POLICE PENSION BOARD OF TRUSTEES
Tuesday, January 2, 2018
2:30 PM
Municipal Center - 333 South Green Street
City Council Chambers

AGENDA

1. Call to Order
2. Roll Call
3. Public Input (5 minutes)
4. Motion to approval of October 10, 2017 meeting minutes.
5. Semi-annual review of Executive Session Minutes.
6. Investment Reports:
   a) Presentation and Motion to approve Treasure Report
   b) LPL Financial Equities Report
   c) Capitals Gains, Inc. Fixed Assets Report
7. Motion to approve Applications for Participation in the City of McHenry Police Pension Fund for Officer Katelyn M. Lorenz and Roger J. Hendrickson.
8. Motion to approve annual pension increases.
9. Unfinished Business:
   a) Motion to approve payment of bills as presented
   b) Public Pension Trustee Training Update
10. Adjournment

Next meeting: Tuesday, April 24, 2018, 2:30 PM.
Police Pension Board of Trustees  
January 2, 2018, 2:30 PM

1. **Call to Order.** A meeting of the City of McHenry Police Pension Board of Trustees was called to order at 2:30 PM in the McHenry City Council Chambers, 333 S. Green Street, McHenry, IL.

2. **Roll Call:** President Jeffrey Foerster, Jon Meyer, Ormel Prust, Marc Fisher and Nick Clesen. Others present: Jim Schmidt, LPL Financial; Gary Karshna, Capital Gains, Inc.; City Treasurer Carolyn Lynch, and recording secretary Marci Geraghty.

3. **Public Input**
   None.

4. **Approval of Minutes**
   O. Prust made a motion, seconded by J. Meyer to approve meeting minutes from October 10, 2017 as presented to hold them for audit.

   **Ayes:** Prust, Meyer, Clesen, Fisher, Foerster
   Motion carried

5. **Semi-Annual Review of Executive Session Minutes.**
   There remains no closed Executive Session Minutes.

6. **Investment Reports.**
   a) Motion to approve the Treasurer’s Report.
      Treasurer Lynch presented the Treasurer’s Report for the period ending December 31, 2017. Cash and investments totaled $25,623,030.70 and equities were at 60.60%.

      Motion by J. Meyer, second by O. Prust to approve the Treasurer’s Report as presented.

      **Ayes:** Meyer, Prust, Clesen, Fisher, Foerster
      Motion carried.

   b) **LPL Financial Equities Report.** Mr. Jim Schmidt from LPL Financial presented the Equities Portfolio Performance Summary for the period from December 29, 2016 to December 29, 2017. For the year, $6,784,420.77 in net dollars were invested; Market Value of the portfolio at the end of 2017 was $15,527,360.20 for a 22.87% return on investment.
President Forcster noted the percentage of equities invested is getting close to the 65% limit. Mr. Schmidt stated at the end of the fiscal year, the percentage may be no higher than 65% - the law allows for inadvertent fluctuations throughout the year.

c) Capital Gains Fixed Assets Investment Report: Fixed Assets Manager Gary Karshna presented the investment report for the period ending November 30, 2017, at which time the estimated Market Valuation was $9,200,286 and Book Valuation $9,100,413.

The bond portfolio produced a 1.23% rate of return versus .64% for the bond benchmark fiscal year to date. Mr. Karshna reported he is using a blended Bond Benchmark using the Barclays Intermediate Government Bond Index and the Barclays Aggregate Intermediate Corporate Bond Index. Currently, the portfolio has 58% in corporate bonds and 42% in government bonds and we can use that ratio to create a blended bond benchmark and adjust it to reflect accurately the exact holdings in the portfolio each month.

J. Meyer asked Mr. Karshna why the Bloomberg index was not being used. Mr. Karshna stated that it made more sense to use a blended index. A discussion ensued on the duration of the portfolio and the benefits of purchasing shorter-duration instruments at this time in the market.

7. Motion to approve Applications for Participation in the City of McHenry Police Pension Fund submitted by Officer Katelyn M. Lorenz and Officer Roger J. Hendrickson.

Motion by N. Clesen, second by Fisher to approve the applications to join the McHenry Police Pension Fund as presented.

Ayes: Clesen, Fisher, Meyer, Prust, Forcster
Motion carried.

8. Motion to approve annual pension increases.

M. Fisher made a motion, seconded by N. Clesen to approve annual pension increases as presented.

Ayes: Fisher, Clesen, Meyer Prust, Foerster
Motion carried.

9. Unfinished Business:

a) Motion to approve payment of bills as presented.

Motion by J. Meyer, second by N. Clesen to approve payment of the following bills:

- IPPFA annual dues for $795
- Lauterbach & Amen Actuarial Services: $4,750
- Capital Gains: $5,000

Ayes: Meyer, Clesen, Prust, Fisher, Forcster
Motion carried.

10. **Adjourn.**
    Motion by O. Prust, second by J. Meyer to adjourn the meeting.

    Ayes: Prust, Meyer, Clesen, Fisher, Foerster
    Motion carried.

The meeting adjourned at 3:30 PM.

Next meeting: July 10, 2018, 2:30 PM.

Respectfully submitted,

[Signature]

Marci Geraghty, Recording Secretary