

Champaign Police Pension Fund

Special Meeting

August 23rd, 2017 1330 hrs

Meeting called to order at 1340 hours at the Champaign Police Pension Fund Office, #10 Henson Place, Champaign, by President Neumann

Members Present

Bill Neumann
Brian Maloney
Tony Ackerman

Others

Mary Nye -- &Co Consulting

Stanley Earle — CPD retiree

Holly Nearing — CPD retiree

Holland Capital Dissolution:

Mary explained to the board that Holland was closing down shop and that the pension fund had liquidated our assets from the fund and put those funds in holding at our local bank for safekeeping. President Neumann commented that the fund gained a few hundred thousand in the two months since the end of June report. Total amount liquidated was \$17,556,649.78.

Options for Investment:

Mary explained how the Vanguard Index fund (Exhibit A) was a good place to invest the 17mil while the board decided on which manager to choose to invest the money. She explained that they had a very low basis of .05 per year. President Neumann expressed interest in potentially putting half the money into the Vanguard Index fund and the other half with an active manager. Tony and Brian expressed that they felt this might be a good idea. Mary explained how active managers often justify their higher basis fees by out-performing the market in good years, but more importantly how they out-perform the market in bad years. President Neumann expressed interest in going with MFS Growth. Brian suggested considering PRIMECAP. Mary pointed out that PRIMECAP has been a top performer amongst its peers and the index and had done 5% points better than the index in 2008 (a very bad year). The gains it made throughout the years and the 5% better in 2008 more than justified its fees. Brian suggested waiting to decide on which active manager to choose until more research could be done and until it could be presented to the full board.

President Neumann set forward a motion to put 100% of the Holland liquidation into the Vanguard Index Fund. Seconded by Tony and agreed by Brian. Motion passed
Brian suggested that Mary present options for an active manager at the next meeting in front of the full board. Mary agreed to present options to the full board at the meeting in October.

Audience Participation:

Holly Nearing made a couple comments during the meeting. She stated that the board should consider taking a little more risk within the Large Cap fund since we are already mandated by law to be conservative by holding 35% fixed securities. She also brought up the point that the active managers lose less money in bad years due to their active participation and this point should be considered by the board.

Motion by Neuman to adjourn at 1430 hours, seconded by Tony, all in favor, meeting adjourned.

Next Quarterly Meeting October 25th 2017 @1330 hrs.