

Downers Grove Police Pension Fund Board of Trustees

Regular Board Meeting

August 21, 2017

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Regular Board Meeting
August 21, 2017

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DOWNERS GROVE POLICE PENSION FUND
BOARD OF TRUSTEES

REGULAR BOARD MEETING
August 21, 2107
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 MEGAN L.
ROMAK, CSR.

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1 PRESIDENT LICHAMER: Go ahead and call to order the
2 Downers Grove Police Pension Board meeting for August 21,
3 2017, 9:00 a.m. Can I have the roll call of officers.

4 TRUSTEE BURKE: Burke, here.

5 PRESIDENT LICHAMER: Lichamer, here.

6 TRUSTEE NIENBURG: Nienburg, here.

7 TRUSTEE BLAYLOCK: Blaylock, here.

8 TRUSTEE SIDLER: Sidler, here.

9 PRESIDENT LICHAMER: All right. Go ahead. Do we
10 need a motion? Are we going to be doing an electronic
11 attendance?

12 TRUSTEE BURKE: No.

13 PRESIDENT LICHAMER: Okay. So we'll skip two?

14 TRUSTEE BURKE: We'll skip two on the agenda.

15 PRESIDENT LICHAMER: All right. A motion to accept
16 the minutes of May 8, 2017?

17 TRUSTEE SIDLER: So moved.

18 TRUSTEE BURKE: Second.

19 PRESIDENT LICHAMER: Roll call?

20 TRUSTEE BURKE: Burke, aye.

21 PRESIDENT LICHAMER: Lichamer, aye.

22 TRUSTEE NIENBURG: Nienburg, aye.

23 TRUSTEE BLAYLOCK: Blaylock, aye.

24 TRUSTEE SIDLER: Sidler, aye.

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1 PENSION BOAR MEMBERS PRESENT:
2 MR. PAUL LICHAMER, President
3 MR. ANDREW BLAYLOCK, Trustee
4 MR. DENNIS BURKE, Trustee
5 MR. BILL NIENBURG, Trustee
6 MR. NORM SIDLER, Trustee

7 ALSO PRESENT:

8 Ms. Judy Buttny

9 Ms. Jessica Fain, Lauterbach and Amen, via telephone

10 Mr. Eric Endriukaitis, Lauterbach and Amen

11 Mr. Doug Oest, Marquette and Associates

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1 PRESIDENT LICHAMER: All right. Go ahead with No.
2 IV, Investment Report.

3 MR. OEST: All right. Everybody should have a copy
4 of our book.

5 TRUSTEE NIENBURG: It's a book now.

6 MR. OEST: It's a book. We got a couple extra tabs
7 in there.

8 TRUSTEE SIDLER: Pictures.

9 MR. OEST: Pictures, you know. The first is the
10 advertisement section in the front. If you move past that,
11 you will see the symposium. Everyone here is invited. It's
12 the 29th. It starts at 8:00.

13 TRUSTEE SIDLER: We'll be there.

14 MR. OEST: You'll learn about bitcoin. Who doesn't
15 want to learn about bitcoin?

16 TRUSTEE NIENBURG: I don't.

17 MR. OEST: But, again, they are 15-minute talks, so
18 it's going to, hopefully, keep your attention.

19 Market Environment. Just a couple of
20 things to point out here. So from an economic side of
21 things, the second quarter came in at 2.6. The estimate was
22 2.4, so it came out a little bit ahead. If you remember,
23 first quarter was a little bit disappointing for GDP. It
24 was 1.4 percent. The third quarter forecast right now, the

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1 Atlanta Fed is projecting 3.8 percent, so a little bit of a
2 bounce -- further bounce for the GDP.
3 Unemployment, as of July, is 4.3
4 percent. Inflation is really the big thing that's being
5 focused on right now.
6 TRUSTEE NIENBURG: 3.8?
7 MR. OEST: That's the projection right now. Granted
8 we're really early into the -- that's going to -- I
9 guarantee that's going to change, but that's their
10 projection right now. You know the Fed, they look at
11 growth, unemployment, inflation. Those are kind of the big
12 three. Inflation is really the one that's causing everybody
13 some concern. If it's still below 2 percent, that's their
14 target, they are continuing to look at raising rates, but
15 inflation is probably the biggest concern on their minds
16 still, I guess, what they would stay stubbornly below 2
17 percent.
18 As to the time of when we printed this,
19 there was a 48 percent chance of another rate hike in
20 December. That's down to 40 percent now. Really the focus
21 on the Fed is now towards the balance sheet. So, again, if
22 you remember that 4 and a half trillion dollars on their
23 balance sheet, they are going to look at potentially
24 reducing that. In September they are probably going to give

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1 some guidance on that. At least that's what people are
2 anticipating.
3 So the thought, at least right now,
4 is that maybe they would start to let assets roll off, so
5 they are not going to sell, but as security is matured,
6 they're just not going to buy any to replace them. They
7 were talking about potentially doing 10 billion a month in
8 terms of rolling that off and then escalating that up on a
9 quarterly basis up to 50 billion a month with the goal of
10 getting that balance sheet down. Remember they own a lot of
11 mortgage-backed securities, a lot of treasuries. It makes
12 up a pretty large part of the market, and they were a pretty
13 big buyer, so this is something that's going to be watched
14 really closely. No one really knows how the market is going
15 to take it. There's hope that the demand is going to be
16 there, that it won't cause a major disruption in yields, but
17 we'll see.
18 So that's really the big stuff going on
19 in the economy. From the market side of things, fixed
20 income markets have actually done pretty well this year so
21 far. Yields have actually stayed pretty steady if not
22 fallen a little bit on the longer end of the curve.
23 On page 4 look at the yield curve
24 and steepness, and we talked about this in the past, but

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1 this process of the yield curve flattening out, if you look
2 at the black line at the top of the page, that was where we
3 were June of 2016, so you can see that all rates are higher,
4 but what's happening now is that yields on the shorter end
5 of the yield curve are actually moving higher and a little
6 bit faster than the long end and those were actually
7 dropping a little bit, so in essence what you're seeing is
8 the difference between long yields and short yields starting
9 to narrow. Typically that's a really strong indicator, when
10 you have an inverted yield curve, of a recession. So long
11 yields eventually get lower than short yields, and that's
12 been a pretty positive indicator for recessions going
13 forward. We're not anywhere near that right now and no one
14 is calling for that right now, but it is another sign that
15 we're getting a little long in the tooth from an economic
16 cycle. You're starting to see the yield curve actually
17 flatten out.
18 Skip over page 5. We talked about
19 that already.
20 Page 6. Equity markets are still
21 doing very well so far year to date. Trend wise the big
22 thing is growth outperforming value by a pretty wide margin.
23 Which is good. We have index position and large cap growth,
24 a little bit of an overweight to growth for the fund, so

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1 that's helping out quite a bit.
2 On the negative side, small caps
3 are lagging so that's a negative, but you'll see, if you
4 haven't already, SouthernSun had a really good year to date
5 so far. So that's a plus.
6 TRUSTEE SIDLER: Parting gift.
7 MR. OEST: A parting gift.
8 And the other thing to point out here is
9 on page 7. These are just trends. They are called factors,
10 and it really is a way to look at what's doing well in the
11 market. And the one that's doing very well this year so far
12 is quality. You hear a lot of active equity managers
13 talking about buying quality stocks. That's really been in
14 favor this year, so most active managers are actually doing
15 pretty well this year which is a nice reversal of the last
16 few years.
17 Earnings are going to be really
18 important, you know, from a valuation side of things in the
19 U.S. equity market you can look at Ford PE trailing. You
20 can look at a lot of different ways of kind of slicing the
21 data, but basically any way you look at it, we're about 88
22 percent of the last 20 or 30 year highs from valuation side
23 of things. Meaning that 100 percent would be we're at all
24 times highs from valuation across the board. So we are a

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1 little bit over value from the market side of things, and
2 the thing that can cause that to continue on for a lengthy
3 period is as long as earnings continue to grow, so the
4 market is definitely focusing in on that.

5 Non-U.S. equity. The big story
6 here is currency. If you look at the difference between
7 just the regular local market for non-U.S. equity and then
8 translating back to the dollar, the overseas markets are
9 actually slightly underperforming the U.S. markets right now
10 in local currency, but the fact that the dollar has declined
11 relative to other major currencies means that non-U.S.
12 equities actually perform very well this year, so that's
13 been probably the largest trend for non-U.S. equity.

14 The other thing to point out is
15 there was all this concern at the beginning of the year
16 about elections with France. Italy has got their's coming
17 up. The German election is in September, but that's most
18 likely going to be a non-event. But the kind of big news is
19 that sentiment in the Eurozone is actually quite high right
20 now. And when you get all this geopolitical concerns out of
21 the way, there is some positive growth stories going on in
22 the Eurozone.

23 And then, lastly, real estate.
24 Another good quarter. We're expecting, again, still in that

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1 more in September. I think they might be pretty general,
2 but we'll see.

3 TRUSTEE SIDLER: Okay.

4 MR. OEST: Yeah.

5 TRUSTEE SIDLER: Thank you.

6 MR. OEST: Well, behind the tab, page 3, some market
7 values. 52.8 million. Asset allocation wise, you know, we
8 talked about the asset allocation study at the last meeting,
9 so we've got that kind of waiting in the wings. The big
10 story, at least for this meeting, is to talk about the
11 SouthernSun-Ziegler transition and then Boyd Watterson has a
12 request, but overall, you know, the market value continues
13 to grow. Again, another all-time high from a market value
14 side of things.

15 Page 7. From a return standpoint up 2.2
16 percent for the quarter. Outperform the policy benchmark,
17 outperform the actuarial rate. Half way through the year up
18 6.1 percent. Again, outperform the policy benchmark,
19 outperform your actuarial rate. A real good start to the
20 beginning of the year.

21 If you look down through the composites,
22 fixed income composites outperforming. U.S. Equities
23 outperforming by a pretty large margin. Again, that's due
24 to the growth overweight. And then SouthernSuns had a

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1 six to eight percent range and that's where the index is
2 shooting at right about that area.

3 Any questions on the market before
4 I jump into the report?

5 TRUSTEE SIDLER: You guys come out with any thoughts
6 within Marquette as to when the Fed's starts to shrink the
7 balance sheet what the final number is or speculate or --

8 MR. OEST: Well, so early-on there was -- they were
9 floating this one and a half trillion dollar mark over five
10 years. We'll see, but, no, I think --

11 TRUSTEE SIDLER: What's your feeling?

12 MR. OEST: In terms of how far they are going to let
13 it go down?

14 TRUSTEE SIDLER: Yeah.

15 MR. OEST: I think they are going to play it by ear.

16 TRUSTEE SIDLER: Yeah.

17 MR. OEST: I hope that there is going to be enough
18 demand out there and it's not going to be a disruption in
19 the market and it will be a non-event and they'll be able to
20 do it, but I think, like anything, they're probably going to
21 start out small and see how the market reacts and then just
22 keeping going.

23 TRUSTEE SIDLER: Yeah.

24 MR. OEST: I'm questioning whether or not we'll hear

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1 really good year. Non-U.S. equity is indexed and real
2 estate principals outperformed. Really the only negative
3 for the year has been the small commodities exposure.

4 So overall it's been a really good
5 year so far. You know, manager wise on page 9, just to
6 point out that nice parting gift from SouthernSun year to
7 date up over 10 percent relative to the benchmark. Again,
8 kind of -- I think it's a solid manager. Just the
9 volatility is the thing that's a little too much for the
10 Board.

11 Any questions on any of the
12 performance managers?

13 TRUSTEE BLAYLOCK: Are you looking for a no?

14 MR. OEST: Well, I'd be more than happy -- I mean
15 really it's -- not a lot of good stuff.

16 All right. So behind Exhibit 2 is
17 the first major discussion point here with Ziegler. So you
18 had them come in, they presented, and then in between last
19 meeting and this meeting, basically the lead portfolio
20 manager, the co-CIO, Greg Glidden, retired. So that
21 happened -- I sent this memo out right after it happened.
22 You know, Dan, who came in with Todd and this was the -- I
23 think they were planning -- I think they probably knew that
24 maybe Greg was thinking about retiring. They made Dan the

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1 co-CIO recently. You know, the one negative I would say is
2 that we typically like people to just forecast this out.
3 Just be as transparent and let everybody know a long time in
4 advance. This was a little bit more sudden, you know, they
5 let us know in May that he was retiring at the end of July,
6 so that's kind of a -- we let them know we weren't
7 particularly enthused about that.

8 With that being said, he's been in
9 the market for a long time, he's been doing this for a long
10 time. Everybody wants to retire at some point in time. We
11 understand that. They had a co-CIO, co-portfolio manager in
12 place to take over. You know, from our internal research,
13 we were recommending putting him on alert because any time
14 you have any change in a portfolio manager, it makes sense
15 to do that. The big thing that we want to talk about is
16 does everyone still feel comfortable hiring them just
17 knowing that that change happened? It's a major change that
18 happened between when they presented and now.

19 So we've got the contract. It's
20 been reviewed. It's all ready to sign. We just wanted to
21 bring this up before that happened to make sure that people
22 were comfortable with the news.

23 PRESIDENT LICHAMER: What does that mean for us?
24 When a new person like that comes in, does it change

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1 principals, philosophies?

2 MR. OEST: Dan is not new. He's been there for 20
3 years.

4 PRESIDENT LICHAMER: Right.

5 MR. OEST: So it's not -- what it does is it's just a
6 change in team dynamic. I mean it's -- it will be a
7 different team going forward. That's really the difference.
8 The philosophy and the approach and all that and the analyst
9 behind them are all the same.

10 TRUSTEE NIENBURG: Dan's not going to do anything
11 differently strategically?

12 MR. OEST: No. It's the same -- it's that same focus
13 in terms of, you know, balance sheet and cash flow
14 valuation. That's all going to be the same. It's just the
15 other guy is not going to be there anymore.

16 TRUSTEE SIDLER: Have they had a significant or can
17 you quantify departure of assets that would lead us to
18 conclude, A, you know, their cash flow to invest back into
19 the company problematic?

20 MR. OEST: Yeah, I haven't seen anything. Our
21 research team hasn't notified us of any major outflows
22 because of this. You know, again, we have Ziegler
23 exposure outside of this, and they are not
24 recommending termination or anything like that. It's

15

1 just an alert status meaning that we'll be interacting
2 with them on a more frequent basis and letting them
3 know that, you know, if, let's say, Greg leaves and
4 then in three months an analyst leaves, too, you know,
5 any additional departures or if you start seeing major
6 asset flows out, those are when you start to get
7 worried.

8 TRUSTEE SIDLER: So he retired at the end of
9 last month?

10 MR. OEST: Yes.

11 TRUSTEE SIDLER: Okay.

12 TRUSTEE NIENBURG: He's not going to another
13 firm where he might pull people with him? Do we know
14 of any dynamics internally where people are loyal to
15 Greg and may --

16 MR. OEST: It's a pretty small team, and Dan's
17 been there for a long time, too, so I don't -- you
18 know, you never know, but I don't think that's the
19 case.

20 TRUSTEE SIDLER: I mean an idea is we could
21 bring them in and ask that question directly to them
22 since they are locally and if he just retired at the
23 end of July and Southern is having a blow out year,
24 you know, to drag our feet and say, hey, why don't you

16

1 come back in and talk to the Board and then watch and
2 make sure that if Greg is going to do something, Greg
3 is going to do something quick.

4 MR. OEST: It will probably happen soon.

5 TRUSTEE SIDLER: The biggest thing when an investment
6 manager leaves and if he has aspirations to do something, A,
7 they are not going to tell us about it or you about it but,
8 B, if they go more than a quarter without moving on that,
9 then, you know, it's become too long of a time frame for
10 them to try to do it.

11 So a thought for us might be why
12 don't we drag another quarter, bring them in and to talk to
13 them, and if he just retired at the end of last month, if he
14 has any intention to do something, which he's not sharing,
15 we'll find out.

16 TRUSTEE BURKE: I'd prefer we do that.

17 PRESIDENT LICHAMER: Yeah, we might as well ride it
18 out.

19 TRUSTEE SIDLER: Bring them in and say, why don't you
20 guys come -- why don't you and Dan come in and just talk to
21 us again and let's ask them directly.

22 TRUSTEE BURKE: Make us feel comfortable.

23 TRUSTEE SIDLER: If Greg's going to do anything that
24 we're not -- I mean the biggest thing is if he goes

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1 somewhere and drags some of the team, then we've got --
2 MR. OEST: Major issues.
3 TRUSTEE SIDLER: -- major concerns.
4 MR. OEST: And they would be more than happy to do
5 that obviously.
6 TRUSTEE SIDLER: And the conversations that I've
7 heard just from the street, he's not planning on doing
8 anything. He just wanted to retire and is happy to, you
9 know, help them out any way he can.
10 TRUSTEE NIENBURG: How old is he, do we know?
11 TRUSTEE SIDLER: I thought he said -- when -- I
12 thought -- when he came in, there was talk about that
13 before. I want to say like late 50's, early 60's. He's got
14 a brother that did not like live past mid 60's, and so I
15 think a comment that I had heard was he -- you know, Greg's
16 thought was, hey, if my brother didn't live that long and
17 I've got -- you know, if I play out the same, I'm going to
18 enjoy retirement, and I've done fine over many years. So I
19 think, based on what the street has told us, that that's
20 exactly what he's intending on doing, but trust and verify
21 might not be a --
22 TRUSTEE BLAYLOCK: And SouthernSun is doing well
23 right now, so it's not a big -- again, these assets aren't
24 just like sitting in cash right now.

18

1 (Crosstalk)
2 TRUSTEE SIDLER: Making money right now.
3 TRUSTEE BURKE: Let's earn while we can and bring
4 them in. Do we need to make a motion on that?
5 MR. OEST: I don't think so.
6 TRUSTEE BLAYLOCK: Sign a contract. We haven't
7 signed --
8 TRUSTEE BURKE: We're not going to sign it. We're
9 going to invite them back.
10 TRUSTEE SIDLER: Invite them back.
11 MR. OEST: We'll invite them to the next meeting,
12 have them present and just give us an update on the changes
13 and it's good.
14 TRUSTEE SIDLER: Yeah.
15 MR. OEST: Perfect. So the last item is Boyd
16 Watterson. This last tab here is just a fact sheet from
17 their investment grade composite for intermediate fixed
18 income. This is basically the strategy that you're in, but
19 we have our own investment policy based on state statute and
20 based on what we're looking for in terms of this strategy
21 within the pension fund. They have come back and asked for
22 an increase in their triple B limit exposure. We already
23 did that once, and the big difference here is if you look at
24 their composite, they are 42 percent in triple B's and right

19

1 now triple B's are doing well.
2 Low quality and fixed income is
3 outperforming high grade and it's -- they think it's
4 hindering their ability to add value. What I will say is
5 that the big difference here is that in article 3 and 4, if
6 a security gets downgraded from triple B, they have to sell
7 it. And that's really the big difference between this
8 composite, which is not article 3 and 4, and it's state
9 statute assets. And what we're doing is that if you
10 increase this and let's say move it up to 40 percent or 45
11 percent, that's not many more securities that are
12 potentially at risk of being downgraded. And once an asset
13 gets downgraded, the last thing you want to do is have to
14 sell it in the market because there's a reason it's getting
15 downgraded. The market is probably not going to be looking
16 to buy that security right away.
17 So my thought here is just to leave
18 it as is, that we understand it's a higher quality
19 portfolio. It's not that we're restricting them from buying
20 triple B's. We already increased it once I think maybe a
21 year and a half ago. I think their thought here is they
22 just want to line it up more with their composite. But I
23 wanted to bring it up and just see is anybody thinking they
24 want to take a little bit more risk on a fixed income side

20

1 knowing that triple B's have done very well lately? You
2 know, you wouldn't be violating the state statute by
3 increasing that amount. They just want to be able to add a
4 little bit more risk to the portfolio.
5 TRUSTEE NIENBURG: Is there any correlation between
6 how the rating agencies behave when we're in a
7 rising-interest-rate-tightening-balance-sheet environment?
8 Is there anything there that we should consider?
9 MR. OEST: Well, most of these guys are going to tell
10 you that they are not looking at the rating agencies
11 anymore, and I think if they came in here, what they would
12 say is while it's rated triple B, our analysts are saying
13 it's, you know --
14 TRUSTEE NIENBURG: Right. But the trigger to sell it
15 would be a rating --
16 MR. OEST: It is a rating agency, yes, and those guys
17 are --
18 TRUSTEE NIENBURG: -- and this totally -- I never
19 thought about that before whether, you know, the rising
20 interest rate what does that do to outstanding securities?
21 MR. OEST: In terms of how the rating agencies --
22 TRUSTEE NIENBURG: Does it drive --
23 MR. OEST: -- would respond --
24 THE COURT REPORTER: One at a time, please.

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1 TRUSTEE NIENBURG: Does it drive increased downgrades
2 when the interest rate environment is increasing?

3 MR. OEST: Well, you would see -- I mean typically
4 when you see a rising rate environment, you've got a period
5 where that's because of the economic expansion.

6 TRUSTEE NIENBURG: Right.

7 MR. OEST: But at a certain point you see that tip
8 over into a recession, so it might lead into that, but I
9 don't know -- I haven't looked at the data. That's just
10 conjecture.

11 TRUSTEE SIDLER: I will reiterate from our fix shop
12 we have looked at the rating agencies post 2008 and
13 absolutely drawn a conclusion that they were backwards
14 looking and covering themselves; downgrading securities that
15 we felt were not driven by the real economics going forward,
16 and there was a lot of money to be made by just not looking
17 at the cash flows on the bonds versus the actual rating
18 agencies who were very much linked to the table. And many
19 people feel like because of the scrutiny they received are
20 much more willing to downgrade securities to sort of cover
21 themselves versus what they were, so we may have, in a
22 rising-rate environment, a more downgraded securities as
23 anybody that's got outstanding debt now has increased
24 pressure for the cost of capital.

22

1 That being said, remind us, Doug,
2 we give our managers a quarter to sell? It's not an
3 immediate --

4 MR. OEST: It's not an immediate sell, but it is a --
5 they do have to sell.

6 TRUSTEE SIDLER: They are forced to sell, right.

7 MR. OEST: Yeah. And that's the real issue. If that
8 was not the case, you know, we're of the mindset that the
9 rating agencies are being -- definitely they were lax
10 earlier. Now they are probably the opposite. And that
11 there is some arbitrage to be had there because there are a
12 lot of institutions, like ourselves here, that are forced to
13 not own below investment-grade securities, so there is that
14 premium that you can get there. But the fact remains that
15 we are beholden to the rating agencies, and we would be
16 forced to sell those, so that's the real issue here.

17 TRUSTEE NIENBURG: So we're signing up for
18 potentially higher returns but maybe more volatile --

19 MR. OEST: More volatility and potential for sales if
20 things do get downgraded.

21 TRUSTEE SIDLER: And if there is a downgrade you are
22 selling, you are a forced seller. So there are many firms
23 like ours that go to clients and say, allow us to put a
24 portion below investment grade because we know groups that

23

1 are like public funds that are forced to sell, we'll sell
2 and we'll be able to get a pretty good deal because we know
3 they are selling. So I would agree with the thought of
4 taking on more triple B's at a time when triple B's are at
5 their tightest spread that they've been at probably in 15,
6 20 years.

7 MR. OEST: Twenty plus years, yeah.

8 TRUSTEE SIDLER: And even going farther down the
9 quality spectrum high yield is at the tightest spread it's
10 ever been, so the lower quality you go right now, it's
11 trading for perfection. The overall strategy that they're
12 requesting I would say makes great sense, but given the time
13 of having us trading for perfection right now, I would
14 rather say let's take our yield increase of going from an
15 intermediate to a core versus taking on more lower-quality
16 securities. So we can move out farther on the yield curve
17 and pick up yield and pick up more return, but I think the
18 strategy for us at that is going to say let's watch the Fed
19 increase a couple more times to where we feel like there's a
20 normalized environment and remember we've gone from a 1 to a
21 5 year to an intermediate attempting to get more yield and
22 now if we go triple B's, we're just throwing less quality
23 into the portfolio.

24 MR. OEST: So, yeah, again, I echo all of that, and

24

1 we wouldn't recommend increasing it, but they requested it
2 so I figured I would bring it to you guys and make sure
3 you're in agreement with what we thought.

4 TRUSTEE SIDLER: And, again, their composite is 42?

5 MR. OEST: It's 42 percent.

6 TRUSTEE SIDLER: It's 42 percent so they are trying
7 to pull this in line with the rest of their accounts is what
8 they're asking for.

9 MR. OEST: Yes. So does that make sense to everyone?
10 We'll let them know that we'll just keep it as is and that
11 we understand it's different than your composite and we're
12 okay with that.

13 TRUSTEE SIDLER: Do we need a motion saying anything
14 that we listened to the request and --

15 MR. OEST: That might -- just so they know we
16 actually formally --

17 TRUSTEE SIDLER: Okay. I'll make a motion, unless
18 there's discussion of otherwise, that we have listened to
19 Boyd Watterson's request to increase triple B exposure and
20 at this time don't think it's the right time to do so.

21 TRUSTEE BLAYLOCK: Second.

22 PRESIDENT LICHAMER: Roll call?

23 TRUSTEE BURKE: Burke, aye.

24 PRESIDENT LICHAMER: Lichamer, aye.

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1 TRUSTEE NIENBURG: Nienburg, aye.
2 TRUSTEE BLAYLOCK: Blaylock, aye.
3 TRUSTEE SIDLER: Sidler, aye.
4 MR. OEST: That's all I have.
5 TRUSTEE BURKE: Before Doug leaves should we look at
6 a date for the next regular meeting?
7 TRUSTEE SIDLER: And a point I want to just bring up,
8 Doug, to think that we're going to get in front of this,
9 we've talked about before and, Paul, as I recall in the last
10 minutes and you, Andy, brought up and Bill and I also
11 echoed, we've had an eight-year run in this equity market,
12 so the timing for us to start getting conservative is
13 probably not years out but maybe quarters out as to if we
14 have the quarter that the GDP increases and international
15 markets continue to run, this could be great for a while,
16 but there is going to be a point in the next couple of
17 quarters where I think we're going to have some very serious
18 discussions about, hey, this has been a great run. Let's
19 pull in the reins a little bit. And we now got a very
20 interesting week in the economy of a president that doesn't
21 appear to get all of the things that are priced into the
22 market, which was lower tax rates, you know, expatriate or
23 repatriation of all the cash overseas. If he's got no
24 ability to get anything done, you know, we could see some

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1 more volatility coming forward, so I think for all of us and
2 you to think, too, that timing is probably -- getting the
3 magic number is going to be well beyond us, but I think
4 being more conservative helped us and not that a 2008 is
5 upon us, but we've had a great run in this market and in the
6 next couple quarters --
7 PRESIDENT LICHAMER: I said that a year ago, and
8 it's --
9 TRUSTEE SIDLER: Right. And it's still going. At
10 some point we're going to say, you know what, maybe we miss
11 a little bit on the upside, but let's dial some risk off the
12 table.
13 PRESIDENT LICHAMER: I agree that that needs to start
14 coming, but it's like if -- if I listened to my gut a year
15 ago, we wouldn't have made, you know, what we have so.
16 MR. OEST: Well, we're definitely staying on top of
17 it, and we'll make sure -- you know, we brought in that S
18 allocation. We'll look at some stress testing so you guys
19 can see what the portfolio would look like.
20 PRESIDENT LICHAMER: I like that idea.
21 TRUSTEE SIDLER: I mean inflation and GDP aren't the
22 things that we're just going to be watching closely.
23 MR. OEST: Yeah.
24 TRUSTEE SIDLER: When we start to see that rollover,

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1 it's going to be time for us to say -- if inflation starts
2 to show more than it has and GDP slows, it's going to be
3 time for us to say this has been great run and we've been in
4 front of it so.
5 PRESIDENT LICHAMER: Doug, I was looking at our
6 commodities stuff.
7 MR. OEST: Yes.
8 PRESIDENT LICHAMER: And I mean it hasn't fared well
9 like you think like we want it to --
10 MR. OEST: No.
11 PRESIDENT LICHAMER: -- at all actually. As part of
12 your conversation going -- we need to, you know, just let it
13 ride, the commodities let it ride, based on your
14 conversation that, you know, things may slow down on the
15 equity side and we just let it -- but I mean I'm going --
16 TRUSTEE SIDLER: Inflation has not shown its face
17 which is what we thought when we made that exposure which,
18 to your credit, was a very small exposure when I was pushing
19 to say, hey, these are right now since June 30th commodities
20 have run pretty hard.
21 PRESIDENT LICHAMER: Right. Gold and copper they
22 were talking copper this morning, so I understand.
23 TRUSTEE SIDLER: So when there is uncertainty, those
24 tend to rise. But to this point we just have not seen the

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1 inflation which is what we thought if world economies are
2 printing this much money and central banks are buying
3 everything, inflation, at some point, is going to show its
4 head and it just hasn't.
5 PRESIDENT LICHAMER: I guess I'm just pointing it out
6 that --
7 MR. OEST: No, it's --
8 PRESIDENT LICHAMER: -- it hasn't done anything.
9 TRUSTEE SIDLER: No, it has not.
10 MR. OEST: And if you look at -- we've been
11 underweight commodities and we've been overweight to real
12 estate, and that's kind of been our position. If we are
13 going to have the commodities exposure and you're going to
14 have real estate, think of those together as real assets,
15 and between the two right now we still favor real estate and
16 you kind of bundle the two together and that's where we'd
17 rather have the overweight, too. That's consistent with our
18 views, and we continue to say that. I'd say it's less than
19 2 percent of the portfolio and it is a nice inflation hedge,
20 you know. It's something that moves differently than
21 everything else in your portfolio. And the big thing with
22 commodities is that while the returns haven't been good,
23 there have been time periods where commodities do well and
24 nothing else does. And so from a diversification side of

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1 things, commodities actually do have a pretty good
2 diversification benefit to the portfolio, so that actually
3 -- countertuitively but it can actually be a risk reducer
4 because it moves differently than anything else in your
5 portfolio.

6 PRESIDENT LICHAMER: All right.

7 TRUSTEE SIDLER: We are at 1.8 percent in the
8 portfolio versus a two, five policy. When the market does
9 turn, that's the part that will do well and we've been very
10 underweighted. In 2016 at page 14 of the book there, it was
11 up 14 percent, so it did well for a calendar year last year.
12 And if you look at the market from June 30th, our goal has
13 run pretty significantly and not that the PIMCO commodity
14 index is -- or the real return strategy is mostly gold, but
15 it's an area that I, you know, it hasn't -- it just hasn't
16 done well, but it's a small -- it's a very small -- it's a
17 small bet that we've got.

18 MR. OEST: Yeah.

19 PRESIDENT LICHAMER: Yeah.

20 TRUSTEE SIDLER: If you feel strong about pulling it,
21 it's not going to --

22 PRESIDENT LICHAMER: Well, it's only one little side
23 over less than 2 percent but I mean --

24 TRUSTEE SIDLER: It hasn't done well.

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1 PRESIDENT LICHAMER: You know, minus 4, minus 5.6
2 year to date, one year, two year, three year, four year, you
3 know.

4 TRUSTEE SIDLER: It hasn't.

5 PRESIDENT LICHAMER: So I didn't know if there was --
6 it may be that was the fund or what.

7 MR. OEST: It's commodities.

8 PRESIDENT LICHAMER: Okay.

9 MR. OEST: Any other questions?

10 PRESIDENT LICHAMER: And then real estate didn't we
11 buy in more back in February?

12 MR. OEST: No.

13 PRESIDENT LICHAMER: Or is it coming up?

14 MR. OEST: We're overweight to real estate. Yeah,
15 we're fully committed. I mean the only thing I'd say there
16 is that we valorized over 11 percent over the last few
17 years. I would not expect that. That's why we've been
18 saying that's 6 to 8 percent this year. I mean principal
19 has continued to do well. They are outperforming so far
20 this year, but all real estate managers are starting to
21 lower their leverage. They're starting to focus more on
22 income and less on appreciation. So they're starting to get
23 a little bit more conservative. So it's done very well.
24 It's still yielding quite a bit more than fixed income.

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1 Again, it's different than everything else in your
2 portfolio. It's got good diversification benefits. It's
3 been one of the -- probably one of the best additions to the
4 portfolio.

5 PRESIDENT LICHAMER: But the company we --

6 MR. OEST: Principal?

7 PRESIDENT LICHAMER: Yeah.

8 MR. OEST: Yeah.

9 PRESIDENT LICHAMER: They are pretty much
10 diversified, too, in rental income as well.

11 MR. OEST: They are very broadly diversified, yeah.
12 So we're currently overweight to real estate. If anything,
13 we'll be looking to actually reduce that amount going
14 forward.

15 TRUSTEE NIENBURG: We flowed more in commodities when
16 we rebalanced in --

17 MR. OEST: That was -- there was a small amount that
18 went into commodities, yes.

19 PRESIDENT LICHAMER: What are we allowed in real
20 estate?

21 MR. OEST: Well, we have a 10 percent target in terms
22 of the allocation. I mean you could allocate more. It's
23 just that's what our comfort level is at because that's a
24 little bit less -- it's a quarterly rather than a monthly --

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1 or a daily from a liquidity side of things.

2 TRUSTEE SIDLER: For the record, we sold 750,000 in
3 real estate back in April. We put 250 in cash, 250 in
4 international equities and 250 in the commodities. So we
5 took a little bit off the table as its run extremely well.
6 Any recommendation then to change anything where we're at?

7 MR. OEST: No. We're still okay with the allocation
8 but, again, depending on how the rest of the allocation --
9 the reason why it hasn't gotten that far out of whack is
10 that the equity markets continue to run. We just want to be
11 mindful -- if it gets high again, we want to make sure we
12 keep pulling back.

13 TRUSTEE SIDLER: We've been underweighted fixed
14 income, overweighted real estate. That's played out well
15 and international and growth have helped.

16 MR. OEST: A nice bounce back from SouthernSun.

17 TRUSTEE SIDLER: A nice parting gift from
18 SouthernSun.

19 TRUSTEE NIENBURG: Geopolitical concerns aren't
20 driving more inflow into commodities than your other
21 clients?

22 MR. OEST: No.

23 TRUSTEE NIENBURG: Not yet?

24 MR. OEST: No.

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1 TRUSTEE NIENBURG: They're still ignoring all that?
2 MR. OEST: I mean inflation is one of those things
3 that for the last seven years, last eight years, you know,
4 basically ever since -- people have been thinking
5 commodities are really going to run and just inflation has
6 just stayed below 2 percent.
7 PRESIDENT LICHAMER: All right.
8 TRUSTEE NIENBURG: Good discussion.
9 TRUSTEE BURKE: Did we want to look at a date for our
10 next regular meeting so Doug will have it on his calendar?
11 TRUSTEE BLAYLOCK: When are you looking? What month?
12 TRUSTEE BURKE: I'm looking at October knowing that
13 it's not working out very well for even the hearing, but
14 maybe if we come for the regular date, we can try and do
15 everything at one time.
16 TRUSTEE BLAYLOCK: So, Norm, the 23rd didn't work for
17 you, right?
18 TRUSTEE SIDLER: Did not. I'm out of town.
19 TRUSTEE BLAYLOCK: Is there anything else during that
20 week?
21 TRUSTEE SIDLER: The 25th, 26th, 27th are good.
22 TRUSTEE BURKE: 25th, 26th, 27th. Is that good for
23 you guys?
24 PRESIDENT LICHAMER: Any one of those.

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1 TRUSTEE BLAYLOCK: All those work for me, too.
2 MR. OEST: The 25th is good for me. 26th and 27th
3 I've got other meetings.
4 TRUSTEE BURKE: Bill?
5 TRUSTEE NIENBURG: I can try to protect it. The
6 middle of the week is just kind of a roll of the dice.
7 TRUSTEE BURKE: I don't know if we can even do the
8 25th in regards to the hearing.
9 TRUSTEE NIENBURG: Since we're having such trouble
10 scheduling it, just see if the 25th works, and I'll try to
11 work around it.
12 TRUSTEE SIDLER: What about the following Monday? Is
13 it better early in the week?
14 TRUSTEE BLAYLOCK: The 30th?
15 TRUSTEE SIDLER: Yeah.
16 TRUSTEE BURKE: Well, we can schedule our meeting. I
17 don't know if we will be able to do the other thing. Does
18 the 30th work for you, Norm?
19 TRUSTEE SIDLER: Yes.
20 TRUSTEE BURKE: Bill?
21 TRUSTEE NIENBURG: Uh-huh.
22 TRUSTEE BURKE: You guys?
23 PRESIDENT LICHAMER: Uh-huh.
24 TRUSTEE BLAYLOCK: Yep.

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1 TRUSTEE BURKE: Okay. We'll let them know that our
2 next regular meeting date will be on October 30th and see if
3 they can make it then and we can put it on the agenda if we
4 are going to do the hearing.
5 TRUSTEE SIDLER: A date change from the 11th? The
6 11th was set?
7 TRUSTEE BURKE: Yeah, because there were problems. I
8 want a full board.
9 TRUSTEE SIDLER: On our end?
10 TRUSTEE BURKE: On our end.
11 TRUSTEE SIDLER: Oh, okay.
12 TRUSTEE BURKE: I want a full board for this meeting
13 because of the vote we have to take.
14 TRUSTEE SIDLER: Yep.
15 TRUSTEE BURKE: So October 30th, Pauly?
16 PRESIDENT LICHAMER: Yep.
17 TRUSTEE BURKE: Bill says okay. Andy says okay.
18 Norm says okay.
19 TRUSTEE BLAYLOCK: We'll do the hearing at the end of
20 our pension board meeting?
21 TRUSTEE BURKE: If they are able to do it, it will be
22 at the end.
23 TRUSTEE BLAYLOCK: Okay.
24 TRUSTEE SIDLER: Is the 30th okay?

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1 MR. OEST: Yeah, looks good.
2 PRESIDENT LICHAMER: I would suggest then a shortened
3 version that day for a meeting.
4 TRUSTEE SIDLER: And go into the hearing.
5 MR. OEST: Oh, I was going to say if you're talking
6 about bringing in Ziegler --
7 TRUSTEE BLAYLOCK: We won't do that at that time.
8 Probably shouldn't do it then.
9 TRUSTEE SIDLER: We can do a conference call in
10 between.
11 PRESIDENT LICHAMER: I guess.
12 TRUSTEE SIDLER: We're going to have a long meeting.
13 TRUSTEE NIENBURG: Should we do our normal meeting
14 earlier in October and try to get --
15 PRESIDENT LICHAMER: I think the 30th --
16 TRUSTEE BURKE: I think we can do it all in one day.
17 PRESIDENT LICHAMER: Since we're all available on the
18 30th for the regular meeting and for the disability hearing
19 but just we'll have it shortened.
20 MR. OEST: We can tell them 15 minutes or 20 minutes
21 or something like that.
22 TRUSTEE BURKE: Yeah, as long as they are here, they
23 have to wait until we are done, so I would say I'd like to
24 conduct that business, have Ziegler come in and get it all

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1 done.
2 TRUSTEE SIDLER: Okay.
3 PRESIDENT LICHAMER: If Doug could shorten up his
4 part, we probably wouldn't have a problem.
5 TRUSTEE BLAYLOCK: We'll have to plan on a long
6 meeting then.
7 TRUSTEE BURKE: I don't think it will be very long.
8 TRUSTEE BLAYLOCK: No, the first part for sure.
9 TRUSTEE BURKE: Okay. So we're going to have our
10 next meeting on October 30, 2017, at 9:00 a.m. here.
11 PRESIDENT LICHAMER: Uh-huh.
12 TRUSTEE BURKE: Okay. Thanks, Doug. Will we see you
13 in St. Louis?
14 MR. OEST: You will. Till then.
15 TRUSTEE BURKE: You bet.
16 MR. OEST: Enjoy the eclipse.
17 TRUSTEE SIDLER: Don't look direct, right?
18 TRUSTEE BURKE: I think it's going to be cloudy they
19 said.
20 MR. OEST: Good.
21 TRUSTEE SIDLER: It can still be done.
22 TRUSTEE BLAYLOCK: Bye, Doug.
23 TRUSTEE SIDLER: See you, Doug.
24 PRESIDENT LICHAMER: Eric, you got the floor.

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1 MR. ENDRIUKAITIS: Sounds good. Good morning.
2 TRUSTEE BURKE: Good morning.
3 MR. ENDRIUKAITIS: I think I gave everybody a July
4 31st monthly compilation report. Let's start on page 2-1,
5 balance sheet. Starting with your assets. The funds
6 totaled cash and investments is \$53,124,130.04 plus the
7 accrued interest of \$147,993, so total net position for July
8 31st for the fund is \$53,262,878.29.
9 Flipping over to the next page on
10 2-2. This is our income statement. So, we're showing
11 activity for seven months. Contributions from the Village
12 and actual members at 1 million 9, followed by the
13 investment income of 3 million 6 for a total of 5 million
14 599 less the payments out of 2.4 million, so the additions
15 in, less the payments out, so for seven months we show a
16 positive change in position of 3,175,835.
17 Moving right along. Let's go to
18 4-1. I want to take you to that middle section,
19 contributions. See that first line item, current tax. As
20 you can see, in the far right-hand column for June and July
21 you got some tax deposits in. We are expecting a large tax
22 deposit in September and October.
23 If you go down one more to
24 expenses, your benefit is at 342 and the followed by your

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1 monthly expenses broken down.
2 Flip over two pages to 6-1. It's
3 your detailed revenue report which we have the
4 employee-employer contributions with the left-hand side
5 showing July 31st, right-hand column seven months ended, and
6 then we have your investment income of interest and
7 dividends, gains and losses broken down by account and
8 category. Once again left-hand side is July, right-hand
9 side is seven months ended.
10 8-1. Let's look over 8-1. It's
11 your fund detailed expense report which we have pension
12 benefits broken down by type with totals for the month and
13 totals for the year followed by administrative expenses
14 broken down by category.
15 9-1 through 9-3 is the active
16 member contribution report. The far, right-hand column
17 shows total contributions as of July 31, 2017.
18 Page 10-1 through 10-12 is a
19 payroll journal for the month of July. I'll let you take a
20 moment to look through that.
21 Finally, 11-1 through 11-3, which
22 is the Fund Quarterly Vendor Check Report, shows all checks,
23 transfers and expenses out of the fund as of May 1st through
24 July 31st, 2017. And that total is on the back page of

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1 \$200,387.71.
2 Any questions?
3 TRUSTEE NIENBURG: What is the Illinois State
4 Treasurer payment?
5 MR. ENDRIUKAITIS: That is the DOI compliance
6 expense.
7 TRUSTEE NIENBURG: What is that?
8 TRUSTEE BLAYLOCK: Department of Insurance.
9 TRUSTEE NIENBURG: What are we paying for there?
10 PRESIDENT LICHAMER: State of Illinois.
11 TRUSTEE BLAYLOCK: The State of Illinois is telling
12 you to pay.
13 TRUSTEE NIENBURG: That's a ransom.
14 PRESIDENT LICHAMER: It is. Everything they do is
15 ransom.
16 TRUSTEE BLAYLOCK: Probably funding the Department of
17 Insurance.
18 TRUSTEE NIENBURG: Okay.
19 TRUSTEE BLAYLOCK: You want to try to get out of
20 that?
21 TRUSTEE NIENBURG: That would be great.
22 PRESIDENT LICHAMER: That's not annual is it? Do we
23 pay 8,000 annually?
24 MR. ENDRIUKAITIS: I think it's a statutory law, but

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1 you guys are capped out at 8,000, so you would never pay
2 more than 8,000.
3 PRESIDENT LICHAMER: Still a lot.
4 MR. ENDRIUKAITIS: I understand.
5 MS. BUTNY: Until they change the law.
6 MR. ENDRIUKAITIS: Yes, until they change the law.
7 TRUSTEE SIDLER: Not getting a lot for it, Paul, is
8 that what we're saying?
9 PRESIDENT LICHAMER: Yeah.
10 TRUSTEE BLAYLOCK: Did you get everything you needed
11 you requested via e-mail the -- you were requesting the --
12 TRUSTEE BURKE: For the new people?
13 TRUSTEE BLAYLOCK: Yeah.
14 TRUSTEE BURKE: I got it all right here. We're
15 gonna --
16 TRUSTEE BLAYLOCK: That's new business.
17 TRUSTEE BURKE: We're going to sign them in. Paul
18 and I will sign after we vote it in. I'll scan these,
19 e-mail them to Eric, and then I'll put the originals in
20 their pension file here.
21 MR. ENDRIUKAITIS: Okay.
22 TRUSTEE BLAYLOCK: Sorry to skip ahead.
23 TRUSTEE SIDLER: Dennis, can you just remind us just
24 for the numbers, I don't think they are all in here, what's

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1 active versus retired right now as we sit? Do you know off
2 the top of your head? I mean we have 51 -- or I'm sorry,
3 74 --
4 TRUSTEE BLAYLOCK: We don't have that many right now.
5 I think we're short.
6 TRUSTEE BURKE: You mean --
7 TRUSTEE SIDLER: Active police officers paying into
8 the pension versus retired.
9 TRUSTEE BURKE: We got 73.
10 TRUSTEE SIDLER: Seventy-three active.
11 TRUSTEE BURKE: We're missing one.
12 TRUSTEE SIDLER: That are retired right now.
13 TRUSTEE BURKE: That are retired right now?
14 TRUSTEE SIDLER: I started counting, but I didn't
15 know if Dennis knew off the top of his head.
16 MR. ENDRIUKAITIS: Full retirees is 65.
17 TRUSTEE SIDLER: Sixty-five, thank you.
18 Do you guys work on Harvey? Did
19 you see the notice on the -- the weekend of the Tribune had
20 a big article on it.
21 MR. ENDRIUKAITIS: Oh, really? For fire or police?
22 TRUSTEE SIDLER: Fire.
23 TRUSTEE BLAYLOCK: Police and fire it was about.
24 MR. ENDRIUKAITIS: We handled fire.

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1 TRUSTEE BLAYLOCK: That they haven't paid forever.
2 TRUSTEE SIDLER: And obviously I think there is going
3 to be those types of funds. It will be interesting to watch
4 what they do. I saw there was a legal declaration made that
5 they obviously got to pay everything that they collect into
6 the funds, but a matter of a village that's going through
7 significant cash flow shortages on everywhere they look.
8 MR. ENDRIUKAITIS: Correct.
9 TRUSTEE SIDLER: It will be interesting to watch.
10 TRUSTEE BLAYLOCK: I saw that it said 12 million
11 dollars. They have to pay 12 million for all the back --
12 TRUSTEE SIDLER: Did you see the article?
13 TRUSTEE BLAYLOCK: Yes, I read it today.
14 MR. ENDRIUKAITIS: It's an unfortunate situation and
15 the south suburbs are getting hit pretty hard right now as
16 far as cash flow, you know, with the population probably
17 decreasing and low income, people not paying their taxes,
18 you know, it's unfortunate.
19 PRESIDENT LICHAMER: I think in Harvey's case it was
20 scandal.
21 TRUSTEE BLAYLOCK: They were not paying.
22 TRUSTEE SIDLER: They were collecting and paying in
23 like 15 percent of what their --
24 PRESIDENT LICHAMER: Well, they were moving money to

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1 accounts.
2 TRUSTEE SIDLER: Oh.
3 PRESIDENT LICHAMER: The government took over their
4 water department.
5 TRUSTEE SIDLER: That was in the article.
6 PRESIDENT LICHAMER: That was in the article.
7 Because that money was being moved --
8 TRUSTEE SIDLER: They were using it for --
9 PRESIDENT LICHAMER: -- out of that and being moved
10 into other accounts, and I'm sure it was disappearing from
11 there.
12 TRUSTEE SIDLER: Yeah.
13 PRESIDENT LICHAMER: I mean it's part of that, you
14 know, poor government.
15 TRUSTEE SIDLER: Right. It will be interesting to
16 watch what some of those, you know, southern -- I think
17 it's, you know, like the Indiana-Illinois border cities
18 are --
19 MR. ENDRIUKAITIS: Right.
20 TRUSTEE SIDLER: -- what happens with their pensions
21 as those are going to be going bankrupt in a fair -- what
22 did it say? I think it was in the next six or seven years.
23 TRUSTEE BLAYLOCK: Well, it said they were using the
24 active members to pay the retired members.

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1 TRUSTEE SIDLER: Right.
2 TRUSTEE BLAYLOCK: That basically it was going to
3 come to a head soon.
4 TRUSTEE SIDLER: Pretty quick.
5 TRUSTEE BLAYLOCK: Thankfully that's not here.
6 TRUSTEE SIDLER: Right. That will never be here.
7 That's what we got to make sure.
8 TRUSTEE BLAYLOCK: Do you have anything else?
9 TRUSTEE BURKE: Tax levy.
10 MS. BUTTNY: Well, we should probably --
11 MR. ENDRIUKAITIS: Oh, yeah. Jessica apologizes, but
12 she's willing to be on a conference call if you're willing
13 to talk to her regarding the 7.25 percent and 7 percent.
14 TRUSTEE BURKE: If we don't do it today, we will have
15 to have a special meeting, right?
16 MS. BUTTNY: Yeah, we need to do it, so we might as
17 well get her on the phone if nobody cares.
18 (Whereupon, Jessica Fain attended
19 the hearing via conference call.)
20 MS. FAIN: Can everybody hear me?
21 TRUSTEE SIDLER: Yeah.
22 TRUSTEE BURKE: Yeah.
23 MS. FAIN: I am so sorry, everyone. I definitely see
24 the e-mail that I promised I would come out, but I guess I'm

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1 just scatterbrained preparing for our office -- that's
2 occurring this weekend. I'm usually much more detail
3 oriented, so I definitely did promise to attend and it looks
4 like I marked on my calendar that we didn't need to, so I'm
5 very thankful that you're all willing to let me conference
6 call in so we can go over the document.
7 Does everyone, by chance, have
8 access to the three-page PDF transition plan that got
9 e-mailed over back in May?
10 TRUSTEE BURKE: We have it in our hands.
11 MR. ENDRIUKAITIS: Jess, real quick. We have a
12 recording secretary. Can you spell your last name out?
13 MS. FAIN: Yes. So it's F, as in Frank, A as in
14 apple, I as in igloo, N as in Nancy. So the word pain,
15 which I guess I'm being to the Board this morning, but with
16 a letter F.
17 MR. ENDRIUKAITIS: Thanks, Jess.
18 MS. FAIN: Perfect. Is everybody ready to get
19 started?
20 MS. BUTTNY: We're ready.
21 TRUSTEE BURKE: Yes.
22 MS. FAIN: Okay, perfect. So in front of you, you
23 should have a three-page PDF that is going to be a
24 transition plan. The first page of it is really just an

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1 intro to the key assumptions being made. All of those
2 assumptions on there are the same normal ones that we use in
3 your tax levy report except, of course, that top line shows
4 that this would be transitioning to using a 7 percent rate
5 of return versus our previous rate of return. The second
6 page is actually going to breakdown the numbers to go with
7 the transition plan, and then the last page we will look at
8 will kind of graphically show those results.
9 So one of the things that we do
10 when we present these transition plans, is we want to take
11 into account that the fiscal year end, your report dated,
12 and then the fiscal year end in which you would actually
13 receive those dollars are often different.
14 For example, you'll see in this
15 report under that 2016 column for the 2016 fiscal year end,
16 which already ended, you received 2.689 million. Now for
17 the December 31, 2017, fiscal year end, you're already
18 collecting those dollars into the fund right now. Any
19 decisions we make budgetary wise we can't really impact this
20 figure at this point in time because we're already in the
21 middle of that fiscal year end. So that number you see
22 reported there, that 2.920, what that is related to is the
23 tax levy report that would have been completed the prior
24 year. So the figures that you would have requested probably

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1 in December of 2015, so what happens is December 31, 2015,
2 got fiscal year end and you get a report created and then
3 typically in 2016 you'll ask for those dollars and then
4 actually start collecting them in 2017, so that's that tax
5 levy lag.
6 So is there any questions on where
7 the 2.689 number comes from, which is in blue, what's
8 recorded in your audit and what you actually received and
9 then the 2017 would be what you most recently requested and
10 what you're actually collecting dollar wise. Does that make
11 sense why in both of those figures both the normal scenario
12 and the transition scenario that those numbers are exactly
13 the same?
14 MS. BUTTNY: Yes.
15 TRUSTEE SIDLER: Uh-huh.
16 MS. FAIN: Okay, perfect. So 2018, next year, that's
17 when whatever decisions that we make in the current year
18 will be impacted. The top line figure, the full
19 contribution recommendation, that would be the amount that
20 we would request this year, start collecting in 2018, if we
21 went straight to a 7 percent rate of return and we didn't
22 transition in whatsoever. You can see that it's quite a bit
23 of a bump. We would be going from last year requesting 2.9
24 to this year requesting about \$400,000 higher coming in at

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1 3.3. So it's easy for us to sit in our office and request
2 \$400,000 more for your funds because we're not the one
3 having to balance, you know, where budget dollars go,
4 balance did not request the tax levy, we don't have to worry
5 about any of those stressful decisions that really impact
6 how villages operated.

7 So what we can do is this
8 transition scenario. What we set up for you is a five-year
9 period and what would happen is that instead of requesting
10 the full 3.3 million this year, the bottom line number, that
11 3.13, shows the smaller amount that we would request so it's
12 about 180,000 dollars less for the current year, so we're
13 going to request higher amounts but it's not going to be
14 that full bump up to 3.3. We're kind of working our way up
15 there.

16 Now, in 2019 the full recommended
17 amount, if you weren't doing any sort of transition funding,
18 would be around 3.5. And then 2019, still being that
19 transition year, we won't recommend again the full amount.
20 We'll request a smaller amount about 3.37. And you can see
21 that repeated all the way across, but every single year all
22 the way up to 2022 it will be the full amount that you would
23 request if you were not doing any sort of transition amount
24 and you were just putting in the regular amount you request

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1 each year and then beneath that will be a lit bit less
2 amounts.

3 Now, your first question might be
4 is why the full contribution recommendation every year still
5 increases? Remember that with a tax levy process it's
6 designed so that every year your contribution should
7 increase about 3 to 4 percent, so even if we weren't doing
8 transition funding, you'd have that normal 3 to 4 percent
9 all the way across all the way to 2040, and that's because
10 every year you take down a little bit more unfunded
11 liability and then you also put in additional dollars for
12 your active population because of end of year service and
13 getting closer to retirement. So even if we weren't
14 transition funding, our levy is designed to always increase
15 about 3 to 4 percent.

16 With transition funding what
17 happens is you don't request as much in those early years
18 and then long term, once we hit 2022, you will see that the
19 dollar amount we're requesting is just a little bit more,
20 about 90,000 more, than what it would be if we had not done
21 transition funding and that's because, of course, we got to
22 make up for those prior four years when we were putting in a
23 little less.

24 You can see it graphically on the

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1 next page if you were to look. That top green line is our
2 normal tax levy process, so you can see that slow fit adds
3 to it and it's designed to steadily increase about 3 to 4
4 percent every year. And then that bottom blue line, that's
5 our transition plan. So in the first four years you can see
6 that we put in a little less until eventually hitting 2022
7 and then you will actually see that blue line start to
8 increase slow and steady as well. And that blue line long
9 term will always run just a little bit higher than the green
10 one. That's kind of the cost of transitioning. So there's
11 four or five years of not putting in quite as much long
12 term. It costs us a little dollar if you can kind of think
13 of that as a missed opportunity because we didn't put in as
14 much money, didn't earn those investment returns, so it cost
15 us a little bit long term in order to smooth into this.

16 The amount that it's costing you
17 long term is pretty minimal if you were to go back to that
18 chart on Page 2. We actually calculate long term over 20
19 years how much additional. You can think of it as missed
20 investment returns it costs to fund, and you can see over a
21 20-year period that it will cost you about an additional
22 340,000, which is approximately .41 percent, so not even
23 half of a percentage point, so it is a pretty minimal cost
24 and that's the transition plan. You want to make sure that

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1 it's no greater than a five-year year period otherwise we're
2 really just deferring the issue down the road, but you want
3 to make sure that if you are deferring it for three or four
4 or five years that long-term it's not a lot more expensive
5 on the funds. As you can see here, that it's a fraction of
6 a percentage point more expensive on the fund.

7 Is there any initial questions on
8 this?

9 TRUSTEE NIENBURG: Yes. Does that reflect a
10 transition meaning each year the rate is decreasing
11 slightly, or is it a deferred and then it transitions all at
12 once?

13 MS. FAIN: So I can show you exactly what we mean by
14 that. So the way we set it up is usually it's designed
15 where every year you expect your contribution to increase
16 about three to four percent. With the transition plan --
17 let me pull it up here the actual worksheets so I can give
18 you the percentage. How it will work here for the
19 transition plan is that the very first year you will have a
20 break. You will see that instead of putting in the 3.3 you
21 will put in 3.13.

22 TRUSTEE NIENBURG: Yep.

23 MS. FAIN: And every year during the transition plan,
24 because you do get that initial drop, your contribution is

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1 designed to increase about 7 and a half percent until we hit
2 2022 and then it will revert back to that 3 to 4 percent.
3 So it will give you a nice drop down the first year, you
4 increase a little bit more rapidly, and then once you hit
5 the end of the transition period, you will go back to that
6 smooth 3 to 4 percent.

7 Does that make any sense? We try
8 to develop a -- there's a few ways we can do it, and we can
9 rerun this as well if you like it the other way. We can
10 either set your amount to, A, today, and you can increase a
11 dollar amount. Like every year say, for example, you put in
12 an extra 80,000 each year or we can say 6 percent increase,
13 say you put in 3.3, and every year it increases about 7 and
14 a half percent until you're done transitioning it out and
15 then it goes back to the steady increase.

16 TRUSTEE BURKE: So, excuse me, then after five years,
17 the Board's assumption rate is 7 percent?

18 MS. FAIN: So technically the Board's assumption rate
19 today would actually be listed at 7 percent just the way
20 we're budgeting to it will smooth into that, but your report
21 will actually state that you're using 7 percent. You're
22 just transitioning and funding to that 7 percent
23 calculation. It will actually be listed in the report
24 already at 7 percent today.

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1 TRUSTEE BURKE: Okay. So it would show that we are
2 going to 7 percent; however, we're transitioning into it
3 over a five-year period.

4 MS. FAIN: Correct.

5 PRESIDENT LICHAMER: What basically I understand is
6 we're still doing the 3 to 4 percents every year like we
7 normally would, but we're basically taking -- slowly paying
8 off that difference in our actual percentage rate, correct?
9 That's what we're --

10 MS. FAIN: Correct.

11 PRESIDENT LICHAMER: That's what we're casing --
12 we're not taking a big lump.

13 TRUSTEE BURKE: We're not asking for a larger levy.

14 PRESIDENT LICHAMER: Right.

15 TRUSTEE NIENBURG: So my question was are we glide
16 pathing to that or are we deferring it for five years and
17 then kicking it in. It sounds like we're on a glide path.

18 TRUSTEE SIDLER: We're glide pathing.

19 TRUSTEE NIENBURG: How come it's not broken out here?
20 How come we can't see this separately? I'd like to see, you
21 know, it's 7.25 now. It's X minus 1, X minus 2, X minus 3,
22 until we get to 7 in the 5th year.

23 MS. BUTTNY: I think the rate immediately goes to 7.

24 PRESIDENT LICHAMER: It does.

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1 TRUSTEE NIENBURG: From an assumption standpoint.
2 MS. BUTTNY: Right.

3 TRUSTEE SIDLER: But from a real standpoint --

4 TRUSTEE NIENBURG: But how we're managing it there's
5 an effective rate, right?

6 TRUSTEE BLAYLOCK: Like the way you explained it the
7 first time where you would go seven two to seven one five to
8 seven ten, that's the way you want it the first time.

9 TRUSTEE NIENBURG: Yeah, that's what I would have
10 thought we could see --

11 TRUSTEE BLAYLOCK: Is that technically what is
12 happening?

13 MS. FAIN: In a sense it's achieving a similar goal,
14 but the way that it's reported it's not described in that
15 sense and so it's described as immediately being 7 but the
16 cost of that being like almost a separate payment plan so
17 that they only have you reporting the tax levy, I guess you
18 would say, the four initial drops. So it's a way of
19 achieving that in a similar mathematical manner, but it's
20 not actually broken out and stated that way if that makes
21 any sense.

22 What I could do real quickly is I
23 have your report right in front of me. For the first year
24 that 3.13, just for the Board transition, I can show you --

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1 I can kind of break that out -- piece out just for our
2 discussion purposes if you give me one second.

3 TRUSTEE SIDLER: It's going to be roughly --

4 MS. FAIN: You're kind of wanting to know -- you know
5 that the 3.31 is the full amount recommended if we're using
6 a 7 percent rate of return. So what rate of return would
7 give us a full amount equivalent to 3.13. Is that something
8 similar to, you know, a 7.25, or is that something similar
9 to a 7.2.

10 TRUSTEE NIENBURG: Right.

11 TRUSTEE BLAYLOCK: Right.

12 TRUSTEE NIENBURG: Put simply how do you come up with
13 3.13?

14 MS. FAIN: Oh, how do we come up with it? That's
15 pretty simple. It relates back to the amount that we wanted
16 to increase each year, so we determine -- our process
17 involves first doing that top calculation. If we were to
18 drop immediately to 7 percent today, it would be 3.31 and
19 there were five years --

20 TRUSTEE NIENBURG: But that's -- there were two
21 things --

22 MS. FAIN: -- that's what those normal projections
23 look like and then what we do is we back into what dollar
24 amount would we need to put in today so that in five years

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1 you would be contributing the full amount, but we do want
2 your payments each year to increase by a steady fixed
3 amount, fixed percentage rate, so we calculate the initial
4 and then back into figuring out a payment plan where it
5 would increase over five years by a 6 percentage -- of a
6 half percent.

7 TRUSTEE NIENBURG: Right.

8 MS. FAIN: If that makes any sense how we back into
9 it.

10 TRUSTEE NIENBURG: It does, but the full contribution
11 recommendation for 2018 includes both a 3 to 4 percent
12 natural increase plus a drop to something for the assumption
13 and the late return and I think -- I think it's reasonable
14 to look at this almost like a zero based budget on how we
15 get up to 3.31 with the combination of the natural increase
16 plus the rate of return assumption. I want to see the
17 building blocks.

18 TRUSTEE SIDLER: Does it make sense that if you look
19 at a 3.130 over 2.920 that's a 7.2 percent increase, Jess,
20 as you alluded to. So if we can look -- is it just as basic
21 as saying that we're on a 3 percent cost of living
22 adjustment, so anything above that, so that 4.2 percent, is
23 roughly what we're paying above and beyond, so if you take
24 4.25 percent, you know, off of a 7 and a quarter, you're

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1 looking -- we've gone from a 7.25 to a 7.2021 roughly.

2 TRUSTEE NIENBURG: Yeah.

3 TRUSTEE BLAYLOCK: So it's basically achieving what
4 you were trying to achieve at going about a .05 every year.

5 TRUSTEE NIENBURG: Yeah.

6 TRUSTEE BLAYLOCK: It might not be exact, but that's
7 about what it is; is that correct, Jess?

8 TRUSTEE NIENBURG: I would just like a little bit
9 more --

10 MS. FAIN: You want me to tell you what the amount
11 would be if we were to do a 7.20 rate of return?

12 TRUSTEE BLAYLOCK: No.

13 TRUSTEE SIDLER: You're just saying what exactly is
14 it.

15 TRUSTEE NIENBURG: Yeah, I want to know --

16 TRUSTEE SIDLER: I guess the question is what exactly
17 is our actuarial rate if we put in 3.130 understanding that
18 technically we're at a 7 percent, but we're realizing
19 mathematically we're not there yet. So if we're right -- so
20 your question is if we're not 7.25, at the end of 2018 if we
21 do a 3.130 levy, what is that percentage of an actuarial
22 return work out to which I am assuming would be like a 7.21
23 roughly.

24 MS. FAIN: Actually I typed in a code and I'm running

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1 it on the worksheet right now so in about hopefully 20
2 seconds I can tell you roughly what that figure would be.

3 TRUSTEE SIDLER: Okay. From a historical --

4 MS. FAIN: You're thinking of it from an alternate
5 view which is, you know, if we were to -- the 3.31 if we're
6 roughly using a 7.21, as you were stating rate of returns, I
7 can tell you that hopefully in about 15 more seconds I
8 should be done.

9 TRUSTEE SIDLER: And while you're running that, for
10 those that we've been on the Board of going back and I kept
11 track of going back to 2000, we have gone from a 9 percent
12 actuarial return in 2000 to a current 7 percent over that
13 17-year time frame.

14 MS. FAIN: There has been a significant shift by the
15 Board in that rate of return assumption. And a huge
16 significant shift in the amount that the Village has been
17 putting into the fund as well. We were not the actuary back
18 in 2000, so it would be interesting to hear how much it has
19 shifted, you know, over a relatively short window when we
20 think about it all the way from 9 down to looking at 7
21 percent potential rate of return. And it really does have
22 quite an impact on the budget and the amount that is
23 recommended and all those items.

24 TRUSTEE SIDLER: Right.

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1 TRUSTEE NIENBURG: If my math is right, 18 over 17 is
2 a 13.3 percent increase.

3 TRUSTEE SIDLER: 18 over 17 -- well, if the
4 transition over a 2920 versus 3130 is 72 if you went to the
5 full 33 then, yeah.

6 TRUSTEE NIENBURG: Right. And so that's far in
7 excess of a 4 percent increase, right?

8 TRUSTEE SIDLER: Right.

9 TRUSTEE NIENBURG: So the rest of that is attributed
10 to the actuarial assumption.

11 TRUSTEE SIDLER: Every quarter, which is why as we've
12 looked back and I can recall as we go back from 9, every one
13 of those reductions of our actuarial return is a massive
14 amount of cash on an annual basis.

15 MS. FAIN: Honestly it's probably the biggest -- if
16 you think of it like a factor whether it's a two-fold when
17 you touch it it has the most impact on it.

18 So in response to what the 3.13
19 would be, it would be right under 7.2, so it looks like it's
20 somewhere between 7.19 or 7.2, so right at that almost a 5
21 percentage point drop, so you're going from a 7.25 down to
22 right at it looks like in between 7.19 percent rate of
23 return and 7.2 rate of return.

24 TRUSTEE NIENBURG: I'd like to see what that is. We

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1 don't have to do it right now, but I'd like to see some
2 follow-up documentation on what that is every year, what the
3 effective actuarial assumption is.

4 MS. FAIN: Okay.

5 TRUSTEE NIENBURG: And then do we know -- we said 3
6 to 4 percent. What is it, 3 or 4?

7 MS. FAIN: Oh, I can tell you exactly.

8 TRUSTEE NIENBURG: And how do we get to that number?

9 MS. FAIN: Oh, of course. I believe it's 3 and a
10 half, and I will tell you for sure what it is for your fund.
11 It is exactly 3 and a half percent and the reason why is the
12 tax levy has two pieces to it. One piece is called the
13 normal cost that you put in for the active population every
14 year. The amount you put in for the active population is
15 calculated and designed to increase at the exact same rate
16 that overall payroll should be increasing. Your overall
17 payroll assumption is about 3 and a half percent. And the
18 reason why it's designed to increase at the same rate as the
19 overall payroll is because the amount your employees put in
20 each year it should increase about 3 and a half percent as a
21 whole collective, and so the amount that you put in is
22 designed to increase as well. Every year for your active
23 they are putting, as a total group, about 3 and a half
24 percent more and then you, as an employer, puts in

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1 additional roughly 3 and a half percent more. That's for
2 the normal cost portion, so that's just for the access.

3 For the liability payment piece,
4 the payment plan and the funding plan that the Board uses is
5 that 100 percent target level percent payment method, so
6 instead of putting the exact same dollar amount each year,
7 you put in a different dollar amount that increases the
8 certain percentage points and that percentage point is again
9 exactly to the overall payroll growth, so that's your
10 population pay increases and they're putting in more than
11 the amount you put in for them and also the way you're
12 paying down unfunded liability is tied exactly to that 3 and
13 a half percent. So that's the way it's designed is every
14 year the levy should increase about 3 and a half percent.

15 You can recalculate it to where the
16 amount you would contribute would be expected to not change,
17 it would be a fixed dollar. The problem is most people
18 don't use that because it would involve a much higher
19 payment today in order to create a contribution that doesn't
20 increase going forward. So the entry age normal percent of
21 pay calculation that's the one we're tied exactly to that
22 over payroll growth expectation of 3 and a half percent, so
23 that's their normal growth rate that you could expect for
24 your fund. It may have a little more volatility to where

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1 it's a little less than 3 and a half percent or a little
2 more to probably close that larger window all related to
3 timing of contributions and levies, so depending on when you
4 actually get those taxpayer dollars, you can put them to
5 work in your fund, you can get those investment returns. So
6 we put a little bit of a window around that 3 and a half
7 percentage just because that volatility that occurs. You
8 can actually get the tax levy dollars from the public and
9 put it into the fund and put it to work, so that's the
10 window we close, but the exact amount of everything worked
11 out perfectly and people -- exactly on time, you got the
12 dollars exactly on time would be an expected 3 and a half
13 percent.

14 TRUSTEE NIENBURG: Okay.

15 TRUSTEE SIDLER: Jess, quick question. Is there any
16 unintended consequence for us putting a 7 percent actuarial
17 return on the Department of Insurance annual filing when
18 technically we're at a 7.19 percent? Is there any
19 unintended consequence when they run that annual report that
20 is going to show contribution numbers that when they come
21 back public that people are going to say, well, it can be at
22 7, you guys only put in 3.130 when really technically we're
23 at a 7.19 percent actuarial rate versus a 7.0.

24 MS. FAIN: No, there's no consequences because what

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1 we are doing is we are putting you at a 7 percent, but we
2 are creating a five-year short window funding plan
3 transition I guess you would call it. So mathematically
4 this transition we put in will be equivalent to using about
5 a 7.19, 7.2 return assumption; however, the way this is
6 calculated is if you were using -- it's similar, I guess,
7 you could think it to how, you know, the statutory minimal
8 restrictions are. They want you to be 100 percent funded or
9 90 percent funded by say 2040. You do your calculation
10 today about what you need and then you create a, I guess you
11 could call it, almost like a long-term transition plan
12 between now and 2040 to get there. That's similar to what
13 we're doing here. We're calculating what you would need at
14 7 percent, but we're creating a short window transition
15 trying to get you there. So it's similar to that concept so
16 you wouldn't run into any issues. What your report will
17 actually state is that you're using 7 percent, that you're
18 using a short term, five year almost budgeting or funding
19 transition method to get there. So there's no -- I guess
20 the best way to describe it is mathematically what you're
21 doing would be similar to using a different rate of return
22 assumption, but that's not what you're actually doing. It
23 just works out mathematically to it, so this is our way of
24 following the rules and procedures, but you can't do, as you

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1 stated, you know, use 7 percent but only fund based on 7.19
2 or 7.2 and then you would have to specifically state that
3 it's a transition scenario, a transition plan. We put that
4 wording in your tax levy and the only thing that you are
5 liable for or the only way that you would be able -- would
6 cause any issues or concerns would be if your transitioning
7 method was less than the statutory minimum figure. The only
8 rule or restriction that this Board is subject to is that
9 whatever amount that you put in has to at least be the
10 minimum amount. If you put in more than that then it's a
11 nonissue. So, for example, the current year's minimum
12 amount would be 2.554 million. It's in your full report on
13 page 19 towards the back. So as long as this Board puts in
14 more than 2.554 million, there is no issues. So your
15 transition figure that's the only restriction is that that
16 needs to be higher than the minimum. That's the only, I
17 guess, rule that you're bound to is that it needs to be
18 higher than the minimum and that whatever recommendation you
19 make needs to be based on an actuary calculation, and we're
20 doing the calculation and it will go in your report that
21 states that the 3.13 is a transition plan actuary
22 calculation that's over a five-year period, so there is no
23 concerns as far as legalities.

24 We have multiple groups that we've

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1 done this with that have already transitioned out, so they
2 started in, they have done their five years, and they are
3 already out and done and they have reported to the DOI and
4 it's in their tax levy reports, and it's been a non-issue.

5 So, again, legally the only

6 thing you have to worry about is making sure you put in at
7 least the min -- excuse me, more than the min and then there
8 is no concerns statutorily as far as our understanding of
9 the rules and restrictions.

10 TRUSTEE SIDLER: Explained well. Thank you.

11 TRUSTEE BURKE: Yeah.

12 TRUSTEE NIENBURG: One more question. I would have
13 expected us to go -- to run a savings over the five years
14 and then get to a zero point and not see a cost when we got
15 to the fifth year. What is driving that because eventually
16 shouldn't we all come into equilibrium at 7 percent and be
17 equal to the full funding recommendation? Why do we exceed
18 the full funding recommendation?

19 MS. FAIN: In 2022?

20 TRUSTEE NIENBURG: Yep. And then is that continued
21 beyond that?

22 MS. FAIN: Correct. So if you were looking at the
23 graph on the second page, you will see that you always run a
24 little bit higher. If you wanted to not have a long-term

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1 cost, so what we could do is we could design it to where at
2 the end of five years you are now putting in the full amount
3 that you should and then going forward it increases about
4 three and a half percent. The reason why in 2022 that you
5 end a little bit higher with a full amount, the difference
6 is, I guess you consider between that top line and that blue
7 line long-term, that mathematically will add up to the
8 differences between the green and blue line and that
9 short-term period. If you're looking at the graph, you can
10 see from 2017 to 2022 the green line went higher than the
11 blue. That area -- that cost between those lines, that's
12 the amount that long term between now and 2040 that will be
13 the difference between those other two lines. So that
14 short-term savings, long term will end up to a little extra
15 cost just because you lost out on the investment returns.
16 If you're wanting it to where you end long term without the
17 additional cost, there will always be a little cost. If you
18 -- any time you don't put in the full amount today, long
19 term it will cost you a little more because you missed out
20 on earning investment earnings off of that.

21 TRUSTEE NIENBURG: Got it.

22 MS. FAIN: So you got to contribute. There is missed
23 investment earnings that you would have gotten if you were
24 able to put in that full 3.3 million if that makes sense.

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1 TRUSTEE NIENBURG: Got it. I don't know about the
2 rest of the Board, but that was not my understanding what we
3 were doing. I thought we were doing kind of a soft landing
4 to get to the new actuarial assumption not a deferment and
5 then recoup it later.

6 PRESIDENT LICHAMER: Well, the deferment is because
7 we're using the income off the investment.

8 TRUSTEE NIENBURG: Right. Right.

9 PRESIDENT LICHAMER: This eases the burden on the
10 Village and the taxpayer --

11 TRUSTEE NIENBURG: Short term.

12 PRESIDENT LICHAMER: -- to reduce that actuarial.

13 TRUSTEE NIENBURG: RIGHT.

14 PRESIDENT LICHAMER: This will be a little bit easier
15 on the Village and then we end up losing out what we recoup
16 at the end.

17 TRUSTEE BURKE: And in 2023 it will just be one
18 amount.

19 TRUSTEE NIENBURG: No.

20 MS. FAIN: So in 2023 --

21 TRUSTEE NIENBURG: It would still be higher. That
22 was my confusion. I thought we essentially book these
23 savings and it's water under the bridge and then we get to
24 five years everything is equilibrium and we're at the 7

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1 percent, we're taking the full funding recommendation not
2 that we claw it back over time.

3 MS. FAIN: So in 2022 you would be requesting the
4 full amount calculated under 7 percent. It's just if you
5 had been able to put in that full amount early on, then that
6 amount that you would be requesting would be the 4.1 not the
7 4.19 if that makes any sense.

8 TRUSTEE BLAYLOCK: So couldn't we in 2022 just say
9 we're going to put 4.1 in and we're going to forget about
10 the 90,000 because that will be well over the 90 percent
11 that we're mandated for, so we, as a Board, can just say,
12 yeah, we don't really want to pay back that 90,000, that
13 little spot there, we're just going to go with 4.1 and we
14 would be fine, right?

15 MS. FAIN: Technically the only amount you have to
16 worry about is the minimum amount which would be roughly
17 projected -- we actually have your minimum projected out,
18 we'll project them out as part of our scenario, so your
19 minimum amount in 2022 would probably be around 3.4 million.
20 So as long as you were putting in more than 3.4 million,
21 legally speaking the Village has met it's obligation since
22 that is the requirement to put in at least a minimum amount.
23 When it comes to doing the tax levy calculation from our
24 side, our report that we would come up with, that figure

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1 would probably be that 4.19 million because we're going to
2 take into consideration all the different moving parts, but
3 as far as what they actually contribute to the fund, you
4 know, it can be any figure between what our report would
5 say, which would be roughly around 4.19, and then what the
6 minimum is, which would be roughly around 3.4, so any figure
7 in between that will meet statutory obligations.

8 TRUSTEE NIENBURG: Yep. Is that what you thought?
9 Did you think we were going to do the increase post the five
10 year transition and collect more than that full
11 recommendation?

12 TRUSTEE SIDLER: I did, yeah.

13 TRUSTEE NIENBURG: I thought we were doing --

14 TRUSTEE SIDLER: -- work out but I didn't -- until
15 you see the math, I didn't think the number would actually
16 be that big.

17 TRUSTEE NIENBURG: I thought by taking the assumption
18 down to 7 percent we're doing the right thing for the
19 pension fund. To soften the blow on the taxpayer, we were
20 transitioning it out over time and then I thought that was
21 the handshake deal and we move forward with taking the full
22 contribution recommendation.

23 TRUSTEE SIDLER: Well, I think as we look at anything
24 above that number, we can always adjust. I mean I think as

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1 I was asking what is our annual revenue for the Village in
2 2018, just to get a percentage in our head, 46 -- roughly 46
3 million dollars is the expected budget for '16, so at 3.130
4 you're looking at about 6.8 percent of the budget and then
5 if you assume fire is roughly the same, we're at about 13.6
6 percent of the overall budget, so I think from a fiduciary
7 standpoint I absolutely feel comfortable that lowering the
8 actuarial rate and putting more into these is the right
9 thing to do. Doing it within the Village comfort level
10 gradually I think gives the flexibility and then if we get
11 to a point where either markets are better than what we
12 thought or we don't have to put in as much, we can come back
13 and assess that. The reality -- if you look at the
14 projection of a 4.19 million contribution in 2022 and you go
15 back, that drove the question of earlier. When we get more
16 retired than we have working, that's when we just have to
17 figure how are we helping increase the revenue of the
18 Village, how do we help control our costs and, you know,
19 what types of things --

20 TRUSTEE NIENBURG: What's our current funded rate?
21 What's our current funded percentage?

22 TRUSTEE SIDLER: We were at 50 something.

23 MS. FAIN: I'll pull it up right now.

24 TRUSTEE SIDLER: Just remember, too, mathematically

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1 if we say we're lowering our actuarial assumption or assumed
2 rate, underfunded is going to go up. So what I always say,
3 if you want to be 100 percent funded, let's go to a 10
4 percent assumed rate. To me the bigger number is how many
5 years of reserves do we have if we have no payments coming
6 in tomorrow and that's a substantial number for Downers
7 Grove. If I remember it was like 16, 17 --

8 TRUSTEE BLAYLOCK: 17, 18 --

9 TRUSTEE SIDLER: Yeah, which is -- that's the
10 comfort zone where we're at versus to me more so than
11 percentage funded because we're lowering our actuarial rate
12 which is increasing our underfunded status, but I think
13 we're high 40's or lower -- maybe low --

14 PRESIDENT LICHAMER: Low 50's. 53. 52, 53.

15 MS. FAIN: Downers Grove Police at the prior rate of
16 return, which is 7.25, your market value and your actuarial
17 value were somewhere between that 55 to 58 percent. If you
18 were to lower to the 7 percent rate of return, you will see
19 about a two percentage point drop in the amount you report
20 so you won't still be in that 55 to 58, you will be more at
21 53 to 56 percent, so your report is funded percentage lower
22 that rate of return assumption.

23 PRESIDENT LICHAMER: That's such a baloney number.

24 TRUSTEE SIDLER: So if anybody brings to you guys,

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1 hey, we're 56 percent --
2 PRESIDENT LICHAMER: The Chief always says what's our
3 -- it's just such a --
4 TRUSTEE BURKE: That doesn't --
5 TRUSTEE SIDLER: That's up to you guys to educate and
6 say we have lowered from a 9 to a 7. If you want to be 100
7 percent funded, we go to a 9 and we're going to be, you
8 know, 90 percent funded, but we're still not paying the
9 bills.
10 PRESIDENT LICHAMER: So are we -- do we need a
11 motion? Are you satisfied?
12 TRUSTEE NIENBURG: All we're doing today is deciding
13 2018.
14 TRUSTEE BLAYLOCK: Correct.
15 TRUSTEE BURKE: 2018. We got to set the tax levy.
16 TRUSTEE NIENBURG: I'm fine. I think when we get to
17 2022 I'd like to see that number just go to the full funding
18 level and not try to claw back because that to me, like I
19 said, was the handshake deal. We dropped the actuarial
20 right thing to do for the fund, we softened the blow, we
21 glide path this in so it's a soft landing for the taxpayer.
22 Period. End of story.
23 TRUSTEE BLAYLOCK: Do we vote on doing this already?
24 TRUSTEE BURKE: No, we got to vote today.

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1 TRUSTEE SIDLER: We got to vote on doing it and then
2 go back. I think, Bill, your point, duly noted, that I
3 think -- I thought it would be above, but I didn't think the
4 numbers would be that above. But we can go on a
5 year-by-year basis if returns are good and anything above
6 the minimal rate is a positive for the pensions.
7 TRUSTEE BLAYLOCK: Which one do we need to vote on
8 first?
9 PRESIDENT LICHAMER: I would say two; one motion to
10 drop it to 7.
11 TRUSTEE BURKE: Right.
12 PRESIDENT LICHAMER: And then one motion to --
13 TRUSTEE BURKE: To do it incrementally.
14 TRUSTEE BLAYLOCK: Let's do the drop it to 7
15 incrementally and then the second motion would be the tax
16 levy itself.
17 TRUSTEE NIENBURG: Didn't we already do the drop to 7
18 last week?
19 TRUSTEE SIDLER: We talked about the numbers. We
20 didn't vote.
21 TRUSTEE BLAYLOCK: We need to vote on that one.
22 TRUSTEE BURKE: I'll make a motion that we drop
23 the assumption rate to 7 percent which would be
24 incrementally transitioned over a five-year period.

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1 TRUSTEE NIENBURG: Second.
2 PRESIDENT LICHAMER: Roll call.
3 TRUSTEE BURKE: Burke, aye.
4 PRESIDENT LICHAMER: Lichamer, aye.
5 TRUSTEE NIENBURG: Nienburg, aye.
6 TRUSTEE BLAYLOCK: Blaylock, aye.
7 TRUSTEE SIDLER: Sidler, aye.
8 TRUSTEE BLAYLOCK: Now we have to vote on the
9 tax levy.
10 TRUSTEE BURKE: I would make a motion that the
11 tax levy for 2018 be \$3,130,000.
12 TRUSTEE SIDLER: Second.
13 PRESIDENT LICHAMER: Roll call.
14 TRUSTEE BURKE: Burke, aye.
15 PRESIDENT LICHAMER: Lichamer, aye.
16 TRUSTEE NIENBURG: Nienburg, aye.
17 TRUSTEE BLAYLOCK: Blaylock, aye.
18 TRUSTEE SIDLER: Sidler, aye.
19 MS. FAIN: What we can do on our end next year
20 as well is that we can recalculate what the
21 recommendation would be. So we will have one year
22 under our belt, we will have four years left, markets
23 are better or if you were to have, you know, big
24 shifts in your population and you want to know does

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1 this impact the amount we're recommending, you know,
2 were you to have a great year in your return,
3 anything, you know what I think this is going to lower
4 the amount that we need to put in going forward, we
5 earned a lot from investment earnings, can you
6 recalculate kind of what the four upcoming payments
7 would look like if we wanted to revamp it. We can do
8 that as well at no charge. So next year when we get
9 together and something has happened in the market and
10 you want us to recalculate what the next four payments
11 would be taking that into consideration, we can as
12 well. We kind of leave that as the last bullet point
13 on that second page under disclosures and limitations
14 that on a three-year basis we can recalculate that if
15 for some reason the market looks different. It's been
16 a great year, you wanted to take that into
17 consideration so that you're not kind of flying blind
18 with how you're going to address that transition
19 contribution, we can do that each year.
20 TRUSTEE SIDLER: And Paul and Andy working till
21 85. Can we take that into consideration?
22 MR. FAIN: You're never allowed to retire. We
23 can indeed. We will have a special assumption for
24 Paul and Andy --

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1 TRUSTEE NIENBURG: What happens from here with
2 respect to how this is communicated to the Village
3 Council and --
4 MS. BUTTNY: We will be including all this in
5 our budget, and we also -- Dave will also -- he sits
6 with each counsel member to go over the budget with
7 them one-on-one to explain to them everything that is
8 going on.
9 TRUSTEE NIENBURG: Is there ever any direct
10 interaction between the Council and the pension board
11 and we have an opportunity to message this and to have
12 the right talking points? Because I think, you know,
13 I was also thinking back to your question, you know,
14 your colleagues ask what's our percent funding, what
15 do we do with the actuarial rate, those kind of
16 talking points, and I think similarly for the
17 taxpayer, if somebody stopped me on the street, I
18 would like to have a cool or articulated message
19 around. What did we do and why we did it and where
20 does that put us. Is there ever that kind of report
21 out to the Council from a Board?
22 MS. BUTTNY: No, there hasn't been.
23 TRUSTEE NIENBURG: Okay.
24 TRUSTEE SIDLER: Andy showing up to that meeting for

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1 the Board -- the Village meeting --
2 TRUSTEE BURKE: The budget meeting.
3 TRUSTEE SIDLER: Yeah, to be present to make a
4 statement. Maybe that's something we look at as to show up.
5 TRUSTEE BURKE: (Inaudible)
6 TRUSTEE NIENBURG: Actually I want to let them know
7 both. I want to know that the taxpayer representatives on
8 the Board are taking care of the pension fund and the force
9 and that the officers on the Board are taking care of the
10 taxpayers. I think that's a -- you know, we've talked about
11 the level of cooperation and collaboration that this Board
12 has and it's not something that is enjoyed by every
13 municipality, and I think we should be proud of that and
14 advertise it.
15 TRUSTEE BURKE: I agree.
16 PRESIDENT LICHAMER: I hope Dave has conveyed that
17 message when he was on the Board, too. I mean I've asked
18 him to specifically.
19 TRUSTEE NIENBURG: He probably does.
20 MS. BUTTNY: Our Board has good relationships between
21 the members of the Board and the Village, no doubt.
22 PRESIDENT LICHAMER: Because I mean I know I've asked
23 Dave directly to say will you please let the Council know
24 when we've done this in the past.

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1 TRUSTEE SIDLER: Right.
2 PRESIDENT LICHAMER: Or when we have not lowered the
3 rate.
4 TRUSTEE SIDLER: Even after having a tough year,
5 right.
6 PRESIDENT LICHAMER: Yes. We have not lowered the
7 rate and the status quo, you know, so whether that's
8 happened, I would hope.
9 TRUSTEE NIENBURG: Seems like once a year wouldn't be
10 a bad -- I don't know exactly what I'm asking for here, but
11 once a year wouldn't be a bad idea to have a report out from
12 the Board that says here's our summary of our performance,
13 here's what we did from a tax levy standpoint in four or
14 five concise bullets that you guys can take back to the
15 force and that we can take to the taxpayer and talk to the
16 Council about. I don't think it would be a bad idea, your
17 point, to show up at that budget approval meeting and --
18 TRUSTEE SIDLER: Help explain it.
19 TRUSTEE NIENBURG: -- help explain it. It should be
20 -- I mean it should be part of the public record. We should
21 have the opportunity to tell the story. It's a good story.
22 TRUSTEE SIDLER: The misnomer, I think, that's the
23 most common that you hear is what percentage funding are you
24 when you say that's really not a relevant statistic. The

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1 relevant statistic is what is your actuarial return, how
2 much are you putting in above and beyond your minimum and
3 what have you done with your actuary return over the many
4 years as you go forward and how are your -- if you stop
5 paying today, how many years could you go forward.
6 TRUSTEE NIENBURG: And I mean those kinds of score
7 card metrics should be something that we should have at our
8 fingertips once a year at least, you know.
9 Is that something you guys have done for
10 your clients in the past?
11 MR. ENDRIUKAITIS: Not that I'm aware of, but it's
12 easy. We can -- I mean our actuary does spreadsheets all
13 day. He can probably spit one out in two seconds but --
14 TRUSTEE SIDLER: Thank you.
15 MS. FAIN: What we've done for other clients most
16 recently on Thursday we were at Hanover Park. They're
17 another group where they have a really great relationship
18 between what they -- and what they've been funded, so every
19 year what they will have us do is we have created like a one
20 pager, which is something we can definitely do for you, and
21 what we usually do is whenever their public village meeting
22 is and do about a 15-minute power point, and we do actually
23 show up for, unfortunately unlike today, and we will do a
24 presentation just showing how they've been funding over the

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1 past few years, thank them for their commitment to running
2 the pensions, show how the contribution has shifted. And
3 they've had us do it for the past couple years.
4 We also do it for Niles as well.
5 We recently took over them, I believe, two years ago, maybe
6 three years. Every year they will have us come out. There
7 is nothing terminal going on with their fund. They just
8 kind of like to control the story that goes to the public
9 because it is positive of how they have been funding and the
10 commitment to funding. It's just unfortunately people hear
11 news or pick up a report and misinterpret it because, you
12 know, this is not – pension funding and actuarial reports
13 and calculations are not something people are extremely, you
14 know, well educated on, so what they want to do is they want
15 to control the message to the public and educate the Board,
16 so what we usually do is actually go to a village meeting
17 and present. But if you're interested in maybe just like a
18 one pager to send to the Board members themselves, that is
19 something we can help you come up with as well. We'll
20 probably just take some more directions from you all,
21 something we haven't done before, is we'll kind of pick your
22 brain a little on what you're hoping to have on there and
23 what you kind of want it to look like and it's something we
24 can definitely help with.

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1 TRUSTEE NIENBURG: Yeah, maybe you could send us the
2 power point you do even if you have to strip out the data if
3 any of it's confidential. I don't know if any of it is.
4 MS. BUTTNY: Public.
5 TRUSTEE NIENBURG: Send it to us and let us take a
6 look at it.
7 MS. FAIN: I'll reach out to Hanover Park and see if
8 they are comfortable with me just sending you the power
9 point. I mean we were there on Thursday presenting and we
10 went over both their pension reports, their -- reports and
11 we also talked a little on -- I don't know if anyone is
12 familiar with the OPED. I'm sure Judy gets to --
13 MS. BUTTNY: Yes.
14 MS. FAIN: I'm sure Judy deals with the OPED
15 report but we went through those as well with them.
16 I'll shoot an e-mail over and make sure they're
17 comfortable with it. We showed it to the public, so I
18 don't think they would mind, but I can show you kind
19 of an example of what that looks like.
20 TRUSTEE NIENBURG: Right. Maybe we can make an
21 official request for a one pager and you can let us
22 know if there's a cost and go from there.
23 MS. FAIN: We would do it at no charge.
24 TRUSTEE SIDLER: We can help dictate what

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1 should be on it.
2 MS. FAIN: We would just need to kind of reach
3 out and pick your brain on what you want on it since
4 it's a document we haven't created before.
5 TRUSTEE SIDLER: You know, several bullet
6 points of where we were at 17 years ago from an
7 actuarial rate, where we're at today, the percentage
8 of funding that the Village has put in has been 100
9 percent of collected to put in, so people are going to
10 read what's in the Tribune but I think we can come up
11 with six or seven bullet points they'll say the
12 Village of Downers Grove is very different and this is
13 why.
14 And thank you to Lauterbach & Amen,
15 too, and Eric as you put together we've asked you to put
16 together special requests for when buckets of people are
17 going to retire, how does that change the report, what
18 happens if we stop payments today. That's very useful
19 information and you guys are giving us more flexibility for
20 analyzing what we're managing more than we ever had and it's
21 appreciated.
22 (Whereupon, Trustee Nienburg
23 exited the meeting at 10:42 a.m.)
24 MS. FAIN: We're very glad to help. So sounds like

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1 going forward I'm going to have three follow-ups for the
2 Board; one is you want just kind of a good guesstimate of
3 each year in that five-year window and use those as
4 representative, for example, the first year of about a 7.19
5 percentage rate of return, 7.2. You wanted that just for
6 talking point. I'll reach out to Hanover Park and see if
7 they are comfortable with me e-mailing over a copy of their
8 power point and then we'll also get started on coming up
9 with a couple of bullet points for a one pager and we'll
10 probably reach back out to the Board to kind of get your
11 feedback on what you're looking at.
12 Was there any additional items you
13 would want us to take a look at so we can help you follow up
14 this week on it?
15 PRESIDENT LICHAMER: I'm good.
16 TRUSTEE SIDLER: That's it. And I can help relate to
17 Eric what -- Jess, what we can get to you on the bullet
18 points that I think would be helpful to give to Judy.
19 MS. FAIN: Perfect. It sounds like you have a really
20 nice long-term history coming all the way back, you said, to
21 the year 2000, I believe?
22 TRUSTEE SIDLER: Yeah, this group has been together
23 for a long time.
24 MS. FAIN: Yes, that would be very helpful to have

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1 kind of that long-term perspective. You know, 17 years ago
2 seems, you know, that continued commitment of the Village to
3 put in that full amount it will be really nice to see from a
4 historical perspective.

5 PRESIDENT LICHAMER: Thank you.

6 TRUSTEE BURKE: Thank you.

7 MR. ENDRIUKAITIS: Thanks, Jess.

8 MS. FAIN: I just want to thank the Board for letting
9 me attend via telephone, and we'll get started on the first
10 two items which was the estimated rate of return and then
11 the reaching out to Hanover Park and once we get back --
12 Eric gets back to the office, we'll try a little bit more on
13 the one pager.

14 For a deadline, what time frame
15 would you kind of like to have that one pager and everything
16 done? Is there an upcoming Village meeting or budget
17 meeting that we're trying to get it done time wise?

18 TRUSTEE SIDLER: Shooting for October, so I think
19 we've got a good month and a half, so maybe in the next four
20 weeks we'll get those points pulled.

21 MS. FAIN: Okay, perfect. What I'm going to do is
22 put a two-week deadline on it that way that will give us
23 about two more weeks to send it back and forth, if you have
24 comments, questions, adjustments, that sort of thing, so I'm

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1 actually going to put it -- I'm going to put a date of --
2 well, we've got the holiday coming up. How about September
3 6th is when I'll try to get it sent over to the Board, so
4 right after the holiday. Does that sound like it will work
5 for everyone?

6 TRUSTEE BURKE: Yep.

7 MS. FAIN: Perfect. All right. Great. We got a
8 game plan going for us and, again, I apologize for this
9 morning. I guess I'm just scatterbrained this past week or
10 so. But we'll get started on this and make sure that it
11 doesn't happen again in the future. If there is any
12 additional requests, comments, concerns feel free to reach
13 out to me any time.

14 PRESIDENT LICHAMER: Thank you.

15 TRUSTEE BURKE: Thank you.

16 MS. BUTTNY: Thank you.

17 MS. FAIN: My pleasure. Thanks, everyone. Have a
18 great day.

19 TRUSTEE BURKE: You too.

20 MS. FAIN: Bye.

21 TRUSTEE BURKE: Bye.

22 PRESIDENT LICHAMER: Eric, are you all set, too, with
23 your stuff?

24 MR. ENDRIUKAITIS: I'm all set. I will send out the

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1 MCR and final actuary reports when I get back to the office.

2 PRESIDENT LICHAMER: Cool.

3 MR. ENDRIUKAITIS: Give you time to finalize
4 everything and you should be able to go vote on the official
5 tax levy on October 30th.

6 TRUSTEE BURKE: We already voted --

7 MS. BUTTNY: No, this was the vote.

8 MR. ENDRIUKAITIS: Oh, so we just need a signature
9 and I can send it out to Judy.

10 MS. BUTTNY: Yes, this is it.

11 TRUSTEE BURKE: This is the one we have to have.

12 MS. BUTTNY: Too late.

13 TRUSTEE BURKE: Judy has it and the votes are in.

14 PRESIDENT LICHAMER: All right. We have to pay some
15 bills, Judy?

16 MS. BUTTNY: Yes. I have a report that is just a
17 little bit different from Eric's in that there is another
18 month on there. The last meeting only voted for Village
19 through March 31. So this is April 1, 2017 to July 31,
20 2017. Grand total amount \$265,573.71. These items are all
21 either contractually -- previously contractually approved by
22 this Board or many items that flow through payroll. You can
23 see to Village of Downers Grove insurance through the checks
24 from all the people receiving pensions.

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1 TRUSTEE SIDLER: Let the record show the largest
2 numbers are to the IRS.

3 PRESIDENT LICHAMER: Judy, how are we tracking with
4 our budget with Reimer?

5 MS. BUTTNY: We're within. I could get you a
6 separate --

7 PRESIDENT LICHAMER: No. We're still under, right?

8 MS. BUTTNY: We are. We bumped that up to the last
9 one, yeah.

10 PRESIDENT LICHAMER: All right.

11 TRUSTEE BURKE: So do you need a motion, Judy, to pay
12 those?

13 MS. BUTTNY: I do.

14 TRUSTEE BURKE: I make a motion that we approve
15 265,573.71 that was presented to the Board -- outstanding
16 bills presented to the Board by the Board's treasurer.

17 TRUSTEE BLAYLOCK: Second.

18 PRESIDENT LICHAMER: Roll call.

19 TRUSTEE BURKE: Burke, aye.

20 PRESIDENT LICHAMER: Lichamer, aye.

21 TRUSTEE BLAYLOCK: Blaylock, aye.

22 TRUSTEE SIDLER: Sidler, aye.

23 TRUSTEE BLAYLOCK: Just a note that Trustee Nienburg
24 left the meeting, had to leave.

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1 TRUSTEE BURKE: She got that.
2 TRUSTEE BLAYLOCK: Just to reflect that's why he
3 didn't vote.
4 PRESIDENT LICHAMER: We good, Judy?
5 MS. BUTTNY: Yes.
6 PRESIDENT LICHAMER: Okay. New business.
7 TRUSTEE BURKE: Mr. President, we have some new
8 business in regards to a few things. First, when the
9 Fraternal Order of Police for our police officers completed
10 their negotiations, during that time we had a retiree leave
11 who was eligible for an adjustment to his pension.
12 Lauterbach & Amen, through Eric, Richard Marco there is a
13 change to his pension amount with some retro, so I would --
14 have you seen this? Has everyone seen this? It was sent to
15 everybody. I would make a motion that we approve the
16 adjustment to Richard Marco's pension as presented by
17 Lauterbach & Amen.
18 TRUSTEE BLAYLOCK: Second.
19 PRESIDENT LICHAMER: Roll call.
20 TRUSTEE BURKE: Burke, aye.
21 PRESIDENT LICHAMER: Lichamer, aye.
22 TRUSTEE BLAYLOCK: Blaylock, aye.
23 TRUSTEE SIDLER: Sidler, aye.
24 PRESIDENT LICHAMER: Does he get a flat check for --

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1 Eric, does he get a check back for everything there and then
2 payments adjust going forward?
3 MR. ENDRIUKAITIS: Correct. Payments adjust going
4 forward. And what we do is we issue a retro check which is
5 just like separate from --
6 PRESIDENT LICHAMER: All right. Okay. Sounds good.
7 MS. BUTTNY: Could I just read in for the record a
8 couple key points on this?
9 TRUSTEE SIDLER: Yeah, I think that's a good idea.
10 MS. BUTTNY: So member entry date 12/30/92. Member
11 retirement date January 1, 1916 -- excuse me, January 8,
12 1916. The applicable salary is \$94,630 which would give a
13 pension percentage of 57.5 percent and the amount of the
14 original monthly pension will be 4,534.35.
15 TRUSTEE BLAYLOCK: 2016?
16 TRUSTEE SIDLER: 2016?
17 TRUSTEE BLAYLOCK: You said 1916.
18 MS. BUTTNY: Oh my gosh. January 9, 2016. Sorry,
19 guys.
20 TRUSTEE BLAYLOCK: That's all right.
21 PRESIDENT LICHAMER: Where did that come from?
22 MS. BUTTNY: I have no idea.
23 PRESIDENT LICHAMER: All right.
24 TRUSTEE BURKE: Mr. President, then I have three new

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1 officers that made application to become members of this
2 fund. The three new officers is Cody Stults, John Tague and
3 Aaron Porter.
4 I'd like to make a motion that this
5 Board accept Cody Stults, John Tague, and Aaron Porter into
6 the Downers Grove Police Pension Fund.
7 TRUSTEE BLAYLOCK: Second.
8 PRESIDENT LICHAMER: Roll call.
9 TRUSTEE BURKE: Burke, aye.
10 PRESIDENT LICHAMER: Lichamer, aye.
11 TRUSTEE BLAYLOCK: Blaylock, aye.
12 TRUSTEE SIDLER: Sidler, aye.
13 TRUSTEE BURKE: Mr. President, we had a resignation
14 of an officer, Danielle Scaccia. I just want the Board to
15 note that Danielle Scaccia has resigned. I do not believe
16 she has made application for refund yet, but I'd like to say
17 that she would be eligible for refund if she made
18 application.
19 TRUSTEE SIDLER: How many years of service?
20 PRESIDENT LICHAMER: A couple months -- a couple
21 years.
22 TRUSTEE BURKE: No, she was here about 13 months.
23 TRUSTEE SIDLER: Thirteen months.
24 PRESIDENT LICHAMER: We have a motion. Do we have a

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1 second?
2 TRUSTEE BURKE: Yeah, the motion will be
3 accepted if she --
4 TRUSTEE SIDLER: She resigned.
5 TRUSTEE BURKE: -- she resigned.
6 TRUSTEE BLAYLOCK: Why would we have a motion
7 for that? We would make a motion that if she asks for
8 the money back or --
9 TRUSTEE BURKE: She hasn't asked for any.
10 TRUSTEE BLAYLOCK: Right.
11 TRUSTEE BURKE: This is for information.
12 TRUSTEE BLAYLOCK: I think we would make the motion
13 if she asks for the money back at that point we would have
14 to have a motion.
15 PRESIDENT LICHAMER: I agree.
16 MS. BUTTNY: Agreed. Did you make a motion for the
17 new ones?
18 TRUSTEE BURKE: Yes.
19 MS. BUTTNY: Okay. Then we're good.
20 TRUSTEE BURKE: You got to sign these with me.
21 PRESIDENT LICHAMER: Okay. Any old business?
22 TRUSTEE BURKE: I don't.
23 TRUSTEE BLAYLOCK: Nope, not me.
24 TRUSTEE SIDLER: Nope.

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1 PRESIDENT LICHAMER: We got to set our next meeting
2 date is done.
3 TRUSTEE BLAYLOCK: We did that. I will make a motion
4 to adjourn the meeting.
5 TRUSTEE SIDLER: Second.
6 PRESIDENT LICHAMER: Roll call.
7 TRUSTEE BURKE: Burke, aye.
8 PRESIDENT LICHAMER: Lichamer, aye.
9 TRUSTEE BLAYLOCK: Blaylock, aye.
10 TRUSTEE SIDLER: Sidler, aye.

11 (Which were all the proceedings had
12 and testimony taken at the public
13 hearing of the above-entitled
14 cause.)
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1 I, MEGAN L. ROMAK, CSR, do hereby
2 certify that I reported in shorthand the proceedings
3 had and testimony taken at the hearing of the
4 above-entitled cause, and that the foregoing
5 transcript is a true, correct and complete report of
6 the entire testimony so taken at the time and place
7 hereinabove set forth.
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11 CERTIFIED SHORTHAND REPORTER
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