VILLAGE·OF·WINNETKA

Incorporated in 1869

NOTICE OF A REGULAR MEETING OF THE
WINNETKA POLICE PENSION FUND
BOARD OF TRUSTEES

The Winnetka Police Pension Fund Board of Trustees will conduct a regular meeting on **Friday, October 25, 2019 at 8:30 a.m.** in the Winnetka Police Department located at 410 Green Bay Road, Winnetka, Illinois 60093, for the purposes set forth in the following agenda:

AGENDA

1. Call to Order
2. Roll Call
3. Public Comment
4. Approval of Meeting Minutes
    a.) July 26, 2019 Regular Meeting
5. Investment Report – AndCo Consulting
    a.) Investment Performance Review
    b.) Small Cap Presentation
    c.) Review/Update Investment Policy, if needed
6. Treasurer's Report
    a.) Presentation and Approval of Bills
    b.) Review/Adopt – Municipal Compliance Report
7. Communications or Reports
    a.) Affidavits of Continued Eligibility
8. Trustee Training Updates
    a.) Approval of Trustee Training Registration Fees and Reimbursable Expenses
9. Applications for Membership/Withdrawals from Fund
10. Applications for Retirement/Disability Benefits
11. Old Business
    a.) Review of Draft Board Rules
12. New Business
    a.) Establish 2020 Board Meeting Dates
13. Attorney's Report – Ottosen Britz
    a.) Legal Updates
14. Closed Session, if needed
15. Adjournment

VILLAGE OF WINNETKA

Incorporated in 1869

MINUTES OF A REGULAR MEETING OF THE WINNETKA POLICE PENSION FUND BOARD OF TRUSTEES JULY 26, 2019

A regular meeting of the Winnetka Police Pension Fund Board of Trustees was held on Friday, July 26, 2019 at 8:30 a.m. at the Winnetka Police Department located at 410 Green Bay Road, Winnetka, Illinois 60093, pursuant to notice.

CALL TO ORDER: Trustee O'Malley called the meeting to order at 8:30 a.m.

ROLL CALL:

PRESENT:	Trustees John O'Malley, Paula Horn, Malcolm Caskey, Marc Hornstein and Dylan Majcher
ABSENT:	None
ALSO PRESENT**:**	Mary Nye, AndCo Consulting; Finance Director Tim Sloth, and Assistant Finance Director Anthony Vasquez, Village of Winnetka; Heidi Andorfer, Foster & Foster; Isabel Copeland, Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT: There was no public comment

APPROVAL OF MEETING MINUTES: *April 26, 2019 Regular Meeting:* The Board reviewed the April 26, 2019 regular meeting minutes. A motion was made by Trustee Caskey and seconded by Trustee Majcher to approve the April 26, 2019 regular meeting minutes as written. Motion carried unanimously by voice vote.

Semi-Annual Review of Closed Session Meeting Minutes: There were no closed session meeting minutes for review.

INVESTMENT REPORT – ANDCO CONSULTING: *Quarterly Investment Report:* Ms. Nye presented the Quarterly Investment Report and discussed the long-term market value of the fund, along with the risk-reward analysis and current and projected market conditions. Ms. Nye presented the Investment Report for the period ending June 30, 2019. As of June 30, 2019, the market value of the portfolio is $30,997,661 and the return on investment is $863,720 for the quarter. The portfolio composition is 41.3% in domestic equities, 14.8% in international equities, 35.6% in domestic fixed income, 6.9% in real estate and 1.5% in cash and equivalent. Current asset allocations within the equity and fixed income funds were reviewed, as well as individual fund performance and investment fees. All questions were answered by Ms. Nye.

Index and Allocation Presentation: The Board reviewed the index analysis report for the period ending June 30, 2019. There is no need to change the asset allocation at this time.

Review/Update Investment Policy, if needed: The Board discussed the Investment Policy and determined that no changes are required at this time.

TREASURER'S REPORT: *Quarterly Financial Report:* The Board reviewed the Accounts Payable Invoice Report for the period ending June 30, 2019. Mr. Sloth reviewed the payments and answered all questions. A motion was made by Trustee Horn and seconded by Trustee Caskey to accept the Accounts Payable Invoice Report as presented in the amount of $117,002.49. Motion carried unanimously by voice vote.

COMMUNICATION AND REPORTS: *Affidavits of Continued Eligibility:* The Board noted that L&A mailed Affidavits of Continued Eligibility to all pensioners in June with a due date of July 31, 2019. Updates will be provided to the Board as they become available.

TRUSTEE TRAINING UPDATE: The Board reviewed the Trustee Training Summary and discussed upcoming training opportunities. Trustees were reminded to submit any certificates of completion to L&A for recordkeeping.

Approval of Trustee Training Registration Fees and Reimbursable Expenses: There were no trustee training registrations or reimbursable expenses presented for approval.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM THE FUND: *Applications for Membership – Michelle Garner and Logan Jernigan:* The Board reviewed the Applications for Membership submitted by Michelle Garner and Logan Jernigan. A motion was made by Trustee Horn and seconded by Trustee Majcher to accept Michelle Garner and Logan Jernigan into the Winnetka Police Pension Fund effective May 13, 2019, as Tier II participants. Motion carried unanimously by voice vote.

NEW BUSINESS: *Board Officer Elections – President, Vice President, Secretary & Assistant Secretary:* The Board discussed Board Officer Elections and nominated the slate of Officers as follows: Trustee O'Malley as President, Trustee Horn as Vice President, Trustee Majcher as Secretary and Trustee Hornstein as Assistant Secretary. A motion was made by Trustee O'Malley and seconded by Trustee Caskey to elect the slate of Officers as stated. Motion carried unanimously by voice vote.

FOIA Officer & OMA Designee: The Board discussed designating Josie Clark as the FOIA Officer and Kathie Scalan as the OMA Designee. A motion was made by Trustee O'Malley and seconded by Trustee Hornstein to designate the FOIA Officer and maintain the OMA Designee as stated. Motion carried unanimously by voice vote.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: *Approve Regular Retirement Benefits – Michael J Garofalo:* The Board reviewed the regular retirement benefit calculation for Michael J. Garofalo. Michael J. Garofalo had an entry date of June 5, 2006, retirement date of August 12, 2019, effective date of pension of September 27, 2019, 60 years of age at date of retirement, 13 years 2 months and 8 days of creditable service, applicable salary of $100,684.52, applicable pension percentage of 32.5%, amount of originally granted monthly pension of $2,726.87 and amount of originally granted annual pension of $32,722.47. Michael J. Garofalo will be due a retroactive benefit as a result of contract negotiations, once they have been settled.

NEW BUSINESS (CONTINUED): *Review/Approve – Actuarial Valuation & Tax Levy Request:* The Board reviewed the finalized Actuarial Valuation as prepared by Foster & Foster. Based on data and assumptions, the recommended municipal contribution is $1,720,195 and the statutory minimum contribution amount is $1,259,384. A motion was made by Trustee Horn and seconded by Trustee O'Malley to accept the Actuarial Valuation as prepared. Motion carried unanimously by voice vote.

OLD BUSINESS: *IDOI Annual Statement:* The Board noted that the IDOI Annual Statement was filed with the Department of Insurance before the June 30, 2019 deadline.

ATTORNEY'S REPORT – OTTOSEN BRITZ: *Legal Updates:* The Board discussed the draft Rules and Regulations provided by Ottosen Britz. Further discussion will be held at the next regular meeting.

The Board reviewed the 2019 *Quarterly Insights* newsletter by Ottosen Britz and discussed recent court cases and decisions, as well as general pension matters.

Annual Independent Medical Examination: The Board noted that Robin Powell has reached the age of 50 and is no longer required to attend annual independent medical examinations. No further action is required by the Board.

CLOSED SESSION, IF NEEDED: There was no need for closed session.

ADJOURNMENT: A motion was made by Trustee Hornstein and seconded by Trustee Majcher to adjourn the meeting at 10:05 a.m. Motion carried unanimously by voice vote.

The next regular meeting of the Winnetka Police Pension Fund will be held on Friday, October 25, 2019 at 8:30 a.m.

____
John O'Malley Board President

____
Dylan Majcher Board Secretary

Minutes approved by the Board of Trustees on ________________________________

Minutes prepared by Isabel Copeland, Pension Services Administrator, Lauterbach & Amen, LLP

THE VILLAGE OF WINNETKA, ILLINOIS
POLICE PENSION FUND

PUBLIC ACT 95-0950
MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
668 N. RIVER ROAD • NAPERVILLE, ILLINOIS 60563
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

June 28, 2019

Members of the Pension Board of Trustees
Winnetka Police Pension Fund
Winnetka, Illinois

Enclosed please find a copy of your Municipal Compliance Report for the Winnetka Police Pension Fund for the fiscal year ended December 31, 2018. We have prepared the report with the most recent information available at our office. Should you have more current information, or notice any inaccuracies, we are prepared to make any necessary revisions and return them to you.

The President and Secretary of the Pension Fund are required to sign the report of page 3. If not already included with the enclosed report, please also include a copy of the Pension Fund's most recent investment policy.

The signed Public Act 95-0950 – Municipal Compliance Report must be provided to the municipality before the tax levy is filed on the last Tuesday in December. We are sending the report via email to promote an environmentally-friendly work atmosphere.

If you have any questions regarding this report, please contact us at auditreport@lauterbachamen.com.

Respectfully submitted,

Lauterbach & Amen, LLP

Lauterbach & Amen, LLP

THE VILLAGE OF WINNETKA, ILLINOIS
POLICE PENSION FUND

Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018

The Pension Board certifies to the Board of Trustees of the Village of Winnetka, Illinois on the condition of the Pension Fund at the end of its most recently completed fiscal year the following information:

1) The total cash and investments, including accrued interest, of the fund at market value and the total net position of the Pension Fund:

	Current Fiscal Year	Preceding Fiscal Year
Total Cash and Investments (including accrued interest)	$29,853,836	$30,193,872
Total Net Position	$29,846,790	$30,199,235

2) The estimated receipts during the next succeeding fiscal year from deductions from the salaries of police officers and from other sources:

Estimated Receipts - Employee Contributions	$276,800
Estimated Receipts - All Other Sources	
Investment Earnings	$1,865,900
Municipal Contributions	$1,720,195

3) The estimated amount required during the next succeeding fiscal year to (a) pay all pensions and other obligations provided in Article 3 of the Illinois Pension Code, and (b) to meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:

(a) Pay all Pensions and Other Obligations	$2,648,800
(b) Annual Requirement of the Fund as Determined by:	
Illinois Department of Insurance	N/A
Private Actuary - Foster & Foster	
Recommended Municipal Contribution	$1,720,195
Statutory Municipal Contribution	$1,168,483

4) The total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year:

	Current Fiscal Year	Preceding Fiscal Year
Net Income Received from Investment of Assets	$31,794	$3,373,306
Assumed Investment Return		
Illinois Department of Insurance	N/A	6.50%
Private Actuary - Foster & Foster	6.25%	6.25%
Actual Investment Return	(5.64)%	12.02%

5) The total number of active employees who are financially contributing to the fund:

Number of Active Members	26

6) The total amount that was disbursed in benefits during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits:

	Number of	Total Amount Disbursed
(i) Regular Retirement Pension	24	$1,819,189
(ii) Disability Pension	1	$42,829
(iii) Survivors and Child Benefits	5	$219,621
Totals	30	$2,081,639

7) The funded ratio of the fund:

	Current Fiscal Year	Preceding Fiscal Year
Illinois Department of Insurance	N/A	72.52%
Private Actuary - Foster & Foster	67.32%	67.15%

8) The unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability:

Unfunded Liability:

Illinois Department of Insurance	N/A
Private Actuary - Foster & Foster	$14,781,556

The accrued liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and the actuarial assumptions employed in the valuation. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets.

9) The investment policy of the Pension Board under the statutory investment restrictions imposed on the fund.

Investment Policy - See Attached.

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL POLICE
PENSION FUND COMPLIANCE REPORT

The Board of Trustees of the Pension Fund, based upon information and belief, and to the best of our knowledge, hereby certify pursuant to §3-143 of the Illinois Pension Code 40 ILCS 5/3-143, that the preceding report is true and accurate.

Adopted this ___________ day of __________, 2019

President ____ Date ____________________

Secretary ____ Date ____________________

INDEX OF ASSUMPTIONS

1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

   Total Net Position - as Reported in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended December 31, 2018 plus 3.5% Increase (Actuarial Salary Increase Assumption) Rounded to the Nearest $100.

   Estimated Receipts - All Other Sources:

   Investment Earnings - Cash and Investments as Reported in the Audited Financial Statements for the Year Ended December 31, 2018, times 6.25% (Actuarial Investment Return Assumption) Rounded to the Nearest $100.

   Municipal Contributions - Recommended Tax Levy Requirement as Reported by Foster & Foster, Actuarial Valuation for the Year Ended December 31, 2018.

3) (a) Pay all Pensions and Other Obligations - Total Non-Investment Deductions as Reported in the Audited Financial Statements for the Year Ended December 31, 2018, plus a 25% Increase, Rounded to the Nearest $100.

   (b) Annual Requirement of the Fund as Determined by:

   Illinois Department of Insurance - No December 31, 2018 Actuarial Valuation available at the time of this report.

   Private Actuary - Foster & Foster

   Recommended Amount of Tax Levy as Reported by Foster & Foster in the December 31, 2018 Actuarial Valuation.

   Statutorily Required Amount of Tax Levy as Reported by Foster & Foster in the December 31, 2018 Actuarial Valuation.

INDEX OF ASSUMPTIONS - Continued

4) Net Income Received from Investment of Assets - Investment Income (Loss) net of Investment Expense, as Reported in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

   Assumed Investment Return:

   Illinois Department of Insurance - Preceding Fiscal Year Interest Rate Assumption as Reported in the December 31, 2017 Actuarial Valuation. No December 31, 2018 Actuarial Valuation available at the time of this report.

   Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Foster & Foster, December 31, 2018 and 2017 Actuarial Valuations.

   Actual Investment Return - Money Weighted Rate of Return under GASB Pronouncements 67 and 68, as Reported in the Audited Financial Statements for the Fiscal Years Ended December 31, 2018 and 2017.

5) Number of Active Members - Illinois Department of Insurance Annual Statement for December 31, 2018 - Schedule P.

6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for December 31, 2018 - Schedule P for Number of Participants and Expense page 1 for Total Amount Disbursed.

   (ii) Disability Pension - Same as above.

   (iii) Survivors and Child Benefits - Same as above.

INDEX OF ASSUMPTIONS - Continued

7) The funded ratio of the fund:

   Illinois Department of Insurance - Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the December 31, 2017 Actuarial Valuation. No December 31, 2018 Actuarial Valuation available at the time of this report.

   Private Actuary - Current and Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the Foster & Foster, December 31, 2018 and 2017 Actuarial Valuations.

8) Unfunded Liability:

   Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) - No December 31, 2018 Actuarial Valuation available at the time of this report.

   Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Foster & Foster in the December 31, 2018 Actuarial Valuation.

Investment Policy Statement
Village of Winnetka
Police Pension Fund

Approved October 2016

TABLE OF CONTENTS

I. Introduction

The Village of Winnetka Police Pension Fund is a defined benefit, single employer pension plan. Although a single employer pension plan, the defined benefits, as well as the employee and employer contribution levels are mandated by Illinois State Statutes and may be amended only by the Illinois State Legislature. The Plan provides retirement, death, and disability benefits for its participants.

II. Statement of Purpose

Mission statement The fundamental goal of the Village of Winnetka Police Pension Fund is to provide pension benefits to plan participants. As such, the Board of Trustees will invest plan assets solely in the interests of plan participants and beneficiaries, for the exclusive purpose of providing pension benefits to plan participants and beneficiaries.

Investment philosophy The Board of Trustees believes that plan assets should be managed in a fashion that reflects the plan's unique liabilities and funding resources, incorporating accepted investment theory and reliable, empirical evidence. Specifically, the Board has adopted the following principles:

- That asset allocation is the key determinant of return and, therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.
- That diversification, both by and within asset classes, is a primary risk control element.
- That the investment program is ultimately for the purpose of meeting the pension plan's obligations for benefit payments.
- That the investment program must be cognizant of the total pension plan's cash flow obligations.

Goals and objectives For total plan assets, the goals and objectives are as follows:

- The foremost purpose of the Fund is to provide for the payment of pension benefits to current eligible beneficiaries and future beneficiaries over an infinite period of time.
- Over the long-term, the assets of the plan should be preserved thus the preservation of capital is a primary objective.
- To preserve and/or improve the actuarial soundness of the plan in order to meet benefit obligations.
- To prudently manage the inherent investment risks that are related to the achievement of investment goals.
- Overall level of risk (volatility) in the total plan is comparable to the risk associated with the target benchmarks specified below. Risk may be measured by the annualized standard deviation of returns.
- A long-term (one to two market cycles) rate of return, net of fees, of at least the actuarial earnings rate.
- A long-term (one to two market cycles) rate of return, net of fees, in excess of its policy benchmark and/or appropriate peer groups. The policy benchmark is a hypothetical portfolio of index funds weighted by asset allocation targets.

Policy Benchmark		
Asset Class	**Index**	**Target Weight**
US Equity – large cap value	Russell 1000 Value	17.5%
US Equity – large cap growth	Russell 1000 Growth	17.5%
US Equity – mid cap value	Russell Mid Cap Value	5%
US Equity – small cap value	Russell Small Cap Value	8%
Non-US Equity – developed	MSCI AC World ex USA	11%
Real Estate Equity	NCREIF ODCE	5%
US Fixed Income	Bloomberg Barclays Intermediate Aggregate	36%
		100%

III. Roles and Responsibilities

Board of Trustees Within the parameters established under Illinois Statutes, the Board has the responsibility of establishing and maintaining broad policies and objectives for all aspects of the Fund's operation. In keeping with their obligation to serve as governing fiduciaries, changes to any of the following will require the Board's involvement and approval.

- The investment policy statement and appendices;
- The strategic asset allocation;
- Performance benchmarks for the strategic asset allocation; and
- All other issues of the investment policy statement not specifically enumerated here.

Investment Consultant

1. Assists the Board of Trustees in developing investment policy guidelines, including asset class choices, asset allocation targets, and risk diversification.

2. Conducts investment manager searches when requested by the Board of Trustees.

3. Provides the Board of Trustees with objective information on a broad spectrum of investment decisions, and assists in evaluating the merits of each particular investment product or investment manager, as to their track records, management styles, and quality.

4. Monitors the performance of the aggregate plan and the investment managers and provides regular quarterly reports to the Board of Trustees, which aids them in determining the progress toward the investment objectives.

5. Serves as a fiduciary to the Pension Fund.

6. Monitors investment managers to ensure compliance with the Illinois Pension Code.

Investment Managers

- Duties – Investment managers will select, buy, and sell specific securities pursuant Illinois Statutes or prospectus, and the investment policy and guidelines contained in contractual agreements, which may be amended from time to time. Discretion is delegated to the investment managers to carry out investment actions as directed by the Fund.
- Standard of care – The standard of prudence applied to investment managers shall be the prudent expert standard and shall be applied in the context of managing an overall portfolio.
- Acknowledgement of fiduciary obligations – Separately managed investment managers will acknowledge in writing that they are a fiduciary of the pension plan.

- Disclosure of fees – Separately managed investment managers must fully disclose on a quarterly basis any direct or indirect fees, commissions, and any other compensation that was received by them, including reimbursement for expenses paid by or on behalf of the investment manager in connection with its services to the Fund.
- Communication – Separately managed investment managers will provide the Board with reporting on, at least a quarterly basis, the market value of all holdings as well as the gross of fees and net of fees rates of return. Net of fees rates of return are to be calculated after the payment of investment fees, and any other compensation. Investment managers must also promptly communicate any major changes in policy, in the investment organization or investment team.
- Conflicts of interest – Investment managers are prohibited from knowingly causing or advising the Fund to engage in any investment transaction in which they have any direct interest in the income, gains or profits of the broker or other entity through which the investment transaction is made or has a business relationship with the broker or other entity that would result in a pecuniary benefit to the investment manager as a result of the transaction.

Other external providers The Fund shall retain custodians, actuaries, accounting professionals, investment consultants, depository/financial institutions, and attorneys to implement its investment program.

- The custodian(s) will hold cash and securities. The custodian will be responsible for providing a records maintenance system, fund accounting on a trade date basis, and other services as defined in the contract.
- A depository/financial institution(s) may be utilized to accept and hold cash prior to allocating it to the investment managers, and to invest such cash in liquid, interest-bearing instruments.
- The Fund will retain an actuary to prepare actuarial valuations and periodically analyze the actuarial assumptions and experience of the plan.
- The Fund will retain accounting professionals and ensure an independent audit of the financials is performed and review internal controls.
- The Fund may retain an investment consultant to independently prepare performance reports on the total plan and each investment manager, as well as conduct investment manager and custodial searches, prepare investment policy/asset allocation analysis, and assist in associated investment related issues.
- Standard of care – The standard of prudence applied to other external providers shall be the prudent expert standard.
- Acknowledgement of fiduciary obligations – The external providers will acknowledge in writing that they are fiduciaries of the pension plan.

IV. Asset Allocation

The purpose of Section IV is to manage risk associated with investment in an asset class (i.e., systematic risk). Risk associated with an investment in an individual security (non-systematic risk) is addressed in Section V.

Role and importance of asset allocation The asset allocation decision is generally regarded as the most important decision to be made in the investment management process. The purpose of a strategic asset allocation is to provide an optimal mix of investments that has the potential to produce the desired returns with the least amount of fluctuation in the overall value of the investment portfolio. By spreading funds among several styles or investment types, there is an increased probability that if one investment type is decreasing in value, another is increasing in value.

Asset allocation range To further the long-term goals and objectives of the Fund set forth in Section II, the following asset allocation guidelines are established.

Asset Allocation Range			
Asset Class	**Minimum* %**	**Target %**	**Maximum* %**
Total Equity	**45**	**65**	**65**
Total US Equity	43	48	53
US Equity – large cap	30	35	40
US Equity – mid cap	2	5	8
US Equity – small cap	4	8	12
Total Non-US Equity	6	11	16
Non-US Equity – developed	6	11	16
Total Real Estate Equity	0	5	10
Real Estate Equity	0	5	10
Total Fixed Income and Cash	**35**	**36**	**45**
US Fixed Income	30	36	50
Cash and Cash equivalents	0	0	10

*Minimum and Maximum may not add up to 100%.

Rebalancing policy The primary purpose of rebalancing is to ensure that the Fund adheres to its strategic asset allocation, which is the Fund's explicit statement of its investment approach.

The Fund will carry out rebalancing in a cost-effective manner. If feasible, cash flow, as well as indexed and mutual fund investment strategies, will be used to maintain target allocations. Securities may be liquidated from the over-funded investment managers until the desired allocations are met.

The Board and investment consultant will review the portfolio at least twice a year to determine if rebalancing is required.

V. Investment Guidelines

The purpose of Section V is to limit the risk associated with an investment in an individual security (e.g., non-systematic risk). The selection of investments will be guided by the prudent person and prudent expert standards.

Prohibited investments As a unit of local government in the State of Illinois, the Village of Winnetka Police Pension Fund is regulated by 40 ILCS 5/1-113.1 through 5/1-113.10.

Permissible investments For separately managed investment managers, permissible investments include those investments permitted by Illinois Statutes and this policy. As a unit of local government in the State of Illinois, the Village of Winnetka Police Pension Fund is regulated by 40 ILCS 5/1-113.1 through 5/1-113.10.

VI. Reporting / Performance Monitoring

The purpose of monitoring and reporting on investment performance is for the Board to be able to (a) ensure compliance with plan's policy and applicable law, (b) manage the risk of the portfolio, and (c) assess the performance of the total plan and investment managers retained by the Fund.

Quarterly reporting by investment manager On a quarterly basis, the Finance Director shall receive the following information:

- An outline of current strategy and investments;
- Investment managers' performance relative to the assigned benchmark index; and
- Separately managed investment managers' performance reported gross of fee and net of fee.

Quarterly reporting by the investment consultant On a quarterly basis the Board of Trustees shall receive the following information:

- Portfolio performance relative to the assigned benchmark/index and peer group; and
- Portfolio composition relative to the asset allocation policy.

Reports should contain the following:

- A review of performance relative to assigned benchmarks and peer groups for the most recent quarter end, for one-, three-, and five-year periods ending with the most recent quarter. Performance relative to assigned benchmarks will be reported for the total portfolio, for each asset class, and for each investment manager.
- Both gross of fee and net of fee performance calculations shall be presented for separately managed investment managers.

Communications Listed below are the reports required and the appropriate individuals who will receive copies of these reports:

A.	Custodial Monthly Statements	Village Finance Director and Investment Consultant
B.	Consultant Quarterly Performance Reports	All Trustees and Village Finance Director
C.	Investment Manager Quarterly Reports	Village Finance Director and Investment Consultant
D.	Determination of Benefits	Village Finance Director and all Trustees

The Board, at minimum, expects to meet with the investment consultant quarterly.

It is the Board's responsibility to relate to the investment consultant and investment managers any changes that might affect the investment of the Fund's assets.

Appendix A
Ethics and Conflicts of Interest

Trustees and staff involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Trustees and staff shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Trustees and staff shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Fund.

In addition, the Board of Trustees or staff managing the investment manager contract should comply with the following ethical considerations:

- Adherence to all jurisdiction's and pension board's ethics laws, rules, and regulations related to procurement and involvement with contractors, including those related to political contributions; and
- Disclosure to Board of Trustees of any inherent or potential conflicts of interest in dealing with specific investment advisers prior to taking any official action.

Appendix B

Village of Winnetka
Internal Control Procedures
Promulgated by the Finance Director as of October 2016

Authorized Persons:

Persons authorized to purchase investments and release collateral:

Finance Director
Assistant Finance Director
Village Manager

Investment Transactions and Security Measures:

All investment transactions shall be processed, as delivery versus payment or DVP, to ensure that the Village ownership of securities purchased or sold is always clear. All Village investments shall be:

1) Held by a third party financial institution and evidenced by a safekeeping agreement in a form acceptable to the Village and the Village's independent auditors.

2) Purchased, sold, and held such that the lowest possible level of risk, as defined by the Governmental Accounting Standards Board (GASB), can be maintained for the investment.

The Village shall utilize security codes mutually agreed to by the Village and financial institutions to process investment transactions, collateral transactions, and wire transfers. At a minimum, these procedures shall include at least one of the following: passwords, taped phone conversations, call back on non-repetitive wire transfers, limiting authorized account numbers, and designation of repetitive transaction types.

Internal Controls:

The internal controls as stated in the policy will be performed monthly.

The Village Accountant or Assistant Finance Director shall prepare and initial monthly bank reconciliations within 60 days of the cut off statement date. The Finance Director shall approve of the monthly reconciliations by initialing and dating them.

The Village's investment consultant, who serves as a fiduciary of the Fund, shall prepare quarterly performance reports of the investment portfolio. The December investment performance reports shall be retained by the Pension Fund for a period of at least 5 years.

List of Authorized Investment Advisors, Investment Money Managers, and Financial Institutions

As of October 2016

1) Harris Bank
2) Any Federal Reserve Bank
3) Wells Fargo Bank
4) Wintrust Financial Corporation
5) The Bogdahn Group
6) J.P. Morgan Chase
7) Seizert Capital Partners, LLC
8) Holland Capital Management
9) T. Rowe Price Associates
10) Prudential Investment Management Services
11) Harbor Funds
12) CS McKee Investment Managers
13) Great Lakes Advisors
14) Principal Real Estate Investors

Approved this 28 day of October, 2016 by the
Village of Winnetka Police Pension Board of Trustees

President John O'Malley

Vice President Malcolm Caesley

Secretary [signature]

Assistant Secretary [signature]

Trustee ______________________

Trustee ______________________

Certified Trustee Training

Organization: **Winnetka Police** Year: **August 2018 - August 2019**

John O'Malley

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	16	SpecializedKnowledge and Application	3	8/27/2019	YES
2		Tax Deferred Exchanges	1	9/18/2019	YES
3		Strategies for Fixed Income Investors in Challenging Environment	1	10/17/2019	YES
4					
5					
6					

Dylan Majcher

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	16	2019 IPFA Fall Pension Seminar - **REGISTERED**			
2					
3					
4					
5					
6					

Marc Hornstein

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	16	2019 IPPFA MidAmerican Fall Conference			
2					
3					
4					
5					
6					

Paula Horn

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	16	2019 IPPFA MidAmerican Fall Conference			
2					
3					
4					
5					
6					

Malcolm Caskey

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	16	2019 IPPFA MidAmerican Fall Conference			
2					
3					
4					
5					
6					

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1					
2					
3					
4					

Certified Trustee Training

Organization: **Winnetka Police** Year: **August 2018 - August 2019**

5					
6					

32-hour Certified Trustee Programs* offered through IPPFA

The below 32-hour programs are scheduled 4 days in a row:

Dates: Monday, October 21 – Thursday, October 24, 2019

Time: 8:00 am – 4:00 pm (CST)

Where: **NIU Outreach Center – Hoffman Estates**
5555 Trillium Blvd. – Room 104
Hoffman Estates, IL 60192
630-784-0406

Cost: IPPFA Member: $800.00
IPPFA Non-Member: $1700.00

Module Certified Trustee Program(s)
The below 32-hour program is broken down into ***four*** 6-8 hour modules.

Dates: Thursday(s)
August 29, 2019 – Hoffman Estates
*September 19, 2019 – Naperville
October 17, 2019 – Hoffman Estates
*November 14, 2019 – Naperville

Time: 8:00 am – 4:00 pm

*This module series alternates between the Hoffman Estates location and the Naperville location

Where: NIU Campus, Hoffman Estates
5555 Trillium Blvd.
Hoffman Estates, IL

AND

*NIU Campus, Naperville
1120 E. Diehl Road, Room 260
Naperville, IL

Cost: IPPFA Member: $800.00
IPPFA Non-Member: $1700.00

Module Certified Trustee Program(s)
The below 32-hour program is broken down into ***four*** 6-8 hour modules.

Dates: Tuesday(s)
August 27, 2019
September 24, 2019
October 22, 2019
November 12, 2019

Time: 8:00 am – 4:00 pm

Where: Lewis and Clark Community College
600 Troy Rd.
Edwardsville, IL 62025
618-656-8800

Cost: IPPFA Member: $800.00
IPPFA Non-Member: $1700.00

Cost includes all instructions, a notebook, all textbooks and related handout materials. A $25 reassignment fee will be assessed for each missed module. The Illinois Department of Financial & Professional Regulation, Division of Insurance has approved this fee as a "necessary pension fund expense" under the Illinois Pension Code. This course must be taken in its entirety and is not available in individual modules.

IPPFA Online Certified Trustee Programs

Registration is online at the IPPFA website www.ippfa.org/education/trustee-program/

Cost: IPPFA Member: $850.00
IPPFA Non-Member: $1550.00

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*All Article 3 & 4 Pension Trustees elected or appointed AFTER August 13, 2009 are required to attend a 32-hour trustee certification course within 18 months of election or appointment to the board.

2019 IPPFA Trustee Training Opportunities

REGIONAL SEMINAR

WHEN: Wednesday, November 13, 2019

WHERE: **John A. Logan College – Carterville, IL**
700 Logan College Drive
Carterville, IL 62918
618-985-2828

TIME: 7:00 am – 4:00 pm

COST: IPPFA MEMBER: $185.00/seminar IPPFA
NON-MEMBER: $370.00/seminar

This regional seminar satisfies 8 hours of the required continuing pension trustee training

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ONLINE SEMINAR COURSES

WHEN: Ongoing

- Online 8 hr seminar (Recorded Spring, 2018)

WHERE: IPPFA Website:
www.ippfa.org/education/online-classes/

COST: IPPFA MEMBER: $250.00/seminar
IPPFA NON-MEMBER: $450.00/seminar

-each online seminar satisfies 8 hours of the required continuing pension trustee training

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WHEN: Ongoing

- Online 8 hr seminar (Recorded Spring, 2016)

WHERE: IPPFA Website:
www.ippfa.org/education/online-classes/

COST: IPPFA MEMBER: $250.00/seminar
IPPFA NON-MEMBER: $450.00/seminar

-each online seminar satisfies 8 hours of the required continuing pension trustee training

Need Pension Training? IAFPD Can Help!

IAFPD HAS CONVENIENT, AFFORDABLE & TIMELY TOPICS AVAILABLE ONLINE 24/7 - VISIT THE ONLINE LEARNING PAGE AT IAFPD.ORG FOR DETAILS

Fiduciary Responsibility: Duties, Responsibilities & Worse Case Scenarios (2-hours)	***Fiduciary Responsibility: Duties, Responsibilities & Worse Case Scenarios (2-hours)***
Part One - Fiduciary Duty 101 **Presented by Ryan R. Morton** *In addition to general best practices, the presentation also details specific requirements of the Illinois Pension Code for fiduciaries.*	**Part Two - When What Can Go Wrong, Goes Wrong: Fiduciary Dilemmas** **Presented by: John E. Motylinski** *This presentation highlights examples of fiduciary breaches in Illinois, focusing on what went wrong and what the consequences were. The presentation also provides advice to avoid similar situations in your pension fund.*
The Fundamentals of Pension Fund Administration (2 Hours)	***The Fundamentals of Pension Fund Administration (2 Hours)***
Part One - An Overview of the Legal Aspects of Pension Fund Administration **Presented by Carolyn Welch Clifford** *This webinar presents an overview of the legal authority and State oversight of firefighter pension funds, as well as an introduction to fund membership and legal aspects of the control and management of the fund.*	**Part Two - The Practical Aspects of Administering a Firefighters' Pension Fund** **Presented by Lt. J.D. Bruchsaler** *A veteran pension fund trustee provides a firsthand account of the responsibilities for administering a pension fund, from learning your role as trustee to what has worked (and not worked) in overseeing responsibilities as a fiduciary to the fund.*

ILLINOIS PROFESSIONAL FIREFIGHTERS ASSOCIATION

188 Industrial Drive, Suite 134
Elmhurst, IL 60126-1608

V 630-833-2405 F 630-833-2412

ipfa@aol.com www.ipfaonline.org

2019 FALL PENSION SEMINAR — Friday - November 1st - Gold Shift

Exhibitors Continental Breakfast Breaks – Refreshments Lunch 50 / 50 Raffle

PSEBA LITIGATION
A discussion of several current law suits concerning municipal employers attempting to change PSEBA benefits via home rule authority.
Jerry Marzullo, Partner at Puchalski, Goodloe, Marzullo, LLP

MAXIMIZING RETURNS WHILE MINIMIZING RISK
A review of fixed income portfolio management. Portfolio structure and risk management techniques within the constraints of an Article 3 or 4 fund. How to address the current low interest fixed income market.
Thomas Sawyer, Sawyer Falduto Asset Management

LEGISLATIVE UPDATE
Recent court decisions and other legal concerns impacting Article 3 & Article 4 pension boards.
Brian LaBardi, Partner Reimer & Dobrovolny, P.C.

RETIREE HEALTH CARE EXPENSES
With emergency responders retiring at ages in the 50 to 60 year range, what options are available to fund retiree health care premiums and expenses.
Tom Russell, Retirement Plan Advisors

THE 101st GENERAL ASSEMBLY
The Senate Minority leader has been invited to provide his point of view concerning matters being considered by the Illinois General Assembly.
State Senator Bill Brady, Republican – 44th District

THE PUBLIC PENSION DIVISION
The Division has been invited to provide an update concerning staff additions and changes in the Illinois Public Pension Division.
Illinois Department of Insurance

LEGISLATIVE OBSERVATIONS
Half way through the first year veto session, Mark will comment on public safety and retirement system issues.
Mark Mifflin, IPFA Legislative Representative Giffin, Winning, Cohen & Bodewes, P.C.

PHYSICIAN'S EXAMS
A physician boarded in Emergency Medicine and a Fellow in Occupational Medicine who is a principal member of NFPA 1500 TC, will speak on disability evaluations and discuss what you need to do, what you should expect, and how to read an IME report.
Dr. Daniel Samo, Northwestern University-Feinberg School of Medicine

PENSION EXPERT PART IV
A quiz-like discussion addressing new actuarial requirements, spousal reporting, service transfers, and other topics.
Allison Barrett & Jessica Doogan-Parlatore of Lauterbach & Amen LLP

PENSION TASK FORCE REPORT
If released, what is in the report. Does data support what the task force recommends? How to voice your point of view concerning the report.
Greg Knoll, Executive Director Illinois Professional Firefighters Association

IPFA Members: $145.00 Non-Members: $185.00 Walk-Ins: $195.00

(Over for more information)

IPFA 2019 FALL PENSION SEMINAR **Friday, November 1st**

Empress Banquets **200 East Lake Street** **Addison, IL** **630-279-5900**

Registration: 07:00 ***Seminar Begins: 08:00*** ***Ends: 16:00***

Empress Banquets is on the north side of Lake Street:

North of North Avenue
South of I-290, Eisenhower Expressway
East of Addison Road
West of Route 83, Kingery Highway

For those traveling, consider staying at:

Hampton Inn & Suites
1685 West Lake Street
Addison, IL

1-630-495-9511

IPFA maintains a database that compiles the funding and rate of return history of all Article 4 funds since 1964 and Article 3 funds since 2010. These reports now include the IDOI calculated tax levy for each fund. A copy of your fund's history will be part of your seminar packet when you attend the IPFA 2019 Fall Pension Seminar.

Continuing Trustee education: Are your 16 hours of annual training completed?

2019 IPFA FALL PENSION SEMINAR
Friday November 1, 2019 Gold Shift
Empress Banquets 200 East Lake Street Addison, IL 60101 630-279-5900

SEMINAR REGISTRATION FORM

(please print or type)

Municipality, District, or Firm: ______________________ Address: ______________________

City: ______________________ , IL Zip: __________ Phone: ______________________

SEMINAR FEES: IPFA Members: $ 145.00 Non - Members: $ 185.00 Walk-In Registration: $ 195.00

Avoid the walk-in surcharge – register on or before Monday, October 28, 2019

First Name:	Last Name:	e-mail Address:	Member	Non-Member
			$_______.___	$_______.___
			$_______.___	$_______.___
			$_______.___	$_______.___
			$_______.___	$_______.___
			$_______.___	$_______.___

TOTAL CHECK ENCLOSED $_______.____

Payment must accompany this Registration Form and be received in our office **on or before** Monday, October 28th to qualify for lower rates. Reservations received after the above date will be charged walk-in registration fee. Requests for refunds also must be received on or before Monday, October 28th for full fee refunds. **No refunds** of seminar fees after this date. Please mail the completed form to IPFA, 188 Industrial Drive, Suite 134, Elmhurst, IL 60126-1608, fax it to 630-833-2412, or scan & e-mail to ipfa@aol.com. Any questions, call 630-833-2405. For Tax Reporting Purposes our Federal I.D. Number is: 36-2650496.

The Illinois Pension Statute requires continuing education for all pension board members. This seminar provides up to 8 hours of credits.

For IPFA Office Use: Date: __________ *Check #:* __________ *Amount:* __________ *Payer:* ______________________

2020 Calendar

January 2020							
W	S	M	T	W	T	F	S
1				1	2	3	4
2	5	6	7	8	9	10	11
3	12	13	14	15	16	17	18
4	19	20	21	22	23	24	25
5	26	27	28	29	30	31	

01: New Year's Day

20: Martin Luther King Day

February 2020							
W	S	M	T	W	T	F	S
5							1
6	2	3	4	5	6	7	8
7	9	10	11	12	13	14	15
8	16	17	18	19	20	21	22
9	23	24	25	26	27	28	29

17: Presidents Day

March 2020							
W	S	M	T	W	T	F	S
10	1	2	3	4	5	6	7
11	8	9	10	11	12	13	14
12	15	16	17	18	19	20	21
13	22	23	24	25	26	27	28
14	29	30	31				

April 2020							
W	S	M	T	W	T	F	S
14				1	2	3	4
15	5	6	7	8	9	10	11
16	12	13	14	15	16	17	18
17	19	20	21	22	23	24	25
18	26	27	28	29	30		

May 2020							
W	S	M	T	W	T	F	S
18						1	2
19	3	4	5	6	7	8	9
20	10	11	12	13	14	15	16
21	17	18	19	20	21	22	23
22	24	25	26	27	28	29	30
23	31						

25: Memorial Day

June 2020							
W	S	M	T	W	T	F	S
23		1	2	3	4	5	6
24	7	8	9	10	11	12	13
25	14	15	16	17	18	19	20
26	21	22	23	24	25	26	27
27	28	29	30				

July 2020							
W	S	M	T	W	T	F	S
27				1	2	3	4
28	5	6	7	8	9	10	11
29	12	13	14	15	16	17	18
30	19	20	21	22	23	24	25
31	26	27	28	29	30	31	

04: Independence Day

August 2020							
W	S	M	T	W	T	F	S
31							1
32	2	3	4	5	6	7	8
33	9	10	11	12	13	14	15
34	16	17	18	19	20	21	22
35	23	24	25	26	27	28	29
36	30	31					

September 2020							
W	S	M	T	W	T	F	S
36			1	2	3	4	5
37	6	7	8	9	10	11	12
38	13	14	15	16	17	18	19
39	20	21	22	23	24	25	26
40	27	28	29	30			

07: Labor Day

October 2020							
W	S	M	T	W	T	F	S
40					1	2	3
41	4	5	6	7	8	9	10
42	11	12	13	14	15	16	17
43	18	19	20	21	22	23	24
44	25	26	27	28	29	30	31

12: Columbus Day

November 2020							
W	S	M	T	W	T	F	S
45	1	2	3	4	5	6	7
46	8	9	10	11	12	13	14
47	15	16	17	18	19	20	21
48	22	23	24	25	26	27	28
49	29	30					

11: Veterans' Day

26: Thanksgiving

December 2020							
W	S	M	T	W	T	F	S
49			1	2	3	4	5
50	6	7	8	9	10	11	12
51	13	14	15	16	17	18	19
52	20	21	22	23	24	25	26
53	27	28	29	30	31		

25: Christmas Day