

BEFORE THE DOWNERS GROVE POLICE PENSION BOARD

IN RE THE MATTER OF:)
)
Meeting Minutes)

PENSION BOARD MEETING

December 19, 2016

Nine o'clock A.M.

PROCEEDINGS HAD before the DOWNERS GROVE
POLICE PENSION BOARD, taken at the Downers Grove
Village Hall Ante Room, 801 Burlington Avenue,
Downers Grove, Illinois, before Marlane K.
Marshall, C.S.R., License #084-001134, a Notary
Public qualified and commissioned for the State of
Illinois.

1 BOARD MEMBERS PRESENT:

2 MR. PAUL LICHAMER, President

3 MR. ANDY BLAYLOCK, Vice-President

4 MR. DENNIS BURKE, Secretary

5 MR. NORM SIDLER, Trustee

6 MR. WILLIAM NIEMBURG, Trustee

7

8 ALSO PRESENT:

9 MS. JUDY BUTTNY, Acting Finance
Director

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MR. DOUGLAS OEST, Marquette Associates

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MR. ERIC ENDRIUKAITIS, Lauterbach &
Amen, LLP

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1 PRESIDENT LICHAMER: I would like to go ahead
2 and call to order the Downers Grove Police Pension
3 Board meeting for December 19, 2016. Roll call.

4 MR. BURKE: Burke here.

5 PRESIDENT LICHAMER: Lichamer here.

6 MR. NIEMBURG: Niemburg here.

7 MR. BLAYLOCK: Blaylock here.

8 MR. SIDLER: Sidler here.

9 PRESIDENT LICHAMER: Great. Motion to permit
10 electronic attendance.

11 MR. BURKE: Mr. President, there is not a
12 trustee that needs to use this. I say we not take
13 action on that.

14 PRESIDENT LICHAMER: We'll go ahead and pass on
15 number two. Accept the minutes for November 21st,
16 2016.

17 MR. NIEMBURG: Motion to accept the minutes of
18 November 21st, 2016.

19 MR. BURKE: Second.

20 PRESIDENT LICHAMER: Roll call.

21 MR. BURKE: Burke aye.

22 PRESIDENT LICHAMER: Lichamer aye.

23 MR. NIEMBURG: Niemburg aye.

24 MR. BLAYLOCK: Blaylock aye.

1 MR. SIDLER: Sidler aye.

2 PRESIDENT LICHAMER: That passes. Then we're
3 up to our investment report.

4 MR. OEST: Okay. So quick update on the
5 markets. The Fed raised rates. They're up. You
6 know, Dennis was asking before about are we up huge
7 because of the equity markets. And the bad thing
8 is the state makes you have at least 35% of fixed
9 income which has done not that well. The 10-year
10 Treasuries is up well over 50% since the third
11 quarter. So you have had a substantial decline in
12 bond prices over the last few months.

13 The good thing is that we're shorter
14 duration than the broad benchmark so that's held
15 up better than the broad market, but overall a large
16 part of the fund is negative due to the last two
17 months of rising rates. So that's something that
18 from a timing standpoint everybody has been kind
19 of waiting for it. The election was really the
20 thing that just spurred it along. You saw rates
21 tick up a little bit before the election, but that
22 was really the thing that was the catalyst to make
23 it go a little bit further.

24 The equity rally has been something that

1 has really been driven off a couple of different
2 areas. You know, you think about people are trying
3 to grasp onto some certainty as to what's going to
4 happen in the next year with the new president.
5 And the things that people have kind of come to a
6 consensus on is you are going to see more inflation.
7 That's one thing that people are somewhat expecting.
8 They think that there's going to be maybe not less
9 regulation but maybe less enforcement of regula-
10 tion just based on some of his comments. So from
11 that end you have seen banks do really well and
12 financials as a whole. You have seen small cap
13 companies do extremely well. A lot of that is due
14 to the assumption that taxes are going to be a
15 little bit lower. So a lot of areas have been
16 driven up over the last few weeks. And, you know,
17 that's great from a return standpoint. The bad
18 thing is that again fixed income has been negative.
19 So we'll see where we end up at the end of the year,
20 but if we didn't have to have so much in fixed income
21 we'd certainly be doing a little bit better. But
22 that being said it's still been a pretty positive
23 quarter overall.

24 If you flip over the first tab and just

1 go to the market values page I'll just kind of point
2 out a few things here. It's on page 3. So relative
3 to the targets we're underweight in fixed income.
4 We have got a little bit of cash on hand. That was
5 one thing I wanted to check to see how much cash
6 do we need. Having a little extra cash right now
7 especially in a rising rate environment is not
8 particularly a bad thing. So that's certainly been
9 helping. So if we have any cash that you would
10 like to move off that would be fine. Otherwise, you
11 know, I know we are going to be going a while here
12 without any money coming in. So again having a
13 little extra cash right now may not be the worst
14 thing in the world.

15 And then we're a little overweight to
16 real estate. But again given the opportunity set
17 I would rather be underweight in fixed income,
18 overweight to real estate than anything else.

19 Any questions on assets?

20 The other thing you might notice is we're
21 over 50 million. So all-time high from a market
22 values standpoint which again given that the
23 market's been doing so well that's somewhat to be
24 expected.

1 PRESIDENT LICHAMER: So you are not suggesting
2 any rebalancing.

3 MR. OEST: Well, if you look at where we're at
4 in fixed income and cash those are basically kind
5 of offsetting each other. I would say that if we
6 take some money out we're still going to want to
7 leave a decent amount in cash because we are not
8 going to be getting any for several months. We have
9 a little bit of room to rebalance here, but again
10 it just depends on what you guys think from a cash
11 standpoint. It's going to be again six, seven
12 months before we get the next influx from a cash
13 standpoint.

14 MR. SIDLER: We still have 4.5%, 2.2 million
15 which gives us at least a million or so that if we
16 wanted to go to the market with we can.

17 MR. OEST: We can.

18 MS. BUTTNY: You could because we can always --
19 when we hit our parameters we can talk to Doug and
20 raise cash. So that's fine.

21 MR. OEST: And the thing here is, you know,
22 from where we are, a weighting standpoint, I would
23 not put money into Southern Sun right now given
24 we're going through a search right now. And then

1 your other underweight spot really is fixed income.
2 And, you know, I am okay putting a little money
3 back to work just because that's typical rebalancing,
4 but I am also okay having a little bit of extra
5 cash right now just given where we are at. If we
6 hire a new small cap manager and you want to fund
7 them up a little more we can use the cash to do
8 that as well.

9 MR. SIDLER: That's probably the angle that
10 we're -- If we had a small cap manager that we
11 liked, thought the numbers were good, would you say
12 you would like going into small cap more than any
13 other asset?

14 MR. OEST: Well, not right now. I think small
15 cap is up 26% year to date so I think it doesn't
16 seem like a great idea. But fixed income your rates
17 are a little bit higher now. I know it's not
18 incredibly attractive, but it's probably most likely
19 over the next year if you put money in now into
20 fixed income it's going to be better than being in
21 cash most likely. So I would say if you are going
22 to do it anywhere it would be fixed income. But
23 again we're probably going to go through a decent
24 amount of this already. We have already gone

1 through a little bit. The next six months we'll
2 probably go through another million plus. We're
3 averaging -- What are we averaging monthly?

4 MS. BUTTNY: About two.

5 MR. OEST: Two or three?

6 MR. ENDRIUKAITIS: Three fourteen and then --
7 Benefits at \$314,000 and then administrative
8 expenses roughly 15 to 20.

9 MR. SIDLER: \$315,000 a month.

10 MR. OEST: So again if we didn't do anything
11 and we were sitting here in July that number would
12 probably be down close to, you know, 400, 500.

13 MR. SIDLER: Sure.

14 MR. OEST: But again if we are going to do
15 something here I would say either we move a little
16 bit into fixed income or we can wait. Again I
17 think one of the things that we were thinking about
18 is after we go through the search for the next
19 meeting is looking at the asset allocation again.
20 You know, relative to where we're at right now it's
21 been a great run for small caps. We wouldn't mind
22 bringing that number down a little bit. We have
23 had a pretty healthy overweight. Unfortunately the
24 manager hasn't stepped up at the markets. Asset

1 allocation-wise it was a great decision. It's just
2 now where we're at now small cap values are a little
3 rich relative to everything else. We are going to
4 be meeting again in not too long, I think. And
5 perhaps we just wait until the next meeting to see
6 how the search goes and then take a look at the asset
7 allocation at the next meeting.

8 MR. BLAYLOCK: Sounds good to me.

9 MR. OEST: So performance is on page 6. And
10 this is a good news/bad news. Fixed income you can
11 see is not very good for the quarter. I mentioned
12 October, November and so far December have not been
13 good for fixed income. There's a big negative number
14 that's coming for this coming quarter. You know, we
15 are more of an intermediate duration so that's going
16 to help out relative to the broad market but still a
17 bit short. Intermediate, long, everything all got
18 hit over the last few months. So that's definitely
19 going to be a negative number.

20 U.S. equity for the quarter was actually
21 outperforming --

22 MR. SIDLER: Just to clarify on that point,
23 it'll be a negative number of where we're at year
24 to date. It still is a positive absolute.

1 MR. OEST: It still should be a positive
2 absolute year to date, but quarter will be negative.

3 MR. SIDLER: We are going to pull down off our
4 3.1% that we've got that was probably high.

5 MR. OEST: Yes.

6 MR. SIDLER: I mean because the 10-year has
7 gone from one three to two five since its low in
8 mid -- even was it June-ish or right around there.
9 I mean it's a pretty nice run in rates in a short
10 period of time which is why we were at intermediate.
11 But at the same point that 3.1% we'll probably gain
12 back a percent of it to a percentage and a half of
13 it.

14 MR. OEST: At least, yes. So it's still --
15 absolute is still positive. But that's why when
16 you were asking about where we are year to date at
17 a total fund level, we're ahead of the actuarial
18 rate right now or at least through the third quarter,
19 and the equities have run and that's been great but
20 fixed income has been negative and that's a big
21 portion of the fund.

22 So I was saying U.S. equities for the
23 quarter outperformed really because small caps as
24 a whole did well. Southern Sun underperformed

1 again for the quarter. If you look at the year to
2 date even with the magnitude of their under-
3 performance we're still right around the benchmark
4 in terms of the equity portion.

5 Non-U.S. is passively managed. Real
6 estate is up a little over 6% for the year. We're
7 expecting another maybe 2% for this quarter. So
8 again a pretty healthy outperformance over fixed
9 income.

10 And then on the alternative side the
11 commodity index has had a pretty nice year so far.
12 A lot of that really is not so much the precious
13 metals but the industrials given the expectations
14 of the president elect and possible infrastructure
15 spending.

16 MR. NIEMBURG: We're underweight commodities.
17 Do you think that's something we should look at?

18 MR. OEST: Again relative to real estate. I
19 kind of look at those two together. And we can
20 certainly take a look at that with the asset allo-
21 cation about different options. The only thing is
22 with commodities you get a lot of the correlation
23 benefits from an asset allocation. But return-wise,
24 you know, comparing the two I wouldn't go into

1 commodities for the return end of it. I would go
2 into it for the diversification benefit. You know,
3 absolute returns over the next ten years for
4 commodities compared to what they would be for real
5 estate I don't think are going to be comparable.

6 So again the one big story here is
7 Southern Sun obviously. So from a return standpoint
8 Southern Sun underperformed again for the quarter.
9 Small caps have done really well this year but again,
10 you know, you're hiring a manager over the long-term
11 to perform. This has been a bad two years for them.

12 On page 8 you can look at their
13 performance. Again long-term the last seven years
14 they have outperformed by close to 3%, the last
15 ten years they have outperformed by over 3%. So
16 you have benefitted from having this manager and
17 over the long-term they have done very well. It's
18 the last two years have substantially taken away
19 from their track record. This is something we all
20 know. So we put together a search and kind of a
21 peer analysis to take a look at what other options
22 could be outside of them. Again from Southern Sun's
23 standpoint they haven't had any turnover. They have
24 lost only a few accounts which is remarkable given

1 how bad performance has been. And you can somewhat
2 understand how they performed the way they have
3 especially this year. Financials, REITs have really
4 driven small caps and they don't really have any of
5 that. But I think the big concern here is this type
6 of manager, is this the kind of manager that you
7 guys want to have. And they have had some really
8 big up years but now we are seeing some really big
9 down years. So we kind of know they're a more
10 volatile, concentrated manager. The search we put
11 together looks at some more managers that are a
12 little more steady. Maybe you look at their long-
13 term performance and it's not as good as Southern
14 Sun's but they're more consistent. And that's, I
15 think, at least what I heard from you guys at the
16 last meeting was looking at something like that too.

17 MR. SIDLER: Do we have a rough year to date
18 through November? They probably are up another 10%
19 and still lagging.

20 MR. OEST: Yeah, they're up, but I think
21 they're now lagging close to 10%. So they're up.

22 MR. SIDLER: So they're up 15 versus 25.

23 MR. OEST: Yeah. So any questions on returns
24 or anything? The rest of this is all focused on

1 Southern Sun. Should I just jump into that?

2 You know, the last tab maybe just to put
3 this in context just looks at Southern Sun in a
4 little bit more detail. This is all the way in
5 the back, Exhibit 3. So if you look at page 2 here
6 this is just taking a look at Southern Sun versus
7 their peers. These are your typical quartile boxes,
8 so year to date, one-year, three-year, five-year
9 seven-year, ten-year and then since inception. You
10 can see the last five years have been really bad for
11 Southern Sun. This is the annualized performance.

12 MR. SIDLER: What page are you on?

13 MR. OEST: Sorry. The last tab.

14 MR. BLAYLOCK: How do we read this thing?

15 THE OEST: The bottom of these boxes --
16 There's four boxes. Those are the quartiles. The
17 whole of the box is your peer group. If you are at
18 the absolute top or towards the top it means you are
19 outperforming your peers and if you are at the
20 bottom it means you are underperforming your peers.
21 So they have been struggling the last five years.
22 You look at their seven, ten, since inception and
23 obviously they're all very good, but the last few
24 years have really pulled down their performance.

1 The calendar year is on page 3. You can
2 see again this is the same thing, peer group, but
3 this is just looking at calendar years. '14, '15
4 and so far this year have been bad for them. '13,
5 '12, '11, '10 all very, very good, towards the top
6 of the peer group if not the top of the peer group.
7 You can see it's just a more volatile manager. So
8 again nothing we don't already know, just pointing
9 out that they have had really good years and they
10 have had some bad years more recently.

11 The next page. This looks at what I
12 would say is probably the most steady manager out of
13 the search that we have which is the Northern Trust
14 Small Cap Value Fund. It's the same chart; this is
15 just the annualized performance. You can see
16 better performance recently. They're that yellow
17 square. But then long-term Southern Sun still is
18 outperforming them. But I think the story here is
19 that there are managers that can still outperform
20 but on a little more consistent basis.

21 PRESIDENT LICHAMER: So in the seven and ten
22 years at the bottom here I mean Northern Trust is
23 8 1/2 or 8.5 -- 8.05 and Southern Sun is almost
24 nine. I mean we are less than a percent.

1 MR. OEST: Yeah. And that's the thing. Look,
2 you have had Southern Sun for a long time. They
3 have outperformed a lot of their peers over that
4 time period. The concern here is just the recent
5 performance has been so substantially negative.

6 PRESIDENT LICHAMER: But even the long-term
7 performance has been negligible.

8 MR. OEST: This recent performance has pulled
9 down all their long-term performance. If you would
10 have looked at this two years ago they would have
11 been at the absolute top of the chart.

12 So I think these next two charts is really
13 the thing that gets to it. These are the excess
14 returns for Southern Sun. If you think about just
15 a line right in the middle it's around 0%. Basically
16 it's a histogram, and these are all the instances
17 of how much they have outperformed by. You can see
18 all the way to the right there it's greater than
19 close to 7%. They have had a couple of instances
20 where they have outperformed their benchmark for
21 the month more than 7%. And then on the flip side
22 they have had months all the way to the left where
23 they have underperformed for the month more than 4%.
24 So there's a wide range here.

1 MR. NIEMBURG: You want to see this looking
2 skewed --

3 MR. OEST: Skewed more to the right. As a
4 whole it is a little bit more skewed but there are
5 big tails here and that's kind of the story.

6 If you flip the page we have added
7 Northern Trust to it. So you can see again here
8 Northern Trust is very tightly within a very small
9 space here. In most of the instances either they're
10 down 80 basis points or up 30 basis points. The
11 next largest is in that 30 to 1 1/2 range. You
12 don't see any really large outlying events here. A
13 much more steady, consistent manager, more predict-
14 able.

15 MR. NIEMBURG: Do you know much about their
16 strategy? Is it just to reflect the Russell?

17 MR. OEST: It's a Russell 2000-managed
18 strategy. It's quantitative in nature. The last
19 ten years here you can see the next chart just
20 getting to the volatility. They're the yellow lines;
21 Southern Sun is the blue line. You can see Southern
22 Sun those couple of years where we had them and they
23 were just outperforming every year by 10, 20%.
24 Significant outperformance. Then you have seen

1 the underperformance recently has brought them back
2 down. Net net Southern Sun is still ahead but a
3 much more consistent return pattern with Northern
4 Trust. So that's, I think, getting to the heart of
5 what we're looking at here is really what type of
6 manager are you most comfortable with, one that has
7 substantial periods of under or outperformance or
8 one that's a little more consistent.

9 If you flip back one tab the search is
10 behind Exhibit 2. And what I would recommend here
11 is, you know, similar to what we have done in the
12 past, maybe you pick one or two managers here and
13 bring them in. If you don't want to bring them in
14 that's absolutely fine; we can go for that. But
15 listen to their strategy, get a comfort level for
16 what they're about and then hopefully come to a
17 consensus on what you want to do.

18 Page 5 here is the candidate summary. And
19 we've got a mix of funds here. I will just run
20 through them real quickly. At the top is Dimensional.
21 That's DFA. You have probably heard of them, a
22 group out of Texas. Quantitative manager. I would
23 think of this sort of like an index, more of a
24 custom index approach. You know, they have a lot

1 of holdings, very low turnover, more of a trading
2 strategy than anything, very low fees, much more
3 steady in terms of performance outlook.

4 Kayne Anderson is the next line down there.
5 They are probably the most similar to Southern Sun.
6 A very concentrated, fundamental manager. The
7 difference is that they haven't lagged as much over
8 the last two years. Strategies are much different.
9 They aren't as heavily weighted into the industrial
10 materials area.

11 Kennedy Capital is next. They would probably
12 be the most blended out of these two or out of the
13 group here. A hundred, 150 holdings. It's still a
14 fundamental manager but they screen first. They have
15 a couple of quantitative screens that they run to
16 kind of narrow down the universe. But overall from
17 a risk and a profile standpoint I would probably put
18 them right in the middle out of all these groups.

19 Northern Trust as we were talking about
20 before, a quantitative strategy. It's a mutual fund.
21 Again lots of holdings here, tight tracking error.
22 They don't take big sector bets or anything like
23 that. Most of their outperformance really is going
24 to come through security selection and it's going to

1 be moderate. They are not going to be shooting the
2 lights out. They are looking for singles here.

3 Southern Sun. We put them in there so you
4 could see them relative to everyone else.

5 And then Ziegler who is another fundamental
6 manager. They're a core manager. So I would say
7 Ziegler and Kayne are more to the core end of the
8 structure. The other guys are core to core value
9 which basically means from a benchmarking standpoint
10 you may want to put them relative to the Russell
11 2000 instead of the 2000 Value. Any questions on
12 the candidates here?

13 If you flip to page 9 you get right to
14 performance. So annualized performance is on page 9
15 and calendar year performance is on page 10. If you
16 look at the annualized page the first thing you will
17 see if you look at the three-year number Southern
18 Sun has got a negative number. Everybody else is
19 pretty significantly positive. That's why we are
20 talking about this today. If you go out to the
21 seven- to ten-year period you can see everyone is
22 kind of within the same realm in terms of performance.
23 Big differences here are a couple of the volatility
24 numbers. I think it's a little bit easier just to

1 see the types of strategies on page 10 just to look
2 at calendar year and see how these guys will perform.

3 Look at 2008. So DFA underperformed in
4 2008, outperformed in 2009. DFA tends to have more
5 of a micro cap tilt, and they tend to have a little
6 bit of a more volatile strategy relative to some of
7 their peers. It is a true small cap exposure so
8 you're going to get that. The other part of it is
9 DFA tends to be deep value which means that they
10 will buy the fallen angels if you will, the companies
11 where, you know, if you were looking at them in any
12 other way you would be saying why are you buying
13 that stock, the price has been so beaten down. That's
14 when they will come in and actually buy it. It
15 tends to be more of a volatile strategy. Years
16 where you are going to see big downs, big negatives
17 they're probably going to lag, but they tend to do a
18 little bit better on the upside.

19 Kayne Anderson, very concentrated. They
20 have had very good downside protection over the life
21 of the fund, but they will also have years where
22 they will underperform by a fairly decent amount,
23 2012 being one of those. 2011 they were up 6 1/2,
24 the benchmark was down 5 1/2. 2012 they were up

1 10, the benchmark was up 18. So they are going to
2 exhibit some volatility. The big difference between
3 them and Southern Sun is 2014 and '15 they held up
4 pretty well. Southern Sun, obviously we know the
5 story there.

6 Kennedy. I would put them pretty much
7 right in the middle. They lagged a little bit in
8 2008. They gained that back in 2009. They do have
9 a record of having some pretty good downside
10 protection the financial crisis notwithstanding.
11 So again I think out of all of them they're probably
12 sitting in the middle. This is probably your
13 typical kind of bread and butter small cap value
14 manager, the typical quantitative screen first then
15 do analysis of fundamentals work on the names. Kind
16 of a true small cap value name.

17 Northern Trust I would say is probably out
18 of the group the most consistent in terms of
19 performance. They outperformed in 2008, lagged a
20 little bit in 2009. You can see the years where
21 they have lagged the benchmark has only been a
22 percent or two. The years they have outperformed
23 again it's not going to be by a ton, but they have
24 had a few years they managed to outperform by

1 several percent.

2 The last is Ziegler. Again fundamental
3 strategy. One thing I will point out here they had
4 a PM change in late 2008, 2009. So that 2008 number,
5 take it with somewhat of a grain of salt. They
6 switched to focus a little bit more on cash flow.
7 Since then you can see they basically outperformed
8 every single calendar year with the exception of
9 this year since then. They don't take big sector
10 bets. Most of the stock attribution if you look at
11 their performance comes from stock selection, not
12 sectors. So they are not saying we don't like
13 financials, we like industrials. They are going to
14 be pretty tight to the benchmark. Then this year
15 is probably the one big year where they have lagged
16 a lot. I would say the other thing to point out
17 here again these guys and Kayne Anderson being core,
18 we're comparing them to the value peer group and
19 index. So it's a little bit apples to oranges. But
20 overall good performance over the long-term.

21 If you keep flipping forward page 16 it's
22 the risk/return in up/down capture. This is over
23 the five-year period. You know, seven- to ten-year
24 would look similar to this section except Southern

1 Sun would be now a little bit higher in the box that
2 you kind of want them in as their performance has
3 been a little bit better. But you can see on the
4 five-year period at the top of this page risk/return
5 wise Northern Trust is the only one that's in that
6 upper left quadrant meaning more return, less risk.
7 Kayne Anderson is that orange triangle. They're
8 pretty close to the quadrant you want them to be
9 in. Everybody else is a little bit more risk but
10 more return for the last five years.

11 In the bottom chart there is the up/down
12 capture. Again with the exception of Southern Sun
13 all these guys have had a better downside capture
14 than the market meaning they're down less than the
15 market when it's negative. And Kayne Anderson is
16 the only one that's got a lot lower up market capture.
17 So Northern Trust, Kennedy, DFA and Ziegler are all
18 up more than the market when it's up and more
19 protected when it's down which is what you want
20 your manager to do.

21 Go to 17. Again to point out from a
22 consistency standpoint, the top chart here is the
23 rolling three-year outperformance. If you were to
24 just match the benchmark you would be zero the

1 entire time period here. And this is looking at
2 rolling three-year periods. So if you are above the
3 zero it means you're outperforming on a three-year
4 basis, if you are below it it means you're under-
5 performing. You can get a sense for the strategies'
6 consistency. The blue line -- the dark blue line
7 you can see that's just basically hovering over the
8 benchmark is Northern Trust. Again pretty consistent
9 over a three-year period. The orange line is Kayne
10 Anderson. You can see pretty consistent. They had
11 a period in late '14, '15 where they lagged for a
12 three-year period but otherwise good. Ziegler, they
13 have been consistently above the benchmark. Just a
14 little bit more volatile relative to the benchmark.

15 PRESIDENT LICHAMER: What about Dimensional
16 here? It seems to have held as well.

17 MR. OEST: Yes, DFA from a performance stand-
18 point is going to be pretty similar to a Northern
19 strategy. If you flip the page I will give you a
20 little sense for why they have been that way. It's
21 really stylistically what you are looking for. It's
22 a more consistent manager somebody like DFA, somebody
23 like Northern Trust.

24 Look on 19. The bottom chart on 19 the

1 first column is number of holdings. DFA has almost
2 1500 holdings; Northern Trust has 524. So from a
3 single stock standpoint -- I mean to give you a
4 sense for what DFA does, Southern Sun or Kayne has
5 20, 30 names. Each name that's in there has a very
6 specific purpose and they are very adamant about
7 when they go into that name and when they don't.
8 DFA when they are trading, every day their analysts,
9 their PMs will come up with about a hundred names to
10 trade and they will send them to the traders and say
11 we don't care which one of these you trade out of,
12 get the best execution, get the best price. The
13 names specifically they're trading, they don't care
14 as much about them. They are more concerned about
15 maintaining the overall diversification, the sector
16 exposures and from a factor standpoint rather than
17 the individual names. So it's more of almost like
18 an enhanced index product than what we're kind of
19 seeing with Southern Sun.

20 The next column there, that percent in top
21 ten, you can see a couple of these guys specifically
22 Kayne and Southern Sun significant portion in the
23 top ten. Very concentrated strategies. The other
24 guys, DFA, Northern Trust are the most diversified.

1 Less than 10% in the top ten. You can see Kennedy,
2 Ziegler more in the middle ground there.

3 The other thing to point out here is from
4 a market cap standpoint Southern Sun is more of a
5 SMID strategy meaning that they have some mid cap
6 exposure. And if you look DFA is another SMID cap
7 type of strategy. It's that five to ten billion
8 mark at the top chart. They are the -- I have to
9 come up with better colors here. They're that kind
10 of dark gray color on the far left of that bucket.
11 So they have got maybe 15% of the strategy in five
12 to ten billion. So it's going to give you more
13 exposure similar to what you have right now. Given
14 you don't have a mid cap manager we think that's
15 positive, similar exposure to what you have right
16 now.

17 And then Ziegler is probably the one that
18 has the least. They're that light blue. If you
19 look at the 500 million to one billion bucket it's
20 that second to the right. There are the light blue
21 line that's way ahead of everybody else, over 30% in
22 that bucket. Much more of a true small cap
23 strategy.

24 The sector exposures are on page 20.

1 Again Kayne is going to be more of a take big bets.
2 DFA, Kennedy, Northern, Ziegler don't really take
3 sector bets. So if you look at where they are
4 relative to the benchmark you are not going to see
5 much deviation from it. Ziegler doesn't take bets
6 relative to the Russell 2000. If you were going to
7 benchmark them you would probably want to do it
8 against the Russell 2000, not the 2000 Value. We
9 were talking about Southern Sun this year. They
10 don't have REIT exposure, they don't have financial
11 exposure. Those are two areas that have really
12 driven it this year. Some of these other managers
13 don't take big bets like that so you are not going
14 to see that kind of exposure. DFA, they don't have
15 REITs in their portfolio. They exclude them. So
16 they have other REIT-focused products. This one in
17 particular they just don't take REITs.

18 Lastly if you go to 23 and 24 it's the
19 fees and net of fees performance. So 23 again you
20 look at the seven-, ten-year period. Every manager
21 here is outperforming on a net of fees basis.

22 MR. SIDLER: These are net of their standard
23 fees you have got listed?

24 MR. OEST: Yes. And from a fees standpoint

1 everyone's coming in right around 1% except for DFA
2 which is by far the lowest. Again DFA I would think
3 is a more enhanced index type of product rather than
4 some of these other products. The only one on here
5 we know absolutely can't negotiate is Northern Trust
6 because it's a mutual fund. The others there's
7 always the chance that they will lower the fee
8 schedule. We don't know by how much. We can always
9 ask.

10 MR. SIDLER: But safe to say you have got some
11 lower fees with some other clients?

12 MR. OEST: I am sure we probably do. The thing
13 that you always have to worry about is if there's
14 MFN clauses in there. Separate accounts you can
15 always negotiate. Mutual funds the fund is the
16 fund. You can't negotiate those. Northern and DFA
17 are mutual funds; the others are separate accounts.

18 I went through that pretty quickly. I
19 just wanted to get it through and kind of get a
20 sense for what you are thinking in terms of
21 stylistic. If you wanted to stay concentrated Kayne
22 Anderson is probably the most similar in terms of
23 type of strategies and has had pretty good performance
24 for the last two years. More diversified Northern

1 Trust, DFA are probably the ones that I would lean
2 towards. If you are looking for something in the
3 middle ground Ziegler and Kennedy I think are good
4 options for something that's still going to have
5 some volatility, the potential for pretty good-sized
6 outperformance but also the potential for some down
7 performance too.

8 MR. SIDLER: I have knowledge of the guys at
9 Kennedy and know some of the people there and then
10 some of the guys at Ziegler. We compete against
11 Ziegler more on the fixed income side. Both firms
12 are solid firms, growing firms.

13 MR. OEST: Yeah. Kennedy is out of St. Louis.
14 They're their own little niche. Ziegler took the
15 team from them.

16 MR. SIDLER: Did they take some of their team
17 from Kennedy?

18 THE OEST: The MVP. Kennedy serves as a train-
19 ing ground for a lot of groups out of there.

20 MR. SIDLER: That was part of Ziegler's change
21 in '08 when they brought over some of their new
22 people?

23 MR. OEST: Well, that was just a PM change.
24 The strategy as a whole -- I am trying to think

1 when they actually brought those guys over. It's
2 been a couple of years. But they took the whole
3 team over.

4 MR. NIEMBURG: We don't want to bring in all
5 of these. Is there a value in bringing Northern and
6 Dimensional in since they're simply mutual funds or
7 do we just keep those as kind of objective wild
8 cards if we want to pull one of the levers on one
9 of the mutual funds?

10 MR. OEST: Yeah, I would say DFA probably not.
11 I mean I could probably give you DFA's marketing
12 pitch. It's a pretty standard one. Northern is --
13 actually believe it or not is somewhat nuanced
14 relative to a lot of other index-type products. I
15 wouldn't put them in the same bucket as DFA. This
16 is a true active strategy but it's a quantitative
17 strategy. So don't expect them to opine on specific
18 stocks. They have a model that they use. It's
19 really -- The thing that's interesting there is
20 just how the model works. So you can understand
21 they have a fairly predictable pattern of performance.
22 That's the thing that I want to make sure you guys
23 understand how these strategies are going to move,
24 when they're going to underperform, when they're to

1 outperform. But you're right, DFA, I don't think
2 there is much value in bringing them in.

3 From a risk side of things is there a
4 comfort level in being with a concentrated strategy
5 like you are in right now? That's kind of my first
6 question. You have experienced the really good
7 performance. Now we have experienced the really bad
8 performance. Is there a comfort being in a strategy
9 like that?

10 PRESIDENT LICHAMER: I keep looking back and
11 forth at this. Like, you know, I keep leaning
12 towards Northern Trust because it's steady at the
13 race. I mean it's consistent.

14 MR. NIEMBURG: If you look at that chart on
15 the top of 17 it's the two focused strategies that
16 are most exposed.

17 MR. OEST: Yes.

18 MR. NIEMBURG: And they don't -- neither one
19 of them seems to have done a very good job of
20 protecting their downside.

21 MR. OEST: Yeah, I think 2008 is the biggest
22 highlighter there. And if we have a big downturn a
23 concentrated strategy is probably not going to do
24 the best.

1 MR. SIDLER: The two most concentrated are
2 Southern and Kayne.

3 PRESIDENT LICHAMER: But then I don't know that
4 is it that advantageous to have -- So far I mean
5 you look at this chart and Southern has just imploded
6 lately.

7 MR. OEST: Yeah. I mean that's why we're
8 talking about this. The last two and a half years
9 or two years and a quarter basically have been --

10 PRESIDENT LICHAMER: And 2014 is just crazy.

11 MR. NIEMBURG: What's everybody thinking in
12 terms of bringing Southern back to talk to us? Is
13 there any value in that?

14 MR. SIDLER: I would say we did. We did and
15 we all walked away if I recall just asking the same
16 question. There were no changes, right? Correct,
17 there were no changes. Then we asked -- There were
18 two macro calls that they made that were not just
19 wrong, they were way wrong. All of us sort of have
20 lost comfort over the last couple years since we
21 brought them.

22 PRESIDENT LICHAMER: What are they going to say
23 again?

24 MR. SIDLER: They stuck hard to their economic

1 call and pretty much said we think it's going to
2 come back and it didn't. And there were two major
3 economic calls that they made against oil and
4 commodities and against financials and both of those
5 have been the hottest sectors in the market. So I
6 think now it's a matter of who are we going to replace
7 Southern with.

8 MR. NIEMBURG: So if there is no value in
9 bringing Dimensional in and we want to keep it to
10 three we could bring Kennedy, Northern and Ziegler
11 in. Because Kayne is the only one that has --

12 MR. OEST: We have client assets with them and
13 they have done very, very well. What I would tell
14 you is again if you are not comfortable with
15 Southern Sun you are not going to be comfortable
16 with Kayne Anderson. It is not going to be the type
17 of strategy you are going to want to go with.

18 MR. SIDLER: It's a similar manager to what we
19 have got. If you start looking at the top ten
20 percentage they have 31 holdings and 40% in the top
21 ten. Southern Sun has 21 holdings 50%. It's the
22 same manager.

23 MR. OEST: It's the same thing. Long-term
24 again performance has been great, but my biggest

1 concern here is making sure that the manager fits
2 with what you guys want.

3 PRESIDENT LICHAMER: Why is Kayne still --
4 It's pretty much kept up with everybody else.

5 MR. OEST: They have. And that's the thing.

6 PRESIDENT LICHAMER: Despite being concentrated.

7 MR. OEST: Again if you look at Southern Sun
8 their ten-year percent is 8%. They have outperformed
9 DFA and Northern Trust. It's been so volatile. I
10 think that's the biggest concern here is that the
11 most recent couple years have been really negative.
12 And I think what I am hearing is that you don't want
13 a manager where there's going to be big highs and
14 lows. You would like something with a little more
15 predictable consistency.

16 MR. SIDLER: But three-year rolling risk/return
17 you have Ziegler at the top and Kayne and Northern
18 Trust right on top of each other and then Kennedy
19 just underneath that.

20 MR. OEST: Yes.

21 MR. SIDLER: And our Southern Sun at the very
22 bottom.

23 PRESIDENT LICHAMER: I am not impressed with
24 Southern Sun. And Kennedy is going to be the same

1 thing. It's great having all-time highs but they
2 have given it back or some of it back.

3 MR. OEST: I would just take Kayne and Southern
4 Sun and just push them off your mind. I would focus
5 on -- If you are looking at bringing people in I
6 don't think bringing DFA is going to be of much
7 benefit. Northern's quantitative strategy is not
8 going to be really interesting to listen to but
9 it's a different approach and I think it's worth-
10 while that you understand what it is if you are
11 going to get into it. And then Kennedy and Ziegler
12 are really traditional small cap strategies where
13 they have got a pool of analysts, they have got a
14 PM. They are going to run quantitative screens and
15 do fundamental analysis on the names. But they're
16 different enough -- They're both cash flow focused
17 so it's going to sound somewhat of a repeat. But
18 they're different enough in terms of strategies and
19 number of holdings and kind of the approach that
20 you will be able to kind of pick out some of the
21 differences stylistically.

22 MR. NIEMBURG: I realize this is not fair to
23 put you on the spot. Is there a forward-looking
24 statement?

1 MR. OEST: Who is going to have best performance?

2 MR. NIEMBURG: With either Kayne or Southern is
3 there anything that tells you we are on the cusp of
4 another --

5 MR. OEST: If you brought Southern Sun in
6 that's what they would tell you and they told us
7 last time. Kayne, I think you look at them; you're
8 heavily dependent on them making the right calls.
9 And Southern Sun had a really strong track record
10 of doing that up until two years ago. Kayne Anderson
11 has had a very strong track record of doing that.
12 That doesn't mean they are not going to make a miss
13 or two. Those are the kind of strategies that you
14 basically have to hire them and close your eyes for
15 twenty years. And I don't think that's the type of
16 strategy that you guys want.

17 MR. NIEMBURG: I agree.

18 MR. OEST: So I think I would say from a
19 comfort level in bringing people in, you know,
20 Kennedy has got 150 names, very traditional small
21 cap strategy. Ziegler is more of a core-focused
22 strategy so that's a differentiator. And then
23 Northern is a quant product. It's got multi-tasking
24 models.

1 MR. SIDLER: I agree those are the three. I
2 think I would call the same. If you guys are okay
3 let's talk to three, those would be the three. If
4 we did have interest in Dimensional could we make
5 the argument or would you agree with the argument
6 that at 1400 names we're just trying to get a cheap
7 index versus Dimensional?

8 MR. OEST: Yes. The only thing there I will
9 say is that this is I don't want to call it smart
10 Beta, but having the strategy that they do it's got
11 a SMID focus. So it's getting you some mid cap
12 names. The way they screen out tends to lean them
13 more toward deep value names and then they put a
14 profitability screen on top of it. The index right
15 now it's a flat market cap weighted index. And you
16 have the run-up of financials which they have broken
17 REITs out. So now financials alone is 30% of the
18 Russell 2000 value. Add in REITs it's another 11%.
19 41% of the index is in those two spots. If you go
20 with a strategy like that it helps kind of buffer
21 out a lot of that and takes the REIT exposure out.
22 I think there's a benefit in doing it that way rather
23 than just going with the index especially since the
24 index is at all-time highs right now. So having --

1 I think it's a smarter way to do it than going
2 blindly into the index.

3 MR. SIDLER: Okay.

4 MR. NIEMBURG: Fine. Do we need a motion?

5 MR. BURKE: If we are going to make a change
6 we have to.

7 PRESIDENT LICHAMER: We would have a motion on
8 a change but just interviewing?

9 MR. BURKE: I think we should make a motion to
10 bring them in if that's what we want to do.

11 MR. NIEMBURG: We have a motion to accept
12 Doug's recommendation bringing Kennedy, Northern and
13 Ziegler in for a review process.

14 MR. BLAYLOCK: I will second.

15 PRESIDENT LICHAMER: Roll call.

16 MR. BURKE: Burke aye.

17 PRESIDENT LICHAMER: Lichamer aye.

18 MR. NIEMBURG: Niemburg aye.

19 MR. BLAYLOCK: Blaylock aye.

20 MR. SIDLER: Sidler aye.

21 MR. OEST: Timing-wise how much time do you
22 want to give them, three managers back to back to
23 the back?

24 MR. NIEMBURG: What do they usually take?

1 MR. SIDLER: Almost every pitch that we do
2 these days is okay, you're coming in and you have
3 fifteen minutes. And it's difficult to go through
4 that but I think twenty minutes is --

5 MR. OEST: I can tell you recently in another
6 police fund we didn't have Kennedy but Northern and
7 Ziegler came in and both of them did a very good
8 job in twenty minutes if you give them fifteen and
9 five for questions after that.

10 MR. SIDLER: Twenty minutes. Every pitch we
11 go into now in the last year we may have had one
12 that gave us more than thirty minutes out of forty-
13 five pitches or so.

14 MR. OEST: It's tough. But what we'll do
15 beforehand is we'll call them up and say listen,
16 we have already given you kind of the broad strokes.
17 You understand them strategy-wise. From a firm
18 standpoint don't spend that much.

19 MR. NIEMBURG: Norm, do you think that's right?
20 You are on the other side of the table. Do you
21 think if you had more time would you add more value
22 to the presentation?

23 MR. SIDLER: At the end of the day it comes out
24 to performance, consistency of the people, and I

1 think in twenty minutes you can relay that story.
2 The more you go into that the more it becomes a
3 commercial. We'll be the first one to say we'd love
4 forty-five minutes.

5 MR. NIEMBURG: Would you be able to give more
6 insight into your investment strategy if you had
7 more time?

8 MR. SIDLER: Then you go for questioning though.
9 If they don't hit it in the pitch then you go into
10 questioning on that. Otherwise I think you are
11 going to allow them to dictate your meeting. In
12 twenty minutes I think it's enough time for somebody
13 to come in and tell us about their firm, what's
14 going on and how they view the market. If we have
15 a lot of questions that's where you will use the
16 time.

17 MR. OEST: I will say that we'll probably tell
18 them to spend no more than three minutes on the firm
19 which would give them all the rest of the time to
20 talk about the people and the process and their
21 philosophy. From a firm standpoint Northern Trust
22 is a big bank. They can do that pretty quickly.
23 They will know you have seen the returns and they
24 will want to hit the returns to give you a sense for

1 what to expect. But that's the biggest thing.
2 Right? You want to walk out of there knowing what
3 to expect. If there's a massive sell-off in the
4 market what should you be able to expect out of these
5 strategies. If the market is up 26% like it is this
6 year what should you expect.

7 MR. NIEMBURG: Do we want to bring them in in
8 like 45-minute intervals, fifteen minutes and five
9 for questions and twenty minutes to debrief?

10 MR. OEST: We can do it however you guys want.
11 We can do it tighter than that. It's your time.
12 So we have done them where there's just five minutes
13 between them. We have done them where -- It's
14 completely up to you. Usually people are taking
15 notes as you go along and then you kind of talk a
16 little bit between them and have a big recap at
17 the end. We can do larger in between. I just want
18 to be conscientious of the meeting. If you have
19 gaps in between we will be here until two o'clock.
20 So fifteen minutes, five for questions and then
21 maybe just like a five-minute buffer in between.

22 MR. BURKE: I think that's reasonable.

23 PRESIDENT LICHAMER: Good deal. Anything else?

24 MR. SIDLER: Just one final point that if we

1 can as we set the next date I think it would be good
2 for us let's do this quick. And if we can whatever
3 meeting we're setting the next date let's see if we
4 can rather than wait until the end of the first
5 quarter do it fairly early.

6 MR. OEST: I was thinking this was going to
7 be in January.

8 MR. SIDLER: If everybody is okay with that I
9 would say let's do this in January.

10 MR. BURKE: Should we look at our calendars
11 right now?

12 MR. BLAYLOCK: Aren't we going to have to talk
13 to them first and figure out when they can come in?

14 MR. OEST: I will give them a call and give
15 them the date.

16 MR. SIDLER: Usually it goes like this: This
17 is the date and somebody is going to be there. Right?
18 And you say okay, if I can't make it then these are
19 the people that are going to make it and we'll make
20 the date.

21 MR. OEST: Obviously I would prefer to have
22 like the PMs there so you can meet them and give
23 you the strategy. January is generally a lighter
24 month. As long as it's not January 3rd I think we

1 will have enough time.

2 MR. NIEMBURG: Are we going to do reallocation
3 at that meeting?

4 MR. OEST: Yes. So my thought or at least what
5 my goal at the January meeting was to have small cap
6 managers in and then just talk about the asset
7 allocation as a whole.

8 MR. SIDLER: Even if you have rough numbers how
9 much time do you need after year end to give us a
10 year end return on all the managers?

11 MR. OEST: It's really going to be Principle
12 that's going to be the one that's going to lag us.

13 MR. SIDLER: Even if we have November that's
14 okay. I would rather come in with something
15 that's -- There's been such a market run November
16 December.

17 MR. OEST: Yeah. I mean probably the week of
18 the 16th I would say we'd have something for
19 Principle I would hope.

20 MR. NIEMBURG: Do you think by the 16th?

21 MR. OEST: By the 16th.

22 PRESIDENT LICHAMER: That's a holiday.

23 MR. OEST: Oh, yeah. But that week. Are we
24 sticking to Mondays?

1 PRESIDENT LICHAMER: I am on midnights.

2 MR. BLAYLOCK: It would be better for me
3 mid-week.

4 MR. SIDLER: I have a board meeting with the
5 Archdiocese of Hartford and a compliance meeting
6 Thursday. I can do the 20th or 23rd.

7 MR. NIEMBURG: I can do 20 or 23.

8 PRESIDENT LICHAMER: I can do 23 in the
9 morning. I have got to work midnights that night.
10 But, Andy, you are going to be screwed on the 23rd.

11 MR. BLAYLOCK: I am working.

12 MR. SIDLER: What's good for you guys?

13 MR. BLAYLOCK: We are both on midnights so
14 that's the problem. Why don't you schedule the
15 23rd if that works for everybody and I will try to
16 also be able to -- I may not be able to stay the
17 whole thing. But if everybody else is here --

18 MR. NIEMBURG: What about the 27th or 30th?

19 MR. BLAYLOCK: The 30th definitely works for
20 me.

21 MR. OEST: I've got a meeting on the 27th.

22 MR. BLAYLOCK: If the 23rd works for everybody
23 but me --

24 MR. OEST: Is there a better time?

1 MR. SIDLER: Want to do it at the end of the
2 day versus the morning?

3 MR. BLAYLOCK: Later in the day would work. If
4 I did that on the 23rd I could go home and sleep.

5 MR. BURKE: What time could we do?

6 PRESIDENT LICHAMER: I need to try to be in
7 bed by 4:00 in the afternoon.

8 MR. BURKE: What if we did one o'clock?

9 PRESIDENT LICHAMER: As long as I can be home
10 by 4:00.

11 MR. BURKE: It won't take more than a couple
12 hours.

13 MR. BLAYLOCK: I probably could do that.

14 THE OEST: The presentations are going to be an
15 hour and a half and I can be less than 30 minutes.

16 MR. BLAYLOCK: I could probably do that then,
17 yes.

18 MR. SIDLER: One o'clock.

19 PRESIDENT LICHAMER: So about a two-hour
20 meeting, Doug?

21 MR. OEST: I would plan for about two hours.

22 MR. BURKE: That's still going to be a regular
23 meeting. Right? Yeah.

24 PRESIDENT LICHAMER: If we can keep the other

1 stuff down to a minimum. Because he's going to be
2 tired and I have got to make sure I get home.

3 MS. BUTTNY: We have the COLAs to approve at
4 that meeting.

5 MR. BURKE: Yes, we do have to approve the
6 COLAs for 2017.

7 PRESIDENT LICHAMER: That will take a second.

8 MR. BURKE: We are not going to put anything
9 outrageous on there.

10 PRESIDENT LICHAMER: Sounds good. Okay.

11 All right. We all set with the investment
12 report then?

13 MR. OEST: I think so. So I will have all of
14 them in. We will tell them to be here early. I
15 will tell them try to get done early and then you
16 can maybe spend about 30 minutes talking about
17 asset allocation or less than that.

18 MR. SIDLER: Thank you, Doug.

19 MR. BURKE: Thanks, Doug.

20 PRESIDENT LICHAMER: Eric?

21 MR. ENDRIUKAITIS: Yes, good morning. Thanks
22 for having me. Happy Holidays.

23 MR. SIDLER: Merry Christmas and Happy Holidays.
24 We don't need to sit around and go through the whole

1 thing. So up to you. And Happy Holidays and thank
2 you very much.

3 MR. BURKE: Thanks, Doug.

4 (Whereupon, Mr. Doug Oest left
5 the meeting.)

6 MR. BLAYLOCK: I have to leave shortly. I
7 will stay here as long as I can.

8 MR. ENDRIUKAITIS: I will be brief. Doug went
9 over the numbers.

10 2-1 is your balance sheet as of November
11 30th, 2016. Start with your assets. Cash and cash
12 equivalents \$1,302,897, money market mutual funds
13 one million two, fixed income \$18,693,000, insurance
14 contracts \$5.8 million, equity just above four
15 million and mutual funds at \$18,622,465 with accrued
16 interest on your fixed income portfolio \$161,885
17 gives you a total net position held in trust of
18 \$49,875,263.

19 2-2. This is our income statement,
20 activity for eleven months. Your village
21 contributions two million six, member contributions
22 \$722,570, investment income interest and dividends
23 earned \$857,908, unrealized and realized gains and
24 losses \$1,601,758, gross of fees \$2.4 million, net

1 of fees 2.3. Deductions administrative expenses
2 paid to date \$63,733 and benefits at three million
3 three. So over eleven months we have a positive
4 change of position of \$2,222,400.

5 On to supplemental information, 3-1, is
6 a pie chart of investments mix.

7 4-1 is your cash analysis report. This is
8 for the rolling twelve months of non-investment
9 activity. That top quarter is your cash and money
10 market account balances. That middle section is
11 contributions. That's what we call income. Following
12 is expenses, benefits at three fourteen which will
13 increase in January followed by your administrative
14 expenses spread throughout the last twelve months.

15 5-1 is a line graph of 4-1. Blue is your
16 cash, red is the income, green is the expenses.

17 6-1 is your detailed run report. We have
18 your village and member contributions with totals
19 for the month and cumulative totals for the year
20 followed by investment income of interest and
21 dividends, gains and losses brought down by category
22 with totals for the month and year.

23 7-1 is a bar graph of your expense mix.

24 8-1 shows the details of expenses which we

1 have pension benefits broken down by type with
2 totals for the month and cumulative totals for the
3 year followed by administrative expenses broken
4 down by category.

5 9-1 through 9-3 is your ex-member
6 contribution report. That first column through
7 prior fiscal year ties back to your last DOI
8 statement. Current fiscal year ties back to your
9 income statement. Then we have the cumulative
10 running totals for each one.

11 10-1 through 10-12 is multiple batch
12 report for the month of November. Gross amount of
13 your benefit, net amount of your benefit and
14 deductions for medical and life followed by federal
15 withholdings.

16 And finally 11-1 through 11-2 is your
17 quarterly expense report which shows all checks,
18 expenses out of the fund as of September 1st through
19 November 30th of 2016.

20 Any questions? Comments? Concerns? That
21 was quick and brief.

22 MR. SIDLER: Thank you.

23 MR. BURKE: Thank you, Eric.

24 PRESIDENT LICHAMER: Judy?

1 MS. BUTTNY: All right. We have a listing of
2 payables July 1st through November 30th, \$230,452.89.
3 Typically these are -- Most of them have contracts
4 that have already been approved by this board. There
5 are those items for attorney and INSPE that relate
6 to the disability hearing, and there training, also
7 IPPFA, a few training items. We have a couple of
8 voids that had to do with some reimbursements going
9 back and forth with the conference. So you will
10 see negative numbers on there. I ask for approval.

11 PRESIDENT LICHAMER: Yeah, I can approve this.
12 I was just wondering where we're at with the
13 attorney stuff, the disability and our budget.

14 MS. BUTTNY: I can take a look at that and
15 get that to you. We're fine.

16 MR. BURKE: Eric, are we able to get for the
17 board -- Because I use my village card for the
18 conferences. Are we able to get a card if you will
19 that would go against the fund instead of charging
20 the village and not having a chargeback?

21 MR. ENDRIUKAITIS: Like a Harris card? Like a
22 debit card?

23 PRESIDENT LICHAMER: Like the one we use for
24 Downers Grove Police Pension Fund.

1 MR. ENDRIUKAITIS: This is the first time I
2 ever had a client ask me that. Let me check back
3 and see if that's possible.

4 MR. BURKE: That way it doesn't have to go
5 through the village and then get the money back from
6 Lauterbach to the village.

7 MR. ENDRIUKAITIS: Right.

8 MS. BUTTNY: Right now Dennis has been
9 charging on his village card.

10 MR. SIDLER: And reimbursing out of that. The
11 thought would be to get a debit card.

12 MR. BURKE: A card for whatever charges that
13 the board generates that it would be paying from
14 this account.

15 MR. NIEMBURG: The IRS payments here, this is
16 a monthly payment?

17 MS. BUTTNY: Those are withholdings from the
18 benefit payments.

19 MR. ENDRIUKAITIS: For retirement.

20 PRESIDENT LICHAMER: Nothing else? All right.

21 MS. BUTTNY: Did anyone make a motion?

22 MR. BURKE: I make a motion we approve paying
23 these bills.

24 MR. SIDLER: Second.

1 PRESIDENT LICHAMER: Roll call.

2 MR. BURKE: Burke aye.

3 PRESIDENT LICHAMER: Lichamer eye.

4 MR. NIEMBURG: Niemburg aye.

5 MR. BLAYLOCK: Blaylock aye.

6 MR. SIDLER: Sidler aye.

7 MS. BUTTNY: I also have the invoice for 2017
8 dues for the IPPFA in the amount of \$795 if you
9 would like to stay in this organization.

10 MR. BURKE: I make a motion that we authorize
11 the treasurer to pay the IPPFA bill.

12 MR. BLAYLOCK: Second.

13 PRESIDENT LICHAMER: Roll call.

14 MR. BURKE: Burke aye.

15 PRESIDENT LICHAMER: Lichamer aye.

16 MR. NIEMBURG: Niemburg aye.

17 MR. BLAYLOCK: Blaylock aye.

18 MR. SIDLER: Sidler aye.

19 MR. ENDRIUKAITIS: That sounds good.

20 PRESIDENT LICHAMER: All set?

21 MR. BURKE: Now we have got some new business.
22 You have to take off?

23 MR. BLAYLOCK: What else do we have left?

24 MR. BURKE: We have got the retirements and

1 refunds.

2 MR. BLAYLOCK: All right.

3 PRESIDENT LICHAMER: Go ahead, Dennis.

4 MR. BURKE: We have new business. Lt. James
5 Nehls retired. Lauterbach created the computation
6 worksheet and it was checked by our treasurer for
7 accuracy. Should I just go through all of these?

8 PRESIDENT LICHAMER: Yes.

9 MR. BURKE: Sgt. James --

10 MS. BUTTNY: You know what, Dennis? We're
11 supposed to read in the amounts.

12 MR. SIDLER: The exact amounts.

13 MR. BURKE: Okay. Do you have those?

14 MS. BUTTNY: I do. So Jim Nihls retirement
15 date is November 25th, 2016, effective date of
16 pension November 26th, 2016, years of service
17 earned 29 years, salary of \$117,613 which gave him
18 a pension percentage of 72.5%. The amount of the
19 original monthly pension granted to the member is
20 \$7,105,79.

21 MR. BURKE: I make a motion we accept that.

22 MR. BLAYLOCK: Second.

23 PRESIDENT LICHAMER: Roll call.

24 MR. BURKE: Burke aye.

1 PRESIDENT LICHAMER: Lichamer aye.

2 MR. NIEMBURG: Niemburg aye.

3 MR. BLAYLOCK: Blaylock aye.

4 MR. SIDLER: Sidler aye.

5 MR. ENDRIUKAITIS: Here's Giancarlo's.

6 MS. BUTTNY: Got it. So Richard Giancarlo.

7 Retirement date December 20th, 2016, effective date
8 of pension December 21, 2016, years of credible
9 service 27 years, the applicable salary \$108,286,
10 percentage 67.5% with the amount of the original
11 monthly pension \$6,091.09.

12 MR. BLAYLOCK: I make a motion to accept that
13 pension as read by Judy.

14 MR. BURKE: Second.

15 PRESIDENT LICHAMER: Roll call.

16 MR. BURKE: Burke aye.

17 PRESIDENT LICHAMER: Lichamer aye.

18 MR. NIEMBURG: Niemburg aye.

19 MR. BLAYLOCK: Blaylock aye.

20 MR. SIDLER: Sidler aye.

21 MR. BURKE: Eric, we do have a transfer of
22 credible service time, Craig Widlacki?

23 MR. ENDRIUKAITIS: Yes. So the fund did receive
24 money from Willow Springs. I want to say it was

1 October. I have to go back and change the records.
2 So we just need to accept the payment, recognize the
3 transfer was paid in full and acknowledge his
4 revised date of hire of April 7, 2003.

5 MS. BUTTNY: And it was a transfer of \$124,672.

6 MR. BLAYLOCK: We need a motion?

7 MR. BURKE: Yes.

8 MR. BLAYLOCK: I motion to accept it.

9 MR. BURKE: Second.

10 PRESIDENT LICHAMER: Roll call.

11 MR. BURKE: Burke aye.

12 PRESIDENT LICHAMER: Lichamer aye.

13 MR. NIEMBURG: Niemburg aye.

14 MR. BLAYLOCK: Blaylock aye.

15 MR. SIDLER: Sidler aye.

16 MR. ENDRIUKAITIS: And we need a motion for his
17 revised date of hire April 7th, 2003.

18 MR. BLAYLOCK: Make a motion revised date of
19 hire of April 7, 2003.

20 MR. NIEMBURG: Second.

21 PRESIDENT LICHAMER: Roll call.

22 MR. BURKE: Burke aye.

23 PRESIDENT LICHAMER: Lichamer aye.

24 MR. NIEMBURG: Niemburg aye.

1 MR. BLAYLOCK: Blaylock aye.

2 MR. SIDLER: Sidler aye.

3 MR. BLAYLOCK: We have a refund for Joyce?

4 MR. ENDRIUKAITIS: Yes, so his refund was
5 \$50,752.74. We just need approval of that.

6 MR. BLAYLOCK: Where's the numbers?

7 MR. ENDRIUKAITIS: Here.

8 PRESIDENT LICHAMER: He went to the FBI so he
9 took money out of the fund.

10 MR. BLAYLOCK: That's just his contributions.

11 MR. ENDRIUKAITIS: Correct, yes.

12 MR. BLAYLOCK: I make a motion to refund
13 Jonathan Joyce \$50,752.74 for taking his money out
14 of our pension fund.

15 MR. SIDLER: Second.

16 PRESIDENT LICHAMER: Roll call.

17 MR. BURKE: Burke aye.

18 PRESIDENT LICHAMER: Lichamer aye.

19 MR. NIEMBURG: Niemburg aye.

20 MR. BLAYLOCK: Blaylock aye.

21 MR. SIDLER: Sidler aye. Is he transferring
22 that to the FBI or putting it in an IRA?

23 PRESIDENT LICHAMER: Whatever he wants.

24 Any old business?

1 MR. NIEMBURG: Do we have a date for the
2 hearing?

3 MR. BURKE: I have not heard from Mr. Reimer.
4 He's scheduling the test for the petitioner and we
5 have not heard back yet.

6 MR. SIDLER: Has he had the test yet?

7 MR. BURKE: I don't know. I don't have a
8 date yet. I don't know if he's done it yet. I
9 haven't talked to Mr. Reimer since our hearing
10 date.

11 MR. SIDLER: Okay. We will wait to hear.

12 MR. BURKE: I do not think we will hear in
13 the next two weeks.

14 MR. NIEMBURG: Nihls and Giancarlo had 29
15 and 27 years with Downers Grove?

16 MR. BURKE: Yes.

17 MR. NIEMBURG: Wow.

18 MR. SIDLER: Do you have any outlook for 2017?
19 Has anybody said?

20 MR. BURKE: We probably -- I have had three
21 people approach me that they're probably going to
22 leave in 2017.

23 PRESIDENT LICHAMER: That's a minimum three.
24 Then when their friends start leaving --

1 MR. SIDLER: You think it'll go more than that?

2 PRESIDENT LICHAMER: It may.

3 (Whereupon Mr. Blaylock left the
4 meeting.)

5 MR. BURKE: It could. Definitely three. There
6 could be five.

7 PRESIDENT LICHAMER: And we're four short now.

8 MR. SIDLER: Are you?

9 PRESIDENT LICHAMER: All our guys are getting
10 beat up.

11 MR. BURKE: One is getting ready to go to the
12 academy.

13 PRESIDENT LICHAMER: They're working seven days
14 a week.

15 MR. BURKE: We are doing a written exam for
16 police officers that's scheduled for July 28th.

17 PRESIDENT LICHAMER: January 28th?

18 MS. BUTTNY: January.

19 MR. BURKE: Thank you, Judy. January 28th.
20 Our goal is to try to get three. Four if this
21 person doesn't pass the power test but three people
22 in the academy in April which means we will be --
23 I will ask the board to make themselves available
24 for certain times in February so we can do oral

1 interviews, we can create the list and then give
2 us March to get the background testing done and
3 then get them in the academy. It's tight.

4 MR. NIEMBURG: What's the lead time start to
5 finish?

6 PRESIDENT LICHAMER: A year.

7 MR. BURKE: For getting somebody on the road?

8 MR. NIEMBURG: Yes.

9 MR. BURKE: Well, once you hire them there's
10 three to four months -- And the academy increases
11 after this class. So it's going to go to 14 or 16
12 weeks. And then they come back, they do four
13 months field training.

14 PRESIDENT LICHAMER: Six months.

15 MR. BURKE: It's six months now? Six months
16 of field training.

17 PRESIDENT LICHAMER: And if they don't pass
18 that you start over with somebody else.

19 MR. BURKE: So you are talking a year before
20 you have a real person, they have a squad out in
21 the field. So we already have a date for January.

22 PRESIDENT LICHAMER: We will see how next year
23 goes. It could be like five people going. Crazy.

24 MR. BURKE: So since we have no further

1 business --

2 PRESIDENT LICHAMER: Can I have a motion for
3 adjournment?

4 MR. SIDLER: Motion.

5 MR. BURKE: Second. Burke aye.

6 PRESIDENT LICHAMER: Lichamer aye.

7 MR. NIEMBURG: Niemburg aye.

8 MR. SIDLER: Sidler aye.

9 (Which were all the proceedings had
10 at the meeting of the above-entitled
11 cause.)

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