

MINUTES

BOARD / COMMISSION: Finance Commission DATE: December 12, 2014

MEETING: Investment Subcommittee Work Group

CALLED TO ORDER: 7:00 AM

QUORUM: N/A

ADJOURNED: 8:00 AM

MEMBER ATTENDANCE:

PRESENT: Chairman Ford, Commissioners DeLeon, Halkyard, Student Commissioner Jacklich

ALSO PRESENT:

Finance Director Coyle, Recording Secretary Blake

I. CALL TO ORDER:

This initial meeting of the Investment Subcommittee Work Group of the Glen Ellyn Finance Commission was called to order at 7:00 AM by Chairman Ford in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn, Illinois. Roll was taken, and it was determined that a quorum of the full Commission was not present.

II. PUBLIC COMMENT

None

III. INVESTMENT SUBCOMMITTEE WORK GROUP

Director Coyle presented a review of this Subcommittee's responsibilities in investment policy and also gave an update beginning with the IMET matter. While IMET's exposure in the fraud is approximately \$50 million (approximately 2.8% of the fund), the Village's exposure is approximately \$690,000 plus an additional \$95,000 invested by the Glenbard Wastewater Authority. Commissioners discussed the apparent due diligence lapses of other parties in this situation. Review of the Village's IMET investments will be within the scope of this Subcommittee's tasks.

Director Coyle reviewed portions of the Investment Procedures and Internal Controls Manual. The Manual calls on the Subcommittee to determine what the portfolio should be by identifying diversification opportunities and various investment vehicles. Once the suitable investment alternatives have been approved, the Subcommittee will, at least quarterly, review the portfolio to determine whether it should be changed. Additionally, the Subcommittee will

review the Village's investment policy annually for compliance with governing rules, and recommend changes, if needed, to the Village Board.

The Cash and Investment Balances sheet distributed by Director Coyle shows where Village funds are housed, and what funds might be identified as available for investment. She expressed concern about the level of funds invested with IMET, although the majority of those are in CD's and government securities. She noted that IMET has been in existence since the early 1990s, and products have provided a better rate of return than Illinois Fund. Although the Village has not dipped into its IMET investments in her tenure, the possible upcoming capital projects, particularly the police station, may require it. The Village earns approximately \$7,000 per month in interest on its IMET investments.

Commissioners discussed the possibilities of moving some funds out of IMET, the timing and rates of return with other permitted types of investments. Additionally, the returns from Illinois Funds are not keeping up with inflation. Director Coyle said that she could develop a document showing what funds can be withdrawn and what needs to be contributed to each fund in January. The advisability of bringing an investment manager would depend on the complexity of the portfolio, liability and cost of the manager. Enough members of the Finance Commission should have the skills to allow the Commission to manage such a portfolio, otherwise overhead costs will eat into any benefits.

Chairman Ford noted that this Subcommittee should also initiate any recommendations that the Finance Commission makes to the Village Board concerning the police pension fund.

There was discussion concerning the Village Board's decision to not increase the tax levy for 2015. Even in light of that difficult and welcome decision, some Trustees are coming around to the Commission's view of narrowing the pension funding gap.

Chairman Ford expressed desire to have someone else chair this Subcommittee as he is now chair of the Commission. He also noted the possibility of expanding the Subcommittee membership, and that additional members may not necessarily need an investment management background as long as they understand the issues. Director Coyle will discuss with the other Finance Commissioners, and the Subcommittee make up will be discussed by the Commission in January.

The future schedule for the Subcommittee was discussed. Director Coyle distributed a 2015 schedule of topics to be reviewed by the Commission and the timing for such review. Upon her completion of the cash flow schedule for contributions to and opportunities for withdrawals from the investment funds, a meeting schedule for the Subcommittee can be created. The Subcommittee will meet four times a year unless it will be actively managing Village funds, which will require more frequent meetings.

IV. OTHER BUSINESS

The next meeting of the Finance Commission will be Friday, January 9, 2015.

V. ADJOURNMENT

The meeting ended without a quorum or formal adjournment at 8:00 AM.

Submitted by Karen Blake, Recording Secretary
Reviewed by Finance Director Coyle