

REGULAR MEETING MINUTES OF THE BLOOMINGDALE
POLICE PENSION BOARD MEETING HELD IN THE
CONFERENCE ROOM OF THE BLOOMINGDALE
VILLAGE HALL, DU PAGE COUNTY,
201 SOUTH BLOOMINGDALE ROAD,
JULY 25, 2016

1. **PROOF OF POSTING**

This meeting was duly noticed and posted in accordance with State Statutes.

2. **CALL TO ORDER**

The meeting was called to order by President Fritz at 5:17 p.m.

3. **ROLL CALL**

Present: President Jeffrey Fritz, Secretary Alan Birkley, Trustee Vincent Bruett,
Trustee Aaron Machek

Absent: None

Also Present: Finance Director/Treasurer Gary Szott, Fund Attorney Rick Reimer, Reimer
Dobrovlny & Karlson, LLC

QUORUM PRESENT

4. **ACCEPTANCE OF MEETING MINUTES**

Motion by Trustee Bruett, seconded by Secretary Birkley, to waive a reading of
the Minutes and accept the Regular Meeting Minutes of the Bloomingtondale Police
Pension Fund Board held on April 25, 2016, as presented.

AYES: President Fritz, Secretary Birkley, Trustee Bruett,
Trustee Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

5. **RESIGNATION OF PENSION FUND TRUSTEE**

Asst. Secretary Steve Apostolopoulos recently announced his resignation as a trustee for the
Police Pension Fund after 25 years of service. The current members expressed their
gratitude for his many years of service to the Fund and their appreciation for the expertise
and knowledge he contributed over the years.

6. **PENSION BOARD OFFICERS**

A. **Annual Appointment of Pension Fund Officers**

There was discussion regarding the proposed slate of officers for the next year, as
required by statute. The members expressed a desire to maintain the current slate of
officers holding the positions of President and Secretary, and to fill the positions of

Vice President and Asst. Secretary which were vacated as a result of the election held in April and the recent resignation of Asst. Secretary Apostolopoulos.

Motion by President Fritz, seconded by Secretary Birkley, to appoint the following slate of officers for one (1) year: Jeffrey Fritz as President, Vince Bruett as Vice President, Alan Birkley as Secretary, and Aaron Machek as Asst. Secretary.

Upon roll call by the Clerk, the following voice votes were recorded:

AYES: President Fritz, Secretary Birkley, Trustee Bruett,
Trustee Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

B. Annual Appointment Of Pension Clerk

Motion by President Fritz, seconded by Vice President Bruett, to reappoint Patricia Perry as Clerk to the Police Pension Fund for one (1) year.

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

C. Designation of The Fund's Alternate FOIA Officer

In addition to holding the office of Vice President, former trustee Jackie Slater was also the Fund's Alternate FOIA Officer. Therefore, the Board needs to designate someone to serve in that capacity. After a brief discussion, Vice President Bruett volunteered to serve as the Fund's Alternate FOIA Officer.

D. Designation of the Fund's Open Meetings Act Officer

Fund Attorney Reimer briefly reviewed the duties of the Open Meetings Act Officer. The Fund's current Open Meetings Act Officer, President Fritz, volunteered to continue to serve in that capacity.

E. Updating of Authorized Signatories of the Fund

The Board had previously identified four (4) positions to be the signatories of the Fund; specifically, the President, Vice President, Finance Director/Treasurer, and the Asst. Finance Director. Because of recent changes to the Fund's Board of Officers, the signature cards on file at the Fund's bank accounts and brokerages will need to be updated. Per the Illinois Department of Insurance, the signature of the Treasurer is required on all transactions for the Fund.

Motion by President Fritz, seconded by Asst. Secretary Machek, to authorize Finance Director/Treasurer Szott to update the signatories for the Fund on file at the Fund's bank accounts and brokerages as follows: Jeffrey Fritz, President, Vince Bruett, Vice President, Gary Szott, Finance Director/Treasurer, and Allen Altic, Asst. Finance Director.

Upon roll call by the Clerk, the following voice votes were recorded:

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

7. **INFORMATION ITEMS**

A. **Updating Disclosure/Status on the IMET FFF Repo Fraud Matter**

Finance Director/Treasurer Szott has been sending the Pension Board Trustees updates on this matter via email; copies of IMET Disclosures #22 and #23 were included in the meeting packet.

Finance Director/Treasurer Szott reported that unresolved claims by the IRS, Department of Labor, and USDA continue to delay the disbursement of the \$72 million in recovered funds to the investors and related parties. He will continue to advise the Board regarding the status of this matter.

B. **Fund Attorney's Report (verbal)**

Fund Attorney Reimer provided a brief summary of pending pension reform efforts, various litigation, and court rulings.

C. **Required Review of Sections I-109 and I-113.2 of the Pension Code**

To meet a statutory requirement, the Board members read Sections I-109 and I-113-2 of the Pension Code. Section I-109 concerns the duties of fiduciaries, and Section I-113.2 concerns the investment authority of pension funds established under Article 3 or Article 4.

8. NEW BUSINESS

A. Application for Membership Into the Fund

The application of newly hired Officer David Wolak was reviewed.

Motion by President Fritz, seconded by Secretary Birkley, to accept David Wolak into the Village of Bloomingdale Police Pension Fund effective as of his hire date of 7/11/16, as a Tier 2 participant, since he has no creditable law enforcement service prior to January 1, 2010.

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

B. 2016 Police Pension Property Tax Levy

Finance Director/Treasurer Szott advised that, based on the actuarial report calculations, the 2016 tax levy will be increased by approximately \$200,000 (14%) to \$1,689,931 primarily as a result of updates to the mortality tables using additional data, which increased the Fund's accrued liability by an additional \$7 million, to be amortized over 24 years, and decreased the Percent Funded from 63.4% to 59.5%. Also affecting the calculation was a rate of return of [2.82%] on Pension Fund investments by the end of the FY16 reporting period.

C. Fritz QILDRO

The attorney representing the former spouse of retired Fund member Fritz sent the Pension Fund a QILDRO without the requisite \$50 processing fee; therefore, the Fund could not proceed with a review of the QILDRO. The matter was referred to Fund Attorney Brian LaBardi, who wrote to the attorney to provide him information on the procedures to be followed when filing a QILDRO, including providing a court order and the requisite processing fee, and is awaiting his response.

9. FINANCIAL REPORTS AND INVESTMENTS

A. Approval of Payments (a copy of the list of payments and expenditures dated 7/25/16 is attached to these Minutes)

Motion by President Fritz, seconded by Secretary Birkley, to approve the Fund's payments and expenditures totaling \$12,080.83.

Upon roll call by the Clerk, the following voice votes were recorded:

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

B. Draft Pension Fund Financial Statements for the Year Ended April 30, 2016

The Draft Pension Fund Financial Statements for the Year Ended April 30, 2016, were duly noted. Finance Director/Treasurer Szott summarized the activity of the Fund for the period ended 04/30/16. Finance Director/Treasurer Szott advised the decrease of approximately [\$750,000] in assets was related to the Fund's investment portfolio yield of -2.82% as a result of the downturn in stock market performance primarily in the months of March and April.

C. Treasurer's Report for the Period Ended 6/30/16

Finance Director/Treasurer Szott advised the Fund's portfolio allocation distribution was 57% in equities, slightly over the target allocation of 55%, or \$461,000 over, and 43.4% in fixed income. He also reviewed the purchase and investment activity of the Fund since the last meeting.

Motion by President Fritz, seconded by Vice President Bruett, to approve by voice vote the Treasurer's Report for the period ended 6/30/16, as presented.

Upon roll call by the Clerk, the following voice votes were recorded:

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

In accordance with IDOI, Department of Insurance requirements, a copy of the Treasurer's Report for the period ending June 30, 2016 is attached to these Minutes for the record.

D. Potential Purchase or Sale of Securities

Finance Director/Treasurer reported that the Fund's projected cash flow of funds available for investment from today through December 31, 2017 would be \$1.7 million. There was some discussion regarding the investment options available at this time to meet future projected benefit payments.

Motion by Secretary Birkley, seconded by Vice President Bruett, to give Finance Director/Treasurer Szott the discretion to invest up to \$500,000 in available funds into statutorily approved fixed income security investments with a maturity of five (5) to fifteen (15) years.

Upon roll call by the Clerk, the following voice votes were recorded:

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

The Board continued their discussion regarding the investment of the remaining available funds into additional investment products.

Motion by President Fritz, seconded by Vice President Bruett, authorizing Finance Director/Treasurer Szott to purchase a \$500,000 5-year fixed income GIC at 3.20% from Sentinel Security Life Insurance Company from available funds.

Upon roll call by the Clerk, the following voice votes were recorded:

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

10. **CORRESPONDENCE**

A. Statement of Cash Receipts and Disbursements for the Year Ended April 30, 2016

The statutorily required Statement of Cash Receipts and Disbursements for the Year Ended April 30, 2016, prepared by Finance Director/Treasurer Szott to the Village President and Board of Trustees, was duly noted.

B. Letter from Vice President Slater to the IL Dept. of Insurance - Fund's FY17 Compliance Fee Protest

As previously agreed upon, the Board sent a letter of protest along with the compliance fee payment in the event that a lawsuit is filed in the future. If a future lawsuit were successful, only those funds who protested the fee would be eligible for remedy.

11. OLD BUSINESS

A. New Trustee Training

As a newly elected trustee, Asst. Secretary Machek must complete the statutorily mandated 32-hour trustee training course within one (1) year of his election, unless he requests a six (6) month extension, offered through a state university or college. There are three ways the training course can be completed: 1) on-line; 2) attend class one day a month for four consecutive months; or 3) attend class for four (4)-consecutive days. The method for completing the new trustee training is up to the individual trustee. Additionally, new trustees must complete the on-line FOIA training and the on-line Open Meetings Act one time.

Motion by President Fritz, seconded by Vice President Bruett, to approve the cost of the 32-hour trustee training course in any form chosen by Asst. Secretary Machek.

Upon roll call by the Clerk, the following voice votes were recorded:

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

B. Attendance at Annual IPPFA Conference in Lake Geneva, WI, October, 2016

The Board previously approved the attendance of one (1) person at the Midwest Conference to be held in October in Lake Geneva, Wisconsin. Secretary Birkley previously indicated an interest in attending, but has not yet made a room reservation. Secretary Birkley will advise Clerk Perry when he has a reserved room so she can proceed with the conference registration on his behalf.

12. **MEETING ADJOURNMENT**

On a Motion by. Secretary Birkley, seconded by. Vice President Bruett, the Regular Meeting of the Police Pension Fund held on July 25, 2016 was adjourned at 7:17 p.m.

AYES: President Fritz, Vice President Bruett, Secretary Birkley,
Asst. Secretary Machek

NAYS: None

ABSENT: None

MOTION DECLARED CARRIED

Respectfully submitted,



Patricia Perry
Police Pension Board Clerk

Minutes approved by: _____
(Name) (Date)