

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,
JANUARY 27, 2020

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 Jeffrey Fritz at 5:18 p.m.

3. **ROLL CALL**

Present: President Jeffrey Fritz, Vice President Bruett, Secretary Edward Levato, Jr.,
Asst. Secretary Aaron Machek

Absent: None

Also Present: Finance Director/Treasurer Gary Szott, Fund Attorney Rick Reimer, Reimer,
& Dobrovolny PC

QUORUM PRESENT

4. **ACCEPTANCE OF MEETING MINUTES**

The trustees reviewed the Minutes of the Regular Meeting of October 28, 2019 which they had previously received electronically.

Motion by Trustee Levato, seconded by Vice President Bruett, to waive a reading of the Minutes and to accept the Regular Meeting Minutes of the Bloomingdale Police Pension Fund Board held on October 28, 2019, as presented.

AYES President Fritz, Vice President Bruett, Secretary Levato,
Asst. Secretary Machek

NAYS None

ABSENT None

MOTION DECLARED CARRIED

5. **FINANCIAL REPORTS AND INVESTMENTS**

A. **Treasurer's Report for Period Ended 12/31/19**

Finance Director/Treasurer Szott provided a review of the Treasurer's Report for the period ended 12/31/19. Regarding the Fund's portfolio distribution, he advised the Fund's portfolio was currently composed of 68% in equities, which includes the mutual and variable annuity accounts, which is higher than the Fund's target equity allocation of 55%, (or approximately \$5.1 million higher) due to the strong performance of the equity markets in 2019. For the calendar year, the mutual funds had a return on investment of 28%, which out-performed the weighted indices. The variable annuities

had a return on investment of approximately 23%, and the death benefit is currently \$2.2 million over their market value. At year end, the mutual fund positions paid out nearly \$1.4 million in dividends and capital gains. During the last quarter, three bonds were called, and were replaced with shorter-term bonds, causing gaps in the Fund's bond ladder which the Board will need to address. Additionally, Finance Director/Treasurer Szott reviewed the performance of various other bonds and securities held by the Fund. Lastly, he reported that the Fund has \$1.8 million in available funds to invest.

Motion by President Fritz, seconded by Asst. Secretary Machek, to approve by voice vote the Treasurer's Report for the period ended 12/31/19, as presented.

AYES	President Fritz, Vice President Bruett, Secretary Levato, Asst. Secretary Machek
NAYS	None
ABSENT	None

MOTION DECLARED CARRIED

In accordance with the Division of Insurance requirements, a copy of the Treasurer's Report for the period ending December 31, 2019 is attached to these Minutes for the record.

B. Potential Purchase or Sale of Securities

There was discussion regarding the investment of \$1.8 million in available cash in bonds or fixed annuities, and other investment options.

Motion by Vice President Levato, seconded by President Fritz, to grant Finance Director/Treasurer Szott the authority and discretion to invest up to \$1.8 million of available funds in CDs or other authorized fixed income investments (excluding GICs) with a maximum maturity not to exceed seven (7) years.

Upon roll call, the Pension Clerk recorded the following voice votes:

AYES	President Fritz, Vice President Bruett, Secretary Levato, Asst. Secretary Machek
NAYS	None
ABSENT	None

MOTION DECLARED CARRIED

C. Approval of Payments

The itemized list of payments and expenditures of the Fund was reviewed by the Board.

Motion by President Fritz, seconded by Trustee Levato, to approve by voice vote those payments and expenditures totaling \$1,096.88 per the itemized list dated January 27, 2020 (copy attached to these Minutes).

Upon roll call, the Pension Clerk recorded the following voice votes:

AYES	President Fritz, Vice President Bruett, Secretary Levato, Asst. Secretary Machek
NAYS	None
ABSENT	None

MOTION DECLARED CARRIED

6. NEW BUSINESS

A. Review/Modification of Fund's Investment Policy and Asset Allocation

As Finance Director/Treasurer Szott reported earlier, the Fund's equity allocation comprises 68% of the Fund's portfolio, higher than the current target equity allocation of 55%, or approximately \$5.1 million higher, due to the strong market performance in 2019. It was determined the Fund's Investment Policy did not prevent the Board from increasing its target equity allocation to take advantage of opportunities in the annuity market, and discussion ensued about increasing the Fund's equity allocation up to 65%, as allowed per the advisory opinion by the Illinois Department of Insurance.

Motion by President Fritz, seconded by Secretary Levato, to increase the target equity allocation to 65% of the Fund's portfolio.

Upon roll call, the Pension Clerk recorded the following voice votes:

AYES	President Fritz, Vice President Bruett, Secretary Levato, Asst. Secretary Machek
NAYS	None
ABSENT	None

MOTION DECLARED CARRIED

B. Application for Membership Into the Fund – Officer Michael Roberts

The application of newly hired Officer Michael Roberts was reviewed.

Motion by President Fritz, seconded by Asst. Secretary Machek, to accept Officer Michael Roberts into the Village of Bloomingdale Police Pension Fund effective as of his hire date of January 2, 2020, as a Tier 2 participant, since he does not have creditable law enforcement service prior to January 1, 2011; and

to accept his Designation of Beneficiary form as amended to reflect a 50% share to each of his two (2) listed beneficiaries.

AYES	President Fritz, Vice President Bruett, Secretary Levato, Asst. Secretary Machek
NAYS	None
ABSENT	None

MOTION DECLARED CARRIED

C. Fiduciary Liability Insurance

The Fund's Fiduciary Liability Insurance with Travelers will be expiring and Finance Director/Treasurer Szott advised he is currently seeking a price quote for the upcoming fiscal year which he will present to the Board at their April meeting.

D. Call for Elections – From the Regular Police Force and the Retired/Beneficiary Membership

The terms of Asst. Secretary Aaron Machek (Regular Police Force) and President Jeffrey Fritz (Current Beneficiaries and Retired Officers) will expire on Monday, May 11, 2020. Therefore, the Board will need to hold elections to fill the positions.

Secretary Machek will not be seeking re-election; therefore, a Candidate Nomination sign-up sheet will be posted in the Police Department from February 10, 2020 until 4:00 p.m. on Friday, March 20, 2020.

President Jeffrey Fritz has expressed a desire to run for re-election; therefore, the Clerk will send a Candidate Interest Poll form to all current beneficiaries and retired officers on February 10, 2020. Completed Candidate Interest Poll forms must be returned to the Clerk by 4:00 p.m. on Friday, March 20, 2020. If Jeffrey Fritz is the only candidate from the roster of Current Beneficiaries and Retired Officers, Jeffrey Fritz will be re-elected by acclamation.

In the event that two or more candidates declare their candidacy for the position of trustee in either election, the Clerk will send out ballots containing the names of all interested candidates for the respective election(s) on Monday, March 23, 2020, and returned ballots will be due back by 4:00 p.m. on the third Monday in April (April 20, 2020). The returned ballots will be opened and counted at the next Regular Meeting of the Police Pension Board at 5:00 p.m. on Monday, April 27, 2020.

Motion by President Fritz, seconded by Secretary Levato, authorizing elections to be held on the third Monday in April (April 20, 2020) for the purpose of electing one (1) member from the Regular Police Force of the Village of Bloomingdale and

one (1) member from the roster of Current Beneficiaries and Retired Officers to a 2-year term commencing on the second Tuesday in May (May 12, 2020) and expiring after Monday, May 9, 2022; however, if President Fritz is the only candidate in nomination for the position of trustee from the roster of Current Beneficiaries and Retired Officers by the deadline of March 20, 2020, President Fritz will be re-elected by acclamation. In the event that two or more candidates run for the position in either election, the Clerk will prepare ballots for the election(s), and returned ballots will be due back by 4:00 p.m. on the third Monday in April (April 20, 2020). The returned ballots will be opened and counted at the next Regular Meeting of the Police Pension Board at 5:00 p.m. on Monday, April 27, 2020.

AYES	President Fritz, Vice President Bruett, Secretary Levato, Asst. Secretary Machek
NAYS	None
ABSENT	None

MOTION DECLARED CARRIED

E. Approval of Payment of Annual IDOI Compliance Fee and Protest Letter

The Board discussed the payment of the statutory compliance fee to the Illinois Department of Insurance and their annual letter of protest to accompany the fee payment in the event that a lawsuit is filed in the future, which, if successful, only those funds who protested the fee would be eligible for remedy. Therefore, the Board agreed to authorize the fee payment, and to send another protest letter along with the fee payment to the Illinois Department of Insurance.

Motion by President Fritz, seconded by Secretary Levato, to authorize payment of the statutory annual compliance fee on receipt, and to send a letter of protest to the Illinois Department of Insurance along with the payment.

Upon roll call, the Pension Clerk recorded the following voice votes:

AYES	President Fritz, Vice President Bruett, Secretary Levato, Asst. Secretary Machek
NAYS	None
ABSENT	None

MOTION DECLARED CARRIED

7. **OTHER BUSINESS**

A. Information Only – Refund of Contribution – Coalition For Qualified Plan Status

Fund Attorney Reimer reviewed the past history, stating that each Article 3 and Article 4 Pension Fund was asked to contribute \$400 and \$300 respectively, to cover the filing

D. Bill Consolidating Investment of Assets of Article 3 and Article 4 Pension Funds

Fund Attorney Reimer provided a written summary and verbal review of the provisions of Public Act 1201-0610 "Consolidation of Fund's Investment Assets" effective January 1, 2020. He advised the bill requires the transfer of the assets and investment authority to the Consolidated Funds no later than 30 months after the effective date of the law (deadline June 30, 2022). An interim 9-member board of trustees is being put together; however, there are still a lot of procedural steps to be worked out before any transfers can take place. He will keep our Pension Board updated as more information becomes available.

Attorney Reimer also reviewed the changes in the mandated training requirements for pension trustees. All current trustees must receive eight (8) hours training annually at a state supported college or university instead of the previous requirement of sixteen (16) hours annually. All newly elected or appointed trustees must receive sixteen (16) hours of initial training instead of the previous thirty-two (32) hours required. Additionally, four (4) hours of *special training* is required for all current trustees regarding this new law.

He also stated that the bill made some "corrections" to the calculation of "final average salary," the limitation on salary applicable to Tier 2 police and firefighters and survivor benefits.

Lastly, he advised there may be some legal challenges to the bill, but again stated he would keep our Pension Fund informed.

8. INFORMATION ONLY ITEMS

A. Legal and Legislative Update, Reimer & Dobrovolny PC (Vol 18, Issue 1 – January 2020).

Fund Attorney Reimer reviewed the content of the newsletter regarding relevant matters of interest to the Bloomingdale Pension Fund.

B. IMET FFF Repo Fraud Matter

IMET's Convenience Fund Disclosure #43 was previously distributed to all Trustees by Finance Director/Treasurer Szott, who advised that IMET received a significant distribution of approximately \$21 million from the overall receiver regarding the FFF Repo fraud matter. In turn, IMET distributed that amount to the impacted participants. The Bloomingdale Police Pension Fund initially received \$16,594.91 as their portion of the recovery. Finance Director/Treasurer Szott advised that, as of this date, the Fund has received \$22,119.53 (56%) of the original loss of \$39,757.83 subject to the fraud as its portion of the recovery, and expects to receive another approximately \$200.00, which will put the net loss at \$17,200.00. IMET is estimating a total recovery of approximately 58%, of which the Fund has received approximately 56%.

A recent participant update just received advised that one item of litigation regarding one of the hotels involved has now been resolved, and the overall receiver will be distributing in the near term the \$2.3-\$2.5 million they had on hand, bringing the overall recovery to 58%.

C. Police Pension Records Disposal Certificates

Finance Director/Treasurer Szott advised he received the approved disposition, and the documents listed in the Records Disposal Certificate have been shredded as of today.

D. Return of Annual Certification of Beneficiary Forms – Status Update

Clerk Perry advised that 30 of the 34 beneficiaries have returned their completed Annual Certification forms, and 4 have not. She will be contacting the 4 beneficiaries about returning their completed forms as required.

E. Actuarial Valuation Report as of May 1, 2019

Finance Director/Treasurer Szott advised the Actuarial Valuation Report as of May 1, 2019, is a report provided by the Department of Insurance after they conduct their own Actuarial Valuation which provides their recommendation for what our tax levy request should be. No action is needed; the report is for information only.

F. Letter to Village President Coladipietro Regarding Annual Tax Levy Requirements for the Tax Year 2020/Attorney Reimer (11/4/19)

Finance Director/Treasurer noted the amount of \$2,036,947 recommended in the letter from Attorney Reimer was the amount levied by the Village. No action needed – information only.

9. OLD BUSINESS

None

10. MEETING ADJOURNMENT

On a Motion by Secretary Levato, seconded by Vice President Bruett, the Regular Meeting of the Police Pension Fund held on January 27, 2020 was adjourned at 7:00 P.M.

Respectfully submitted,



Patricia Perry
Police Pension Board Clerk

Minutes approved by:


(Name)

4/27/2020
(Date)