

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 28, 2019

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 5:25 p.m.

3. **ROLL CALL**

Present: President Jeffrey Fritz, Asst. Secretary Aaron Machek; Trustee Edward Levato, Jr.;

Absent: Vice President Vince Bruett, Secretary Alan Birkley

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 22, 2018 which they had previously received electronically.

Motion by Trustee Levato, seconded by Asst. Secretary Machek, to waive a reading of the Minutes and to accept the Regular Meeting Minutes of the Bloomingtondale Police Pension Fund Board held on October 22, 2018, as presented.

AYES President Fritz, Asst. Secretary Machek, Trustee Levato

NAYS None

ABSENT Vice President Bruett, Secretary Birkley

MOTION DECLARED CARRIED

5. **NEW BUSINESS**

A. **Application for a Regular Service Pension – Sally Zeiger**

The application from Sally Zeiger for a regular service pension was reviewed.

Motion by President Fritz, seconded by Trustee Levato, to award a regular service pension to Sally Zeiger, aged 55, for her 20 years of creditable service as a Tier 1 employee from 6/22/98 to 1/11/19 equal to 50% of her final salary attached to her rank of \$100,221.60/year, which is an initial annual pension of \$50,110.80/year, and an initial monthly benefit of \$4,175.90 and as calculated by the Department of Insurance Benefit Calculator. Pension Clerk Perry conducted a roll call, and recorded the following voice votes:

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

MOTION DECLARED CARRIED

There was further discussion regarding the future annual pension of Sally Zeiger, since contract negotiations affecting salary and/or stipends retroactive to September 1, 2018 are not yet concluded. Fund Attorney Reimer advised that Sally Zeiger would be entitled to a retroactive check if the contract is retroactive after the contract is ratified, which Finance Director/Treasurer Szott advised has been done in the past, since the Board has the authority to adjust future pension payments for similar reasons.

B. Fiduciary Liability Insurance

There was discussion regarding Travelers, the current provider of fiduciary liability insurance for the Fund. In light of the in-depth workup that was performed last year, and after certain enhancements were added to the policy from Travelers at the request of the Board at that time, the trustees present unanimously agreed to solicit a renewal policy of its fiduciary liability insurance coverage with Travelers for the upcoming fiscal year 2019/2020.

Motion by President Fritz, seconded by Trustee Levato, to solicit a renewal policy for the Fund's Fiduciary Liability Insurance with Travelers for the period of May 1, 2019 through April 30, 2020.

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

MOTION DECLARED CARRIED

After the Board approved the renewal of Fiduciary Liability Insurance with Travelers, Finance Director/Treasurer Szott asked the Board to designate someone to sign the application form, and it was decided that President Fritz would sign the renewal application form on behalf of the Fund.

C. Call for Election – Regular Police Force

The term of Vice President Vince Bruett (Regular Police Force) will expire on Monday, May 13, 2019. Therefore, the Board will have to hold an election to fill the position. However, since Vice President Bruett has expressed a desire to run for re-election, if no other candidate(s) sign up to run against him by the deadline of 4:00 p.m. on Friday, March 15, 2019, Vice President Bruett will be re-elected by acclamation.

Motion by Trustee Levato, seconded by Asst. Secretary Machek, authorizing an election to be held on the third Monday in April (April 15, 2019) for the purpose of electing one (1) member from the Regular Police Force of the Village of Bloomingdale to a 2-year term commencing on the second Tuesday in May (May 14, 2019) and expiring after Monday, May 10, 2021; however, if Vice President Bruett is the only candidate in nomination for the position by the deadline of March 15, 2019, Vice President Bruett will be re-elected by acclamation. In the event that two or more candidates run for the position, the Clerk will prepare ballots for the election, and returned ballots will be due back by 4:00 p.m. on the third Monday in April (April 15, 2019). 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 22, 2019.

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

MOTION DECLARED CARRIED

D. Police/Fire Retiree and Beneficiary Death Auditing Service

In the age of electronic banking, pension checks are sent to the eligible recipients via direct deposits electronically. To reduce the risk of pension payments being paid to a deceased retiree or survivor, for the past several years, the Fund has utilized an annual "Affidavit and Certification of Eligibility for Continued Benefits" form which the pension beneficiaries are required to complete, notarize and return as proof of their continued eligibility. Finance Director/Treasurer Szott brought to the Board's attention a new technology-based program to identify pension payees who have been reported as deceased that is now being offered by the IPPFA at no cost to all of its Article 3 and Article 4 police and fire pension fund members. Fund Attorney Reimer advised that the free program probably utilized computer search engines that are tied into published newspaper death notices, which might be helpful in cases of beneficiaries living out of state, but it was not as good as having a program that could access the Social Security death list. He further stated that it was not compulsory to participate in the program. President Fritz expressed a concern about the Fund having to provide the personal data of its pension beneficiaries to a third party, in light of all of the data breaches that have occurred nationwide. After more discussion, it was agreed to table this item until their next meeting when all trustees might be in attendance.

E. Posting On-Line of Agenda and Approved Minutes on the Village Website

Finance Director/Treasurer advised a retired pensioner inquired about the possibility of having the agendas and minutes posted on the Village website. Fund Attorney Reimer said that he was fine with having the agendas and approved minutes in pdf format posted

on the Village website, and the Board members were also fine with making them available on line.

Motion by President Fritz, seconded by Asst. Secretary Machek, authorizing the Clerk to transmit future meeting agendas and approved minutes in pdf format to the Village for posting on line.

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

MOTION DECLARED CARRIED

F. Discussion Item – FY20 Police Pension Budget

Finance Director/Treasurer Szott presented the draft budget of revenues and expenses of the Fund for the period May 1, 2019 through April 30, 2020, for review by the Board. As no changes, additions or deletions were recommended, Finance Director/Treasurer Szott will submit the final FY20 Police Pension Fund Budget to the Board for their approval at the regular meeting of the Pension Fund on April 22, 2019. No Board action is required at this time.

6. **CORRESPONDENCE**

A. Letter to Village President Coladipietro Regarding Annual Tax Levy Requirements for the Tax Year 2019/Attorney Reimer (10/29/18)

Finance Director/Treasurer noted the amount recommended in the letter from Attorney Reimer was the amount levied by the Village. No action needed – information only.

B. Legal and Legislative Update, Reimer & Dobrovolny PC (Vol 17, Issue 1 – January 2019).

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

7. **INFORMATION ONLY ITEMS**

A. Fund Attorney Report (verbal)

Fund Attorney Reimer advised that the Illinois Department of Insurance has stopped issuing advisory opinions. As reported in his January newsletter, the publication from the Department, “*The Siren*” directed pension funds to the “frequently asked questions” as a presumed alternative, but “unlike advisory opinions that were given “substantial weight unless they are arbitrary, capricious, or manifestly contrary to the statute,” the legal effect of an answer appearing in this section on the IDOI website is unclear at best.”

Fund Attorney Reimer also briefly touched on proposed legislation regarding the matter of consolidating the roughly 640+ police and fire pension funds. One proposal would consolidate the funds for investment purposes only. After a study indicated it would cost approximately \$155M and would take 10 years to recover the money, a second paper proposed the solution would be to give the small funds (under \$10M) the same investment authority as the larger funds. A study showed the average increase in equity investment authority would be approximately 2%, which would be a significant benefit to the smaller funds. This matter is still being reviewed.

B. IMET FFF Repo Fraud Matter

IMET's Convenience Fund Disclosure #39 was previously distributed to all Trustees by Finance Director/Treasurer Szott, who advised that the matter is still waiting for action by the IRS.

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

Clerk Perry advised that 26 of the 33 beneficiaries have returned their completed Annual Certification forms, and 7 have not. She will be contacting the 7 about returning their completed forms as required.

D. IDOI Annual Statement Documentation

After review of the Fund's Annual Statement by the Illinois Department of Insurance, Finance Director/Treasurer Szott provided the following responses, as requested:

1. Documentation for the transferred creditable service for Officer Noonan;
2. The amount of contributions made and collected was confirmed for Officer Malinovskaya; her 75-day service break will be reported in the Annual Statement is filed for the fiscal year ending April 30, 2019.

E. Actuarial Valuation Report as of May 1, 2018

Finance Director/Treasurer Szott explained that the Actuarial Valuation Report as of May 1, 2018, is another result of filing the Annual Report with the Illinois Department of Insurance because, once everything is in order and they have reviewed it, they generate an Actuarial Valuation Report. He further explained that the Actuarial Valuation Report can be one source the Board relies upon to determine its annual tax levy request, and then he compared the assumptions used in it to the Actuarial Valuation Report prepared by the Village's actuary. No action is needed; the report is for information only.

Removal from the Roll – Finance Director/Treasurer Szott left the meeting at 6:00 p.m.

F. Illinois Public Pension Division – Pension Fund Trustee Training Requirements

All Pension Fund Trustees are required to meet annual training requirements; 32 hours for first-term trustees, 16 hours annually thereafter for established trustees. As of this date, one appointed trustee has not fulfilled the annual 16-hour requirement. Fund

Attorney Reimer stressed the importance of compliance and, after a brief discussion, Clerk Perry was directed to send the trustee an email to bring this matter to his immediate attention.

G. FOIA Response

In response to a FOIA request from Strategic-i.com, Finance Director/Treasurer Szott sent them the documents they requested.

8. FINANCIAL REPORTS AND INVESTMENTS

A. 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 \$1,187.90 per the itemized list dated January 28, 201 (copy attached to these Minutes).

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

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

MOTION DECLARED CARRIED

Addition to the Roll – Finance Director/Treasurer Szott re-entered the meeting at 6:20 p.m.

B. Treasurer’s Report for Period Ended 12/31/18

Finance Director/Treasurer Szott provided a review of the Treasurer's Report for the period ended 12/31/18, which showed the Fund’s positions in equities made up 59% of the portfolio, slightly higher than the preferred allocation of 55%, or approximately \$1.4M higher, and 41% was in fixed income or cash. For the calendar year, the Fund had an approximate 14% decrease in its equity positions, primarily occurring in the last quarter. The Fund’s portfolio received over \$1.1M in capital gains and dividend distributions, which were all reinvested. Additionally, Finance Director/Treasurer reviewed the bonds that were purchased, as well as called. Lastly, he reported that the Fund had approximately \$530,000 in available cash to invest at this time.

Motion by President Fritz, seconded by Trustee Levato, to approve by voice vote the Treasurer’s Report for the period ended 12/31/18, as presented.

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

MOTION DECLARED CARRIED

In accordance with the Division of Insurance requirements, a copy of the Treasurer's Report for the period ending December 31, 2018 is attached to these Minutes for the record.

C. Potential Purchase or Sale of Securities

There was discussion regarding the investment of \$530,000 in available cash in 5 to 7 year bonds or fixed annuities, and other investment options.

Motion by Trustee Levato, seconded by President Fritz, granting Finance Director/Treasurer Szott the discretionary authority to invest \$500,000 of available funds in any investment authorized by law, other than equities, and to keep \$30,000 in cash.

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

AYES President Fritz, Asst. Secretary Machek, Trustee Levato

NAYS None

ABSENT Vice President Bruett, Secretary Birkley

MOTION DECLARED CARRIED

9. **OLD BUSINESS**

None

10. **MEETING ADJOURNMENT**

On a Motion by Trustee Levato, seconded by Asst. Secretary Machek, the Regular Meeting of the Police Pension Fund held on January 28, 2019 was adjourned at 6:35 P.M.

Respectfully submitted,



Patricia Perry
Police Pension Board Clerk

Minutes approved by: _____

(Name)

1/20/19
(Date)