTEE BURKE: Burke, aye.
4 TRUSTEE BLAYLOCK: Blaylock, aye.
5 TRUSTEE SIDLER: Sidler, aye.
6 TRUSTEE MILLER: Miller, aye.
7 TRUSTEE BLAYLOCK: All right. Investment report.
8 Doug?
9 MR. OEST: Everyone has a copy of the report.
10 TRUSTEE SIDLER: No. We've got the one that has
11 negatives. Can we get the other one?
12 MR. OEST: Trust me, if we had January ready, I
13 would've had that in front of you. Well, flip to
14 page 2 and let's talk about 2018. It wasn't as bad of
15 a year as 2008, but there's been a lot of news on how
16 negative the year was. If you look across pretty much
17 every major asset class, more asset classes were
18 negative in 2018 than pretty much any other year in
19 history. That gives you an idea of how negative the
20 year was. It was just a broad-base bad year.
21 So, the big problem for 2018 was that
22 typically when the equity market sells off pretty
23 dramatically, you have a very strong bond market.
24 Broad market and fixed income was flat for the year,

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<p style="text-align: right;">5</p> <p>1 and that was really due to the rising rates earlier in 2 the year. You know, the big head wind for fixed income 3 basically the last quarter was a really good quarter 4 for fixed income, but not enough to offset a pretty 5 horrendous quarter for equities. But if you look 6 across page 2, you'll see pretty much every major asset 7 class was negative for the year. 8 Page 3 looks at a 65/35 portfolio. So 9 this would be, you know, kind of a -- if you took the 10 State statute, put 35 percent in bonds and 65 percent 11 in stocks, you'd be down 6 percent for the year. If 12 you look back over history, you'll see this is the 13 worst year since the financial crisis for that type of 14 portfolio. 15 The one silver lining here is that if you 16 look back, kind of post World War 2, you really haven't 17 had many instances where there have been repeat bad 18 years. You know, the '70s you had coinciding with the 19 oil crisis, the recession, you had back-to-back 20 negative years in the equity market. And then you'll 21 see 2000, 2001 and 2002 on here, that was really the 22 longest stretch post World War 2 of negative returns in 23 the equity markets. We saw three years coinciding with 24 pretty big negative numbers. So, overall it was not a</p>	<p style="text-align: right;">7</p> <p>1 was there was a report that the Fed might be 2 considering keeping a higher level on the balance 3 sheet. So, maybe this pace that they're taking right 4 now might start to slow down. The market took that as 5 some pretty positive news. You know, from an 6 accommodative policy, they might be a little bit more 7 dovish in 2019, which the market generally likes. 8 The other part of that is the Federal 9 funds rate. They've been raising that pretty 10 consistently. They've kind of shown that they're going 11 to take a pause here in 2019 for a little bit. Which 12 again, the market took as a pretty strong positive. 13 But that tightening that the Fed had been 14 doing in 2018, you couple that with a slowdown in 15 economic momentum on page 6. This is the economic 16 surprise index. Basically, if the line is above zero, 17 it means news is surprising on the upside. If it's 18 below zero, it means it's surprising on the downside. 19 You can see in 2018, basically across the 20 globe, economic news coming out was negative. It was 21 below expectations. And those two things really had a 22 pretty negative impact on the market where you saw the 23 concerns about a slowdown globally, coupled with the 24 fact that the Fed was still tightening from a rate</p>
<p style="text-align: right;">6</p> <p>1 good year. 2 So, you know, what was the main reason? 3 Well, there was tons of reasons why, and a lot of 4 individual reasons. But thematically, some of the big 5 reasons: Accommodative monetary policies. The Fed has 6 been tightening over the last year plus. That had been 7 going fine up until there was a concern over a slowdown 8 in global growth. And then people started to worry 9 that the Fed was making a mistake. And that was really 10 one of the big things that you saw in the fourth 11 quarter. 12 We've been talking about high valuations 13 for awhile. So, that obviously was on the tops of a 14 lot of people's heads. And then just geopolitical 15 risk. There's a ton out there right now. And 16 hopefully some of those get resolved in the not too 17 distant future. 18 Page 5 looks at the accommodative 19 monetary policy ending. You can see the balance sheet 20 at the top. That's the Fed's balance sheet. It went 21 from a little under a trillion up to four and a half 22 trillion in assets. You can see towards the end of 23 2017 and into 2018 that number start to come down a 24 little bit. One of the things that came out on Friday</p>	<p style="text-align: right;">8</p> <p>1 standpoint. 2 So that led to page 7 here, where you 3 actually saw parts of the yield curve invert. We've 4 talked about that quite a bit in the past about how the 5 yield curve has been flattening out. The five-year 6 treasury and the two-year treasury inverted. And the 7 three-year treasury and the five year treasury 8 inverted. 9 But basically what that means is you 10 could buy a two-year bond and get a higher yield than a 11 five-year bond. That generally speaking is not a 12 precursor to recession, but when the yield curve starts 13 to invert, it's generally considered not a good thing. 14 The 10-year and the two year are still positive, but 15 the yield curve is very flat right now. 16 Valuations on page 8, you can see the 17 line was well above the average. 10 and 20 year 18 average for the S&P 500. Then you can see it drop off 19 first in October and -- or first in January and 20 February, then in October and December to where the 21 equity markets in the U.S. were actually below 22 historical averages. Now in January you've seen a 23 really nice bounce back in the equity markets that have 24 brought that back up. But, you know, looking at things</p>

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<p style="text-align: right;">9</p> <p>1 at the end of the year, the equity markets were 2 actually fairly attractive from a valuation standpoint. 3 Then the geopolitical tension here on 4 page 9. You know, trade conflicts. China and U.S. are 5 having trade talks this week. That's ongoing, but that 6 90-day pause is coming up in March. So there's hope 7 that potentially something can get done there. 8 Brexit, if you've been following along 9 there, the deadline there is at the end of March. When 10 they say "Hard Brexit," what that means is the U.K. 11 would basically exit out of the Euro zone with no trade 12 deal, which would be a pretty disruptive thing for the 13 EU and for the U.K. They have an amendment vote 14 tomorrow, so we'll see if that goes through or not. 15 But there's still a lot of volatility going on there. 16 If you've been following along in France, 17 these yellow vest protests -- I don't know if you've 18 seen those, but it started out as a relatively small 19 protest about gas taxes, and now you look and there's a 20 hundred thousand people out in the streets. And you 21 know, from a growth standpoint, French manufacturing 22 has actually contracted. So, there's some concerns 23 that you're actually going to see some recessionary 24 risk in France, Germany. GDP actually contracted in</p>	<p style="text-align: right;">11</p> <p>1 in January started to change what the market's 2 expecting. But, you know, if the Fed thinks that 3 economic activity warrants it, then they may increase 4 rates. So, this -- what the market thinks versus what 5 the Fed does could be a potential source of significant 6 volatility if the two don't align themselves. But part 7 of the reason why you've seen the market rally a little 8 bit here so far in 2019 is that the market overall has 9 started to think that the Fed going to be a little bit 10 more dovish in 2019. 11 Page 11. Just looking at the fixed 12 income market, you can see year to date, the fixed 13 income was flat. As we sit here today, up point 3 14 percent. You know from a what did do well and what 15 didn't do well on page 12, this looks at credit. 16 (Trustee Nienburg entered the meeting.) 17 MR. OEST: And spreads, spreads overall widened 18 out, and that's a bad thing for credit. So, overall 19 governments and treasuries outperformed credit. 20 Basically it was risked off in pretty much every single 21 asset class. So, if you had an overweight to credit, 22 like Watterson does, that negatively impacted you. 23 13 is U.S. equity markets. Here you can 24 see negative across the board on those year to date</p>
<p style="text-align: right;">10</p> <p>1 the third quarter. There is increased Italian 2 recession risk right now. So, all in all, the EU is 3 under some, you know, pretty major growth concerns 4 right now. 5 And then there's a lot of other risks out 6 there as well. You know, there's significant concerns 7 over a slowdown in China. Caterpillar just reported 8 their earnings this morning, and they're considered a 9 bell weather when it comes to economic activity. And 10 they missed earnings and reported slow growth in China. 11 So, it's one of those things that are still out there. 12 Probably the biggest thing here on 13 page 10, at the end of the year, there was a big 14 concern over what the Fed is going to do in 2019. Are 15 they going to continue to raise rates, or are they 16 going to hold off? At the end of the year in 2018, the 17 market was pricing in no rate increases. And they're 18 actually pricing a 30 percent probability of a rate cut 19 by the end of 2019. Meaning that the Fed was actually 20 going to have to start lowering rates to combat a 21 potential recession. 22 If you look at this now, there's a 23 30 percent chance of a rate increase in 2019, and only 24 a 4 percent chance of a rate cut. So, this bounce back</p>	<p style="text-align: right;">12</p> <p>1 numbers, and a really rough quarter. If you look down 2 that three month column, you see double digits across 3 the board, led by small caps, which are down 4 20 percent. So it's an extremely negative quarter. 5 You know, from a January standpoint, just some silver 6 lining. The S&P is up about 6 and a half percent in 7 January. Mid-caps are up almost 9 percent, and small 8 caps are up 10 percent. So, you know, what did the 9 worst in the quarter has done the best so far in 10 January. So, there's been quite a bit of a bounce back 11 in January, but has not made up the lost ground yet 12 from the fourth quarter. 13 Probably the more negative part of this 14 is on page 14, is that active managers really struggled 15 in the year. You can see, you know, look at the dotted 16 line there would indicate more than 50 percent of the 17 managers outperforming. And pretty much for 2018, most 18 of those lines are below, meaning active managers 19 really struggled. One of the strong indicators here 20 was that companies that had no earnings were some of 21 the best performers in 2018, even with the sell-off 22 that we saw in the fourth quarter. Generally speaking, 23 active managers don't buy companies that don't have 24 earnings. So, that was a pretty big head wind for</p>

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<p style="text-align: right;">13</p> <p>1 managers.</p> <p>2 Page 15 is non-U.S equity which lagged</p> <p>3 the U.S. equity markets throughout the year, but if you</p> <p>4 look at the three-month number, you'll see double digit</p> <p>5 negative, but maybe not as bad as the U.S equity</p> <p>6 markets. Emerging markets in particular held up</p> <p>7 relatively well. They were still negative, but they</p> <p>8 outperformed the U.S. markets. So you started to see</p> <p>9 non-U.S. equity outpace U.S. equity by a little bit in</p> <p>10 the fourth quarter.</p> <p>11 And from a silver lining standpoint on</p> <p>12 page 16, this just breaks down returns. And so the</p> <p>13 broad non-U.S. equity market was down about 14 percent.</p> <p>14 Earnings growth was positive; really significantly up</p> <p>15 about 25 percent in 2018. So far earnings have</p> <p>16 actually been pretty strong in 2019. So, the negative</p> <p>17 returns in 2018 weren't because of an earnings</p> <p>18 recession or a contraction in earnings. It was all</p> <p>19 because of valuations. You can see about 38 percent</p> <p>20 decline in valuations.</p> <p>21 So, from a bright standpoint, you can</p> <p>22 look at 2019 and say if earnings hold up relatively</p> <p>23 well -- which so far they have in 2019, about</p> <p>24 72 percent of companies reporting so far have been</p>	<p style="text-align: right;">15</p> <p>1 other areas.</p> <p>2 You know, we've on purpose let that be a</p> <p>3 little bit higher. Going into this, it was around</p> <p>4 12 percent. We don't want to let the real estate</p> <p>5 allocation kind of get away from itself. So by taking</p> <p>6 the income, and using it for cash needs, it'll help</p> <p>7 keep that allocation closer to target.</p> <p>8 TRUSTEE SIDLER: What does that yield roughly?</p> <p>9 Five-ish?</p> <p>10 MR. OEST: Not anymore.</p> <p>11 TRUSTEE SIDLER: Four-ish?</p> <p>12 MR. OEST: I'd say it's in the fours. Of course</p> <p>13 it's not filled in. Yeah, it's --</p> <p>14 TRUSTEE SIDLER: It's a four?</p> <p>15 MR. OEST: It's probably around four. Yeah. I</p> <p>16 mean, Principal was up 8 percent. I mean, it was</p> <p>17 obviously your best performer last year, but just want</p> <p>18 to keep us closer to targets going forward. Any</p> <p>19 questions on that?</p> <p>20 TRUSTEE BLAYLOCK: So, you're saying just take the</p> <p>21 extra, and put it into cash for now?</p> <p>22 MR. OEST: Yeah. I mean, you're going to need it</p> <p>23 during the year until you start getting property tax.</p> <p>24 TRUSTEE BLAYLOCK: Should we just do that now?</p>
<p style="text-align: right;">14</p> <p>1 above expectations -- you could see a bounce back in</p> <p>2 the market. And so far in January you have, as long as</p> <p>3 earnings hold up pretty well. And potentially we see</p> <p>4 one or more of these geopolitical issues resolve</p> <p>5 themselves, and the Fed remains relatively dovish, you</p> <p>6 could see a nice little rebound in the markets.</p> <p>7 Any questions on anything in the markets?</p> <p>8 If you flip over the tab, go to page 3. So, overall</p> <p>9 market value here about 52 and a half million. If you</p> <p>10 look at the asset allocation, a couple of things to</p> <p>11 know: One, we're underweight to equities. And, you</p> <p>12 know, part of that was due to the sell off. Part of</p> <p>13 that was due to the fact that coming into this we</p> <p>14 weren't overweight to equities, which is a good thing.</p> <p>15 And coming into this, we were overweight</p> <p>16 cash. We were overweight real estate, which was also a</p> <p>17 good thing. So, if you look at the real estate</p> <p>18 allocation, you can see 13 percent relative to the 10.</p> <p>19 As far as action items on the asset allocation, we</p> <p>20 would recommend with Principal on the real estate</p> <p>21 front. Starting, to take the income from Principal,</p> <p>22 and rather than reinvesting it in Principal, actually</p> <p>23 take the income. So, just in cash. That will help</p> <p>24 keep the real estate allocation down relative to your</p>	<p style="text-align: right;">16</p> <p>1 Make a motion now?</p> <p>2 MR. OEST: Yeah. So, basically the motion would</p> <p>3 be to take the income from Principal, and instead of</p> <p>4 reinvesting it, just take the income as a cash</p> <p>5 distribution.</p> <p>6 TRUSTEE SIDLER: You're looking at about \$275,000</p> <p>7 in there. So, we're overweighted. I'll second the</p> <p>8 motion of taking the yield off of Principal, and</p> <p>9 putting it into cash for now to slightly reduce our</p> <p>10 overweight.</p> <p>11 TRUSTEE BURKE: Is that a second, or first?</p> <p>12 TRUSTEE BLAYLOCK: Is that the number, the</p> <p>13 275,000? You want to make the motion to take that</p> <p>14 specific number out?</p> <p>15 TRUSTEE SIDLER: No. It will depend on the value</p> <p>16 -- what the market value is. So, roughly we'll be</p> <p>17 taking roughly \$275,000 and putting it into cash</p> <p>18 throughout the year. So, the motion will be just to</p> <p>19 change from reinvesting to giving us the cash.</p> <p>20 TRUSTEE BURKE: Second the motion.</p> <p>21 TRUSTEE BLAYLOCK: Roll call?</p> <p>22 TRUSTEE BURKE: Burke, aye.</p> <p>23 TRUSTEE BLAYLOCK: Blaylock, aye.</p> <p>24 TRUSTEE SIDLER: Sidler, aye.</p>

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<p style="text-align: right;">17</p> <p>1 TRUSTEE MILLE: Miller, aye. 2 TRUSTEE NIENBURG: Nienburg, aye. 3 TRUSTEE BLAYLOCK: Just to --I guess we should 4 have noted Bill Nienburg joined us, and he's here now. 5 TRUSTEE BURKE: She knows. She's on top of it. 6 TRUSTEE BLAYLOCK: I know she knows, but I'm 7 putting it into the minutes. 8 TRUSTEE BURKE: You're recognizing him. 9 TRUSTEE BLAYLOCK: Yes. 10 TRUSTEE BURKE: It's good to see you, Bill. 11 TRUSTEE NIENBURG: Thanks. 12 MR. OEST: So, page 7. We'll get to returns. So, 13 again you can see the one year number now, a negative 14 four, which is obviously going into the third quarter 15 not anywhere near what we were at. It was looking like 16 it was going to be a relatively good year in the third 17 quarter. You know, the reason why the negative 6 is 18 really because of the real estate and the intermediate 19 duration on fixed income. 20 You know, you see red looking down there. 21 Boyd Watterson had a tough year. Really a tough 22 quarter. If you look at how they were looking through 23 the third quarter, they were outperforming. But their 24 fourth quarter return basically ate up any</p>	<p style="text-align: right;">19</p> <p>1 indices. They ended up being the best performers. 2 So, that was really the two big negative 3 detractors. One, that Boyd Watterson underperformed in 4 the fourth quarter; and then two, having small caps in 5 the portfolio, particularly in the fourth quarter, 6 really hurt. Again, the big positives were Principal 7 was up about 8 percent for the year. And by far and 8 away that was the best returning asset class for the 9 year, was core private real estate. And then Boyd 10 Watterson, even though they had a rough year, were 11 still up point 4 percent for the year, whereas the 12 broad fixed income market was flat. So, having that 13 intermediate duration helped out for the year. But 14 overall, you know, not a good year in general. 15 I mentioned year to date. You've seen a 16 nice bounce back across the board in the equity 17 markets. Fixed income is positive. Equity markets are 18 positive. Real estate is positive. So, it's been a 19 good start to the year. That being said, not enough to 20 offset the fourth quarter yet. So, I mean, if you look 21 at 2017, it was a great year. You know, up 12 and a 22 half percent. 2018 was -- turned out to be kind of -- 23 TRUSTEE BURKE: Lousy. 24 MR. OEST: You know, we had been -- everyone was</p>
<p style="text-align: right;">18</p> <p>1 outperformance for the year. 2 On the U.S. equity side, you know, why 3 don't we just flip over to page 9? You know, having 4 small caps in the portfolio in the quarter definitely 5 hurt. You can see Ziegler was down 21 percent for the 6 quarter. They outperformed last quarter, and then gave 7 it right back in the fourth quarter. 8 TRUSTEE BURKE: Not their fault though. Right? 9 MR. OEST: They were, going into this, they had a 10 healthy allocation of cyclicals, which really got hurt 11 in the fourth quarter. You know, consumer 12 discretionary, industrials, financials were their top 13 three negative detractors. Now those have bounced back 14 a little bit, but it was a rough quarter for them. 15 Now, asset managers as a whole had a 16 really rough year. But that being said, I would say 17 it's highly disappointing that in a negative market 18 like this, most active managers underperformed. This 19 is usually when active managers tend to do really well. 20 So, that's probably our biggest source of 21 disappointment, is that if you look the index, they 22 were basically top quartile. The index as a whole, 23 which again: Vanguard, S&P, and the Vanguard mid-cap 24 -- you know, you have a significant allocation to</p>	<p style="text-align: right;">20</p> <p>1 kind of waiting to see when and if we have a correction 2 or a bear market. Well, we hit it. So, you know, from 3 an allocation standpoint and a look-forward standpoint, 4 you know, valuations now are at least a little bit more 5 attractive. Although, you know, concerning a little 6 bit in January to see the market just react so 7 positively right away without having a lot of 8 resolutions to a lot of the underlying issues. I think 9 the reaction so far is more superficial than anything. 10 TRUSTEE BURKE: So, what's forecasting for 2019? 11 MR. OEST: In terms of equity returns? 12 TRUSTEE BURKE: Uh-huh. 13 MR. OEST: Everything? We're seeing most groups 14 come out with positive expectations for the equity 15 markets. Take that with a grain of salt, because they 16 also had positive expectations last year. But I think 17 you look at, coming into the year, earnings had been 18 revised downward pretty substantially. And that was 19 because you had the tax cut boost from 2018 basically 20 fall off. So, earnings basically went from 25 percent 21 down to 6 percent, 7 percent. What you're seeing is 22 that the companies are beating those lower earnings 23 estimates. So that's one of the reasons why you're 24 seeing a rebound in the market.</p>

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<p style="text-align: right;">21</p> <p>1 But if you think about it, you didn't see 2 that huge of a change in earnings expectations, but 3 valuations basically just dropped off. So, the market 4 is just cheaper going into 2019, and that's why a lot 5 of people have positive expectations for the year. At 6 least it's much brighter outlook now than it was, you 7 know, six, nine months ago when valuations were pretty 8 stretched.</p> <p>9 In terms of U.S. versus non-U.S, the 10 popular choice right now is emerging markets in general 11 over the U.S. But that being said, that was also the 12 popular choice last year, and emerging markets were the 13 worst performer. So, expectations are that it's going 14 to be a positive year in the equity markets, you know, 15 kind of mid to upper single digits.</p> <p>16 You know, I would say the only thing that 17 causes us a little bit of a pause is that, you know, 18 you just listen to all the geopolitical concerns, and 19 there's a lot of other things out there that haven't 20 been resolved that should be cause for cautiousness.</p> <p>21 TRUSTEE BURKE: What about this tariff stuff? 22 Will that impact it?</p> <p>23 MR. OEST: Yeah. Absolutely. I mean, you're 24 seeing direct impacts on companies that are reporting</p>	<p style="text-align: right;">23</p> <p>1 know, these negative years happen and, you know -- - 2 TRUSTEE BURKE: They come back.</p> <p>3 MR. OEST: -- they come back. You got to keep 4 rebalancing, keep being disciplined from an asset 5 allocation standpoint. When opportunities present 6 themselves, make sure you're rebalancing and take 7 advantage of it, and be cautious when it's warranted.</p> <p>8 TRUSTEE SIDLER: There was no place to hide last 9 year except for real estate. And we couldn't put 10 100 percent into real estate or have -- wind up trying 11 to do that from the benefit of hindsight. So I do -- 12 it's a tough year. No mistake about it. But being 13 more conservative than others, it could have been a 14 worse year.</p> <p>15 So, there is no suggested allocation 16 change from Marquette's standpoint with roughly 17 44 percent equities, 13 real estate, 38 fixed. We're 18 overweight fixed. Underweight equity by a little bit.</p> <p>19 MR. OEST: Yes. The bounce back that we've seen 20 has kind of brought you a little closer on equities. 21 Not all the way back, but pretty close. But right now, 22 especially given that we're going to go through six 23 months without having any cash inflows, our big thing 24 is we're okay being a little overweight to cash right</p>
<p style="text-align: right;">22</p> <p>1 earnings right now, and saying that the basically 2 slower growth in China is negatively impacting them. 3 And then, you know, from a global standpoint you're 4 seeing a slow down in China negatively impact a lot of 5 emerging markets. So, it absolutely all trickles 6 through.</p> <p>7 TRUSTEE BURKE: So, cash-wise how much did we 8 lose?</p> <p>9 MR. OEST: Negative 2.2 million.</p> <p>10 TRUSTEE BURKE: Wow.</p> <p>11 MR. OEST: It was a very negative year. You know, 12 the bright side -- at least what I always remind 13 everyone is we went through a financial crisis. You 14 know, you look at ten year number, and it's still 6.3 15 -- the most recent correction. I mean, you -- there's 16 one thing we know is that these things are going to 17 happen. If you look at how you're allocated, you're 18 still much more conservatively positioned than a 19 typical public pension fund, even more conservatively 20 positioned than a lot of other police and fire funds in 21 the state. You know, so from an allocation standpoint, 22 that's at least in your favor right now.</p> <p>23 And we know going through this, we've 24 been through this already a couple times. And, you</p>	<p style="text-align: right;">24</p> <p>1 now, which is yielding 2 percent. We're okay being 2 overweight to real estate right now, but we'd like to 3 start trimming that a little bit, and being equal 4 weight to fixed income. That's -- generally speaking, 5 we're pretty comfortable with that allocation.</p> <p>6 Again, you know, you've seen a nice rally 7 in the equity markets in January. You know, we're not 8 ready to say everything is fine quite yet.</p> <p>9 TRUSTEE SIDLER: I would agree.</p> <p>10 MR. OEST: Any questions on any of the performance 11 or any managers? You know, again the silver lining for 12 some of the underperformance in the fourth quarter is 13 that everything that didn't do well in the fourth 14 quarter has done well in January. So, a lot of the 15 managers have made up some ground.</p> <p>16 TRUSTEE BURKE: Teasing us.</p> <p>17 TRUSTEE MILLER: Got to have some good news 18 somewhere.</p> <p>19 MR. OEST: At least a little bit of a silver 20 lining.</p> <p>21 TRUSTEE SIDLER: So, sitting in cash, roughly 22 1.5 million. And obviously with cash flows for pension 23 payments --</p> <p>24 MR. OEST: Yeah. If you look at -- you're looking</p>

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<p style="text-align: right;">25</p> <p>1 right around a negative 300 -- a little over a negative 2 300 per month from a cash analysis. So, you know, 3 we're likely not going to get an influx until June. 4 So, this should cover you until -- 5 TRUSTEE BURKE: The first tax payment. 6 MR. OEST: -- the tax payment. 7 TRUSTEE BURKE: I take it our tax levy will be 8 higher. 9 MR. OEST: Yeah. From a -- I mean, from an 10 actuarial standpoint, obviously no one made an 11 actuarial rate in 2018. This is going to be a negative 12 year for sure. You know, as good of a year as 2017 13 was, this was equally as bad of a year. 14 TRUSTEE SIDLER: So, we will burn through roughly 15 1.8 mill through six months. We're sitting on one 16 five. Principal will throw off other cash with that, 17 too. I think we're good. 18 MS. BUTTNY: We're good. 19 TRUSTEE SIDLER: We're good? You comfortable? 20 Good. 21 TRUSTEE BURKE: Let's hope for a good 2019. 22 MR. OEST: Yeah. Sorry I couldn't be the ray of 23 sunshine. It's tempting to come in and say everything 24 is going to be amazing this year, but you know, it's</p>	<p style="text-align: right;">27</p> <p>1 I mean, a lot of meetings even running up to this 2 there's -- you know, we've been talking about 3 valuations and concerns about things for awhile. It's 4 so difficult to time. And so, you know, when things do 5 poorly, there is a tendency to want to try to time on 6 one side or the other side. You know, from an asset 7 allocation standpoint, that's why we feel pretty 8 comfortable where we are, is that we've stress tested 9 the allocation. It performed like we thought it would. 10 The one negative was manager performance, 11 but I think, you know, there should be some comfort in 12 the fact that we've gone through the worst crisis that 13 any of us alive have ever seen, and made it through 14 pretty good. So that, you know, when you have a bear 15 market like this, we know allocation-wise we're able to 16 navigate it. 17 TRUSTEE SIDLER: Truly our decision as a board is 18 asset allocation. That's where the returns are going 19 to come. When we turn on risk and when we turn off 20 risk is what we'll gauge our success or failure from. 21 And we have been turning down risk for the last year or 22 two. 23 MR. OEST: Any other questions on -- I don't have 24 to this, but I do have to give it to you. The last tab</p>
<p style="text-align: right;">26</p> <p>1 kind of like -- as good as a year as we've been having, 2 you know, you just want to temper expectations and make 3 sure going into this that -- it might end up being a 4 great year. And from a precedent standpoint, a lot of 5 times when you see a negative year in the equity 6 markets, you see a nice bounce back the following year. 7 It's just there is some progress that needs to be made 8 on a lot of fronts to get to that point. 9 TRUSTEE SIDLER: And to put in from a historical 10 perspective, we have had a ten-year run. The equity 11 market has been phenomenal. It's very easy 12 accommodative central banks, which are now changing. 13 And nobody alive has ever seen what's going on right 14 now with all the central banks, you know, trying to 15 lower their balance sheets, raise rates. We have never 16 seen as much debt on central banks' balance sheet. 17 Nobody alive has ever seen with post 2008. So, 18 remaining cautious and probably not turning the dial on 19 risk when we get a pull back I think is prudent, 20 because there's so much that's going on in the world 21 market that nobody alive has ever seen before, with all 22 the central banks trying to reduce their balance 23 sheets. 24 MR. OEST: Yeah. It's, you know, it's tempting --</p>	<p style="text-align: right;">28</p> <p>1 there's the annual disclosure that all consultants need 2 to make. And that's behind the last tab. Basically it 3 breaks out how many minority-owned business, 4 female-owned business, and businesses owned by disabled 5 firms that we've done search activity with. That's 6 that top part there. And then the bottom of the page 7 is the economic disclosure. 8 Marquette only takes money from our 9 clients, obviously. You just write us a check, but 10 there are other groups that do other things. So, I 11 think this disclosure was meant to try to make sure 12 you're aware of any soft dollar arrangements that 13 groups have. So, again, this will be pretty boring for 14 us. 15 TRUSTEE BLAYLOCK: How about I'll read it after 16 the meeting? 17 TRUSTEE SIDLER: You're not a broker/dealer. 18 MR. OEST: We're not a broker/dealer. 19 TRUSTEE NIENBURG: And again on the equity balance 20 -- or the portfolio balance, you're recommending we're 21 going to take the cash out of the real estate, or the 22 yield out of the real estate and preserve it as cash. 23 MR. OEST: Correct. 24 TRUSTEE NIENBURG: You're recommending -- you said</p>

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<p style="text-align: right;">29</p> <p>1 you're recommending -- you're going to trim the real 2 estate allocation? 3 MR. OEST: Well, that in effect will keep us top 4 on the real estate allocation. If we keep investing 5 that, your real estate allocation is just going to 6 continue to grow. 7 TRUSTEE NIENBURG: But are you actually 8 recommending trimming it though? 9 MR. OEST: I mean, if you think about it, taking 10 the income away is in effect trimming it, because 11 instead of reinvesting in it, your allocation will be 12 -- 13 TRUSTEE NIENBURG: You're not recommending 14 bringing it -- 15 MR. OEST: Pulling it, no. Just taking the income 16 out of it, because by the time you're able to do that, 17 basically in the next six months you're going to need 18 around \$1.8 million in cash in between your current 19 cash allocation and the income from Principal, that 20 will get you roughly there. 21 TRUSTEE SIDLER: Is there political legislation 22 discussion about continuing to soften up the fixed 23 income guidelines within the State of Illinois? 24 MR. OEST: We've seen some, but not particularly</p>	<p style="text-align: right;">31</p> <p>1 But two relatively simple things to do to -- from a 2 long term standpoint to improve things. 3 TRUSTEE SIDLER: Right. 4 MR. OEST: And you think it's bad for larger 5 funds, think about it. If you were a small fund and 6 you had to have, you know, 90 percent of your assets in 7 fixed income. 8 TRUSTEE SIDLER: Okay. Thank you. 9 TRUSTEE BLAYLOCK: All right, Doug. I don't think 10 you have to stick around if you don't want to, 11 obviously. 12 TRUSTEE BURKE: The only thing is what we normally 13 have done is we look at meetings. Do you think April 14 is a reasonable month? 8th? 15th? 22nd or 29th? Or 15 even further -- well, you want the first quarter -- 16 TRUSTEE SIDLER: -- is not going to give them 17 enough time to give us quarterly numbers. You need at 18 least two weeks probably? So from the 15th on? 19 MR. OEST: Yeah, from the 15th on. 20 TRUSTEE BLAYLOCK: Anybody objecting to a Tuesday? 21 I'm on midnights then and I -- if I'm off on the 22 Monday, then it makes it a little easier to come in. 23 Or if we did it on a Monday, we can do it a little 24 later, because I'm not going to be here at 9:00 o'clock</p>
<p style="text-align: right;">30</p> <p>1 strong. 2 TRUSTEE SIDLER: So, if you were to handicap 2019, 3 no legislation changes would you guess? 4 MR. OEST: I don't know. I mean a lot of people 5 are thinking 2018 you might see something. I mean, 6 every year there's rumblings. I don't know. I mean, 7 you look at -- if you look at over the last ten years, 8 which have been extremely positive, the only difference 9 between you guys and like an IMRF or, you know, one of 10 the other big funds is basically taking 10 percent out 11 of fixed income and having it in the equity markets, 12 and then having the ability to go below investment 13 grade. You do those two things, and your performance 14 is basically exactly the same. Even taking out private 15 equity and all that other stuff, basically you're 16 hamstrung by having to have as much as you do in fixed 17 income. 18 On the flip side, quarters like this it 19 helps you out tremendously, but over the long-term 20 obviously we would believe that equity markets would 21 outperform fixed income markets. And that's probably 22 the one big thing. So, we mention it a lot. We think 23 that's a pretty simple change to make, but I don't -- I 24 don't know if there's going to be any action on it.</p>	<p style="text-align: right;">32</p> <p>1 in the morning after working until 6:00 in the morning. 2 It's not happening. I can't do it. 3 TRUSTEE SIDLER: -- for 24 hours -- 4 TRUSTEE BLAYLOCK: No thanks. 5 TRUSTEE SIDLER: -- machine? I have no problem 6 with changing that. 7 TRUSTEE BURKE: Tuesday? 8 TRUSTEE BLAYLOCK: So a Tuesday or later in the 9 day. Whatever is easier. 10 TRUSTEE BURKE: Let's do Tuesday. Tuesday works. 11 TRUSTEE SIDLER: It's tax day anyway. 12 TRUSTEE BLAYLOCK: The 23rd? 13 MR. OEST: 23rd works for me. 14 TRUSTEE BLAYLOCK: I'm off the night before, so 15 maybe -- 16 TRUSTEE BURKE: Does the 23rd work for everybody? 17 Steve? 18 TRUSTEE MILLER: Yes. 19 TRUSTEE BURKE: Bill? 20 TRUSTEE NIENBURG: Yes. 21 TRUSTEE BURKE: Okay. 23rd. 22 TRUSTEE BLAYLOCK: All right. Are we ready for 23 the -- we make the phone call here? 24 MR. OEST: Thanks, everybody.</p>

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<p style="text-align: right;">33</p> <p>1 TRUSTEE BLAYLOCK: Thank you, Doug. 2 MS. BUTTNY: Hello, Clayton? 3 MR. CASALE: Yes. Judy? 4 MS. BUTTNY: Yes. Clayton -- 5 MR. CASALE: Hi. How are you? 6 MS. BUTTNY: Good. How are you? 7 MR. CASALE: I'm doing well. 8 MS. BUTTNY: We are in the -- we have the whole 9 pension board here. And I know you're getting ready to 10 do another one of these at 10:00 o'clock, so go ahead 11 and if you could just give these guys an overview. 12 THE COURT REPORTER: Could I have his name, 13 please? 14 MR. CASALE: Absolutely. First, I'd just like to 15 thank all trustees and everyone for your time. I will 16 make this as quick as possible. 17 TRUSTEE BURKE: Could you give us your name with 18 spellings? 19 MS. BUTTNY: I got it. 20 MR. CASALE: Yes. Clayton Casale from Alliant 21 Mesirov. So, just to get right into it, this is for 22 the renewal of your fiduciary liability insurance 23 coverage which is set to renew on April 16th, 2019. 24 The policy itself covers past, present, and future</p>	<p style="text-align: right;">35</p> <p>1 MS. BUTTNY: Does anyone have any questions? 2 TRUSTEE BURKE: Well, I think it's exactly the 3 same as what we had last year. 4 TRUSTEE SIDLER: -- what it was last year makes 5 this one an easy call. Are you seeing an increase of 6 other boards that are increasing their deductible from 7 zero to try to take that down at all, or is pretty much 8 everyone going about it the same way? 9 MR. CASALE: We've seen everybody go about it the 10 same way as last year with deductibles ranging with 11 your size funds from zero to \$10,000. But due to the 12 flat premium with no increase, I think it would make 13 sense to keep the deductible at the zero dollar mark. 14 TRUSTEE BURKE: I agree. 15 TRUSTEE SIDLER: Yeah, we like the same number 16 over here. 17 TRUSTEE BURKE: Okay. I make a motion that we 18 accept the proposal for the fiduciary liability policy. 19 TRUSTEE SIDLER: To the amount of? 20 TRUSTEE BURKE: To the amount of \$1 million. 21 TRUSTEE SIDLER: And an annual cost of -- 22 TRUSTEE BURKE: Annual cost of -- 23 TRUSTEE SIDLER: \$8,000 -- 24 TRUSTEE BURKE: \$8,000 --</p>
<p style="text-align: right;">34</p> <p>1 trustees of the police pension fund, as well as other 2 fiduciaries of the fund, including employees. The 3 policy itself is going to cover defense costs as well 4 as other loss. That being: Monetary damages, 5 judgments, settlements, et cetera, that may result from 6 allegations against one of the trustees for their 7 breaches of the duties imposed upon them by the Pension 8 Code or a similar employee benefit law. So, this would 9 extend to negative acts, errors, omissions by the 10 trustees or fiduciaries in their administration of the 11 fund. 12 Right -- currently right now you have a 13 \$1 million limit with a zero dollar deductible with 14 Chubb Insurance Company. The premium currently is 15 \$8,737. The renewal terms that we've gotten for the 16 upcoming term of 2019 to 2020, you will have the 17 \$1 million limit still, the zero dollar deductible, and 18 the premium will stay flat: As in, it will stay the 19 same as the expired premium at \$8,737. 20 In order to proceed, we'll just need 21 confirmation from the trustees. No other documentation 22 is required, but I hope that was kind of quick enough 23 for you. And if you do have questions, please let me 24 know.</p>	<p style="text-align: right;">36</p> <p>1 TRUSTEE SIDLER: 737. 2 TRUSTEE BURKE: There you go. Did you get that? 3 TRUSTEE BLAYLOCK: So, who's seconding it? 4 TRUSTEE SIDLER: Second the motion. 5 TRUSTEE BLAYLOCK: Roll call? 6 TRUSTEE BURKE: Burke, aye. 7 TRUSTEE BLAYLOCK: Blaylock, aye. 8 TRUSTEE SIDLER: Sidler, aye. 9 TRUSTEE MILLER: Miller, aye. 10 TRUSTEE NIENBURG: Nienburg, aye. 11 TRUSTEE BLAYLOCK: Thanks, Clayton. Have a nice 12 day. 13 MS. BUTTNY: Thank you. 14 MR. CASALE: Awesome. Thank you guys for your 15 time. I appreciate it. 16 TRUSTEE BLAYLOCK: Okay. Lauterbach and Amen's 17 quick report here. 18 MR. ENDRIUKAITIS: Oh, good. I mean, we all know 19 that the numbers were what the numbers were. So, we'll 20 start on page 2-1 of your monthly compilation report. 21 This is your balance sheet snapshot of the fund as of 22 December 31st, 2018. The fund's total cash investment: 23 52.2 million. Your current accrued interest is 24 136,387. For a total net position held in the trust</p>

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<p style="text-align: right;">37</p> <p>1 52,393,741. Next page 2-2. This is your income 2 statement for twelve months. The contributions from 3 the Village and members at 3.8 million. Negative 4 investment at 2.4 million, for a total addition into 5 the fund of 1.416. Deductions for twelve months, 6 \$4,631,010.95. So, that total for a twelve-month 7 position is negative \$3.2 million. 8 Then that brings us to the divider 9 Supplementary. 4-1 is your cash analysis report. I 10 know we just went over this. In the far right-hand 11 column is your December 31st numbers. Cash at 12 \$2,008,867. The contributions that came in was 74,235. 13 Expenses. Your benefits at 408, which will increase in 14 January and also in the two new retirees. Followed by 15 your fluctuation of admin expenses on that last line 16 there. 17 I'll quickly take you over to page 9-1 18 through 9-3. This is the fund's member contribution 19 report. That first column for prior fiscal year ties 20 back to year 2017 DOI filing. And if you look at the 21 far right-hand column, we had total contributions -- 22 number in the fund, that number, that 8.5 million on 23 9-3, will be on this year's DOI report. The 2018 24 report.</p>	<p style="text-align: right;">39</p> <p>1 before the end of the year. So, that's \$17,000 of 2 that, I think, Eric, that's what it was. Somewhere 3 around \$17,000. So, that was going to boost it up 4 there anyway. 5 TRUSTEE SIDLER: Well, our annual run rate, if I 6 look at your January 1, 2019, we're running at 7 4,866,265? 8 TRUSTEE NIENBURG: Where is that at now? 9 TRUSTEE SIDLER: The handout. Page 2 of the 10 handout for COLA increase. 11 MR. ENDRIUKAITIS: Yeah, correct. Yes. And that 12 might go up. If you look on page 3, we have members 13 that are going to get their first increase in March, 14 October, and then a couple in December. 15 TRUSTEE BLAYLOCK: Those are all the people 16 turning 55. 17 MR. ENDRIUKAITIS: True. 18 TRUSTEE BLAYLOCK: Or one of them is a duty 19 disability for 60. 20 MR. ENDRIUKAITIS: At 60, yeah. 21 TRUSTEE BLAYLOCK: Got it. 22 MR. ENDRIUKAITIS: Correct. 23 TRUSTEE SIDLER: So, if we are going to be running 24 roughly 4.9 million outflows, this year's inflows were</p>
<p style="text-align: right;">38</p> <p>1 Pages 10-1 through 10-15 is the payroll 2 journal for the month of December. And the following 3 pages 11-1 through 11-3 is the Quarterly Vendor Check 4 Report, which shows all checks and transfers of 5 expenses out of the fund as of October 1st through 6 December 31st, 2018. So, that total is \$220,482.46. 7 TRUSTEE NIENBURG: Do you know what drove -- I'm 8 backing up on 4-1 -- what drove the big increase in 9 pension benefit expenses in November -- it looks like a 10 run rate through November at that point. 11 MR. ENDRIUKAITIS: Correct. 12 TRUSTEE NIENBURG: And December? 13 MR. ENDRIUKAITIS: It's probably the retirees. 14 TRUSTEE NIENBURG: The retirees? 15 MR. ENDRIUKAITIS: Yeah. I think there's two of 16 them. 17 TRUSTEE BLAYLOCK: Johnstone and Bormann. Stark. 18 TRUSTEE NIENBURG: So, that we expect to be the 19 new run rate now? 20 MR. ENDRIUKAITIS: We had a new run rate as your 21 COLAs -- 22 TRUSTEE BLAYLOCK: Johnstone did not get paid from 23 the time he filed with us. So, he ended up getting, 24 like, a \$17,000 check at the end of December, right</p>	<p style="text-align: right;">40</p> <p>1 3.8. So, a negative \$1 million. And then obviously 2 dividends and interest from the fund for about a 3 million. So, we're roughly break even. So, obviously 4 as more retire going forward, and if we go into the 5 negative status, which we're approaching, we're going 6 to start bleeding the fund on an annual basis as we go 7 forward. 8 So, this is a discussion for another day, 9 but I think we should have a meeting with us to talk 10 about additional sources of revenue for the pension 11 fund. And we've had the discussion before. I don't 12 know how we get to that point, but I do think there's 13 other villages that I know are doing it in terms of, 14 like, special taxing districts on food downtown or -- 15 MS. BUTTNY: That goes beyond the scope of this 16 board. 17 TRUSTEE SIDLER: Without a doubt. 18 MS. BUTTNY: The only ones that can is the 19 council. 20 TRUSTEE SIDLER: Without a doubt. But I think 21 recommendations from the board or at least us having a 22 discussion to say: How can we at least have that 23 discussion would be I think prudent for us. 24 TRUSTEE NIENBURG: Maybe we package that in. We</p>

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<p style="text-align: right;">41</p> <p>1 talked about it, and we shouldn't -- I mean, more than 2 ever it -- to getting out ahead of the messaging on the 3 current state of affairs, and maybe we package it in 4 that. And then go before the council, and report out 5 on the year that just happened, and what our strategies 6 are, and push them. 7 TRUSTEE SIDLER: We've talked about it. Right. 8 My suggestion was to put money on the speeding tickets 9 so no one would speed in Downers Grove ever again. I 10 think could be viewed as self-serving. But I think for 11 the discussion for us as a board, to understand what we 12 see as the cash flows much more on a basis probably 13 than what the Village is looking at everything is to 14 say hey -- both for us obviously and the fire -- to 15 think about what different sources could we look at to 16 create some revenue stream for payment into the fund is 17 a topic that we'll have to discuss at some point. 18 TRUSTEE NIENBURG: This gets outside of the 19 sometimes the fungible numbers and metrics that you 20 hear about, the percentage funded and all of that stuff 21 -- this is real. I mean, this starts to get pretty 22 easy to project out the end point. 23 TRUSTEE SIDLER: I know Naperville, they try to 24 look at it as a special taxing district just downtown</p>	<p style="text-align: right;">43</p> <p>1 TRUSTEE MILLER: Miller, aye. 2 TRUSTEE NIENBURG: Nienburg, aye. 3 TRUSTEE BURKE: Motion to accept the January 2019 4 COLAs for 2019. 5 TRUSTEE SIDLER: Statutory COLAs. 6 TRUSTEE BURKE: Statutory COLAs. 7 TRUSTEE BLAYLOCK: Increases. 8 TRUSTEE SIDLER: Second. 9 TRUSTEE BLAYLOCK: Roll call? 10 TRUSTEE BURKE: Burke, aye. 11 TRUSTEE BLAYLOCK: Blaylock, aye. 12 TRUSTEE SIDLER: Sidler, aye. 13 TRUSTEE MILLER: Miller, aye. 14 TRUSTEE NIENBURG: Nienburg, aye. 15 TRUSTEE BLAYLOCK: Okay, Judy. 16 MS. BUTTNY: Well, we'll make it easy. If you go 17 back to the report Eric just presented, I think if we 18 could approve the payables? 19 TRUSTEE BLAYLOCK: That were in Eric's report? 20 MS. BUTTNY: Yes. On 11-1 to 11-3. 21 TRUSTEE BURKE: I make a motion we approve the 22 bills needing to be paid on 11-1 through 11-3. 23 TRUSTEE BLAYLOCK: Is it the 220,000 total? 24 MR. ENDRIUKAITIS: Yes. Correct.</p>
<p style="text-align: right;">42</p> <p>1 that they put on food and beverage. And I assume 2 that's from people coming in, and not living in 3 downtown Naperville. And I know Rosemont, they do -- 4 they've got a couple streams of revenue, but that's 5 more convention-based charges that they put on with 6 that. 7 But I think it's important for us to 8 think outside the box, look at what other villages are 9 doing, and at least have the discussion to say, well, 10 how do we -- I mean, it's a collective problem for all 11 of us obviously. 12 TRUSTEE BLAYLOCK: Eric, we have to make a motion 13 to approve the COLAS. Correct? 14 MR. ENDRIUKAITIS: Correct. You approve the 15 account report, and then you approve the COLAs 16 separate. 17 TRUSTEE BLAYLOCK: Okay. Dennis? I can't. 18 TRUSTEE BURKE: I approve the monthly financial 19 report. 20 TRUSTEE NIENBURG: Second. 21 TRUSTEE BLAYLOCK: Roll call? 22 TRUSTEE BURKE: Burke, aye. 23 TRUSTEE BLAYLOCK: Blaylock, aye. 24 TRUSTEE SIDLER: Sidler, aye.</p>	<p style="text-align: right;">44</p> <p>1 TRUSTEE BLAYLOCK: Add that number in there. 2 TRUSTEE BURKE: At \$220,482.46. 3 TRUSTEE SIDLER: Second. 4 TRUSTEE BLAYLOCK: Roll call. 5 TRUSTEE BURKE: Burke, aye. 6 TRUSTEE BLAYLOCK: Blaylock, aye. 7 TRUSTEE SIDLER: Sidler, aye. 8 TRUSTEE MILLER: Miller, aye. 9 TRUSTEE NIENBURG: Nienburg, aye. 10 TRUSTEE BLAYLOCK: Is that all you have, Judy, or 11 do have more? 12 MS. BUTTNY: That's all. 13 TRUSTEE BLAYLOCK: All right. New business. We 14 have a couple retirement approvals that we have to do 15 for -- 16 TRUSTEE BURKE: Anton Kucaba, 30 years; James 17 Stark, 28 years retired, retired in 2018. Make a 18 motion to accept their retirements. 19 TRUSTEE BLAYLOCK: Jim Stark retired in 2019, 20 beginning of 2019. 21 TRUSTEE BURKE: Oh, he did, didn't he? 22 MS. BUTTNY: You know what, the board attorney 23 always recommends that we read in the details into the 24 --</p>

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45	<p>1 TRUSTEE SIDLER: I was just going to say the same 2 thing. 3 TRUSTEE BURKE: You got it, go ahead. 4 MS. BUTTNY: Anton Kucaba, birth date 4/4/54, 5 entry date 3/17/80. Retirement date of the 11/29/18, 6 and effective date of pension 11/30/18. Would be 7 64 years. An effective date of the pension with 8 38 years of service. Salary at 101,160, getting 9 75 percent. The amount of the original monthly pension 10 granted would be 6,322.50. 11 TRUSTEE BLAYLOCK: And we'll do them separately, 12 or -- 13 TRUSTEE BURKE: I make a motion to accept what the 14 treasurer just read off. 15 TRUSTEE BLAYLOCK: For Anton Kucaba. Roll call -- 16 or we need a second. 17 TRUSTEE SIDLER: I will second it, and ask if we 18 could get him a cup of Dunkin Donuts coffee that he 19 stays until 64, and started collecting at that point. 20 He deserves a cup of coffee from us. 21 TRUSTEE BLAYLOCK: All right. Roll call. 22 TRUSTEE BURKE: Burke, aye. 23 TRUSTEE BLAYLOCK: Blaylock, aye. 24 TRUSTEE SIDLER: Sidler, aye.</p>	47	<p>1 TRUSTEE BURKE: We have four new -- 2 TRUSTEE BLAYLOCK: -- four new officers that are 3 to enter. And one thing I want to add on Ryan Harter. 4 He came over from the Cook County Forest Preserve 5 Police, and he actually called down to the Illinois 6 Department of Insurance, and spoke with somebody who 7 told him that even though he was never an Article 3 8 pension, he was considered an Article -- he was 9 considered -- 10 MS. BUTTNY: He's considered a Tier One? 11 TRUSTEE BLAYLOCK: He's not a Tier one. 12 TRUSTEE BURKE: No. 13 TRUSTEE MILLER: He was under the impression? 14 TRUSTEE BLAYLOCK: He was under the impression 15 that he was a Tier One employee because he was hired 16 prior to January 1st, 2011. But the rule -- and she 17 told him that, and I confirmed with this woman who told 18 him, who was actually wrong, that he was in fact a Tier 19 Two. I contacted -- I talked with Eric, who confirmed 20 that as well, and then I also talked with our board 21 attorney, Rick Reimer, who gave an opinion via e-mail 22 to me. I passed it along to our secretary, Dennis 23 Burke. I can forward that to the rest of the board as 24 well, but Rick gave an opinion advising that no, he is</p>
46	<p>1 TRUSTEE MILLER: Miller, aye. 2 TRUSTEE NIENBURG: Nienburg, aye. 3 TRUSTEE BLAYLOCK: All right. The next one. Do 4 you want to do that one? 5 MS. BUTTNY: James Stark. Birth date 6/27/59. 6 Entry date into the plan: 12/31/90. Retirement of 7 January 6, 2019. With an effective date of pension of 8 January 7, 2019. 59 years old, with 28 years of 9 creditable service. And a salary of 101,160. The 10 percentage of pension would be 70 percent. And the 11 original monthly pension: \$5,900.01. 12 TRUSTEE BLAYLOCK: Dennis Burke makes a motion. 13 TRUSTEE BURKE: I make a motion that we accept the 14 retirement as read by our treasurer for James Stark. 15 TRUSTEE SIDLER: 59 years of age. I'd like to get 16 him another cup of coffee also. And I will second that 17 motion. 18 TRUSTEE BLAYLOCK: Roll call? 19 TRUSTEE BURKE: Burke, aye. 20 TRUSTEE BLAYLOCK: Blaylock, aye. 21 TRUSTEE SIDLER: Sidler, aye. 22 TRUSTEE MILLER: Miller, aye. 23 TRUSTEE NIENBURG: Nienburg, aye. 24 TRUSTEE BLAYLOCK: Okay. And then we have --</p>	48	<p>1 a Tier One. I spoke with -- excuse me, he is a Tier 2 Two. I spoke with Ryan. He understands it, but we 3 just wanted to have something in his file just for the 4 confusion that came up. So, Dennis has that. It's in 5 his file. I, again, will forward Rick's e-mail to the 6 rest of the board so we have it, but I just wanted to 7 get that read -- 8 TRUSTEE BURKE: I printed that e-mail off. That 9 is part of his pension file that we keep here, because 10 you already have it, Eric. Right? 11 MR. ENDRIUKAITIS: Correct. 12 TRUSTEE SIDLER: To clarify for the record, Ryan 13 Harter will be logged in as a Downers Grove police 14 officer as a Tier Two employee. 15 TRUSTEE BURKE: Yes, he will be. 16 TRUSTEE SIDLER: Okay. 17 TRUSTEE BLAYLOCK: Eric, I did not send you -- you 18 gave that e-mail to Eric. Is that what you're saying? 19 TRUSTEE BURKE: No. You already knew it -- or I 20 sent it -- 21 TRUSTEE BLAYLOCK: He knew it, but here, I'll 22 forward it. 23 MR. ENDRIUKAITIS: Yeah. 24 TRUSTEE BLAYLOCK: I'll add Eric to this e-mail as</p>

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<p style="text-align: right;">49</p> <p>1 well. So, you guys can have any discussions you want 2 to, but I'll forward it to the board, and then to Eric. 3 TRUSTEE SIDLER: Erin, Corey and Alessia, aren't 4 we going through each individually? Are they all Tier 5 Two? 6 TRUSTEE BURKE: Everybody is a Tier Two. 7 TRUSTEE BLAYLOCK: Somebody want to make a motion 8 to accept the four of them into our fund? 9 TRUSTEE BURKE: I make a motion we accept the four 10 new officers: Ryan Harter, Erin DeVries, Corey White, 11 and Alessia Marocco into the fund as members of the 12 Downers Grove Police Pension fund. 13 TRUSTEE SIDLER: I'll second your motion. 14 TRUSTEE BLAYLOCK: Roll call? 15 TRUSTEE BURKE: Burke, aye. 16 TRUSTEE BLAYLOCK: Blaylock, aye. 17 TRUSTEE SIDLER: Sidler, aye. 18 TRUSTEE MILLER: Miller, aye. 19 TRUSTEE NIENBURG: Nienburg, aye. 20 TRUSTEE SIDLER: How many sworn officers will we 21 have? 22 TRUSTEE BLAYLOCK: We're down three. Correct, 23 Dennis? 24 TRUSTEE BURKE: Well, actually right now we got</p>	<p style="text-align: right;">51</p> <p>1 MS. BUTTNY: The new police station and village 2 hall? 3 TRUSTEE SIDLER: Yeah. 4 TRUSTEE BUTTNY: Oh, we're all about that right 5 now. That's all that's been going on. 6 TRUSTEE MILLER: That's all you're allowed to do 7 now. 8 TRUSTEE BLAYLOCK: Look how prepared Judy is. She 9 brought it just for Norm. 10 MS. BUTTNY: I knew he was going to ask. The site 11 plan. 12 TRUSTEE BLAYLOCK: Let me -- I don't know that 13 this is probably pension board stuff. 14 MS. BUTTNY: Wait until after the meeting? 15 TRUSTEE BLAYLOCK: Yeah, and then we could 16 probably let her go and Eric go if need be. Is there 17 any other old business or any more new business anybody 18 have? 19 TRUSTEE NIENBURG: Maybe just to -- I don't know 20 if this is -- if other funds have ever done this, but 21 if I look at our allocation, we're light commodities. 22 We're light equities. We're over fixed, and we're over 23 real estate. And we're in a market that's got a lot of 24 swings, and it's expected to continue this year. We're</p>
<p style="text-align: right;">50</p> <p>1 three that will start -- two that will start the 2 academy -- no, three that will start the academy. 3 April 1 we'll be at full of staff, and we'd be sworn as 4 -- 5 TRUSTEE SIDLER: 76? 6 TRUSTEE BLAYLOCK: 73. 7 TRUSTEE BURKE: No. You lost one, so it's 72. 8 TRUSTEE BLAYLOCK: 72. 9 TRUSTEE SIDLER: 72, okay. And full is 76? 10 TRUSTEE BLAYLOCK: Well, now full is 72. They 11 keep dropping it down. 12 TRUSTEE BURKE: The Chief has dropped a couple 13 officers. 14 TRUSTEE BLAYLOCK: The chief? 15 TRUSTEE BURKE: Yes, sir. 16 TRUSTEE SIDLER: So, 72 is our technical full -- 17 TRUSTEE BURKE: Full employed. 18 TRUSTEE SIDLER: -- employment. Okay. Thank you. 19 TRUSTEE BLAYLOCK: Anything more on the new 20 business? Anybody else? 21 TRUSTEE SIDLER: Just a quick question, and we can 22 do this for another time, too. Is there any update on 23 the development and construction of the new police 24 pension facility?</p>	<p style="text-align: right;">52</p> <p>1 limited to four meetings a year we're able to do 2 re-allocations. Have we ever -- especially in a year 3 coming out of a year like last year -- have we ever met 4 more frequently so that we can rebalance? 5 TRUSTEE BURKE: We can call a special meeting. 6 That's not an issue. 7 TRUSTEE SIDLER: And we have in the past. 8 TRUSTEE BLAYLOCK: We have to meet at least four 9 times. 10 TRUSTEE BURKE: We have to meet four times. We 11 can post special meeting. We get a -- 12 TRUSTEE NIENBURG: We've got some big things that 13 are expected to resolve one way or the other in the 14 next few months. 15 TRUSTEE BURKE: Okay. 16 TRUSTEE SIDLER: 2008 post we had several phone 17 calls just with the markets going. So, I think at any 18 point if we have extreme volatility, that's a great 19 thought that we should talk, get on the phone and -- 20 TRUSTEE NIENBURG: I'll leave it up to our 21 esteemed president to trigger that. 22 TRUSTEE BURKE: Or if you give that to me, I would 23 be happy to call another meeting. 24 TRUSTEE NIENBURG: We all stay pretty close to</p>

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<p style="text-align: right;">53</p> <p>1 what's happening. So, we'll probably all be on the 2 same page -- 3 TRUSTEE BURK: Probably, Norm, if we have a 4 meeting in July, it would more than likely be our last 5 meeting in this building forever. 6 TRUSTEE BLAYLOCK: We'll talk about that in a 7 minute. Any more new business? Any old business? 8 TRUSTEE NIENBURG: We had asked for you guys to 9 reach a proposal on coming up with a report that we 10 could use to -- as the basis for going before council. 11 Any progress on that? 12 MR. ENDRIUKAITIS: I think -- I've given them your 13 contact info, yours and Norm's. Have they ever reached 14 out to you? 15 TRUSTEE NIENBURG: No. 16 TRUSTEE BLAYLOCK: What is her name? Allison? 17 MR. ENDRIUKAITIS: Jessica? 18 TRUSTEE BLAYLOCK: There's another one. Starts 19 with an "A." Allie? 20 TRUSTEE BURKE: Allison? Who is Allison? 21 MR. ENDRIUKAITIS: She is like our director of, 22 like, the benefits. So, she handles all the payroll 23 stuff. 24 TRUSTEE BLAYLOCK: Oh, okay. So, she wasn't the</p>	<p style="text-align: right;">55</p> <p>1 TRUSTEE SIDLER: Second. 2 TRUSTEE BLAYLOCK: Roll call? 3 TRUSTEE BURKE: Burke, aye. 4 TRUSTEE BLAYLOCK: Blaylock, aye. 5 TRUSTEE SIDLER: Sidler, aye. 6 TRUSTEE MILLER: Miller, aye. 7 TRUSTEE NIENBURG: Nienburg, aye. 8 9 (Which were all the proceedings had 10 and testimony taken at the public 11 hearing of the above- entitled 12 cause.) 13 14 15 16 17 18 19 20 21 22 23 24</p>
<p style="text-align: right;">54</p> <p>1 one that was going to do something with that? I 2 thought it was her and whoever else came that day. I 3 think those two were looking at something. 4 TRUSTEE MILLER: Oh, the ones that discussed the 5 app? 6 TRUSTEE BLAYLOCK: Yeah. They're the ones that 7 did the app. Right? 8 MR. ENDRIUKAITIS: No. They're talking about a 9 separate -- 10 TRUSTEE BLAYLOCK: Yeah, I know what they were 11 talking about, but they're the ones that came and 12 talked about the app. I think at the same time, they 13 were talking about getting that information for Bill. 14 MR. ENDRIUKAITIS: Sure. 15 TRUSTEE BLAYLOCK: So, if you could just touch 16 base with them? 17 MR. ENDRIUKAITIS: Yeah. I'll touch base with 18 them. 19 TRUSTEE BLAYLOCK: Thank you. Any old business -- 20 was that your old business? 21 TRUSTEE NIENBURG: That was old business. 22 TRUSTEE BLAYLOCK: Any other old business? Okay. 23 Do we have a motion to adjourn? 24 TRUSTEE BURKE: I will make a motion to adjourn.</p>	<p style="text-align: right;">56</p> <p>1 STATE OF ILLINOIS) 2) SS. 3 COUNTY OF DU PAGE) 4 5 I, JANET L. HAYDEN, C.S.R., a Notary 6 Public duly qualified and commissioned for the State of 7 Illinois, County of DuPage, do hereby certify that I 8 reported in shorthand the proceedings had and testimony 9 taken at the Downers Grove Pension Board meeting, and 10 that the foregoing transcript is a true, correct, and 11 complete report of the entire testimony so taken at the 12 time and place hereinabove set forth. 13 14 15 16 17 18 19 20 21 22 23 24</p> <p style="text-align: right;">JANET L. HAYDEN Notary Public CSR License #084-004483</p> 

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