

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 22, 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 Fritz at 5:10 p.m.

3. **ROLL CALL**

Present: President Jeffrey Fritz, Vice President Vincent Bruett, Secretary Aaron Machek

Absent: Alan Birkley, Asst. Secretary, Trustee Ed Levato

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

QUORUM PRESENT

4. **AUDIENCE PARTICIPATION**

A member of the public in attendance offered no comments at this time.

5. **ACCEPTANCE OF MEETING MINUTES**

Due to the absence of two Trustees, a motion to read and approve the Regular Meeting Minutes of the Police Pension Fund held on January 28, 2019 and April 22, 2019 was tabled to the next regular meeting scheduled for October 28, 2019.

6. **PENSION BOARD OFFICERS**

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

As required by statute, the Board discussed the appointment of its officers for the next year. The existing slate of officers was reviewed and, after a brief discussion, the Board unanimously decided to table its annual appointment of officers to their next regular meeting scheduled for October 28, 2019.

B. **Annual Appointment of Pension Clerk**

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

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

NAYS: None

ABSENT: Secretary Birkley, Trustee Levato

MOTION DECLARED CARRIED

C. Designation of The Fund's Alternate FOIA Officer

Vice President Bruett is currently serving as the Fund's Alternate FOIA Officer, and he volunteered to continue to serve the Fund in that capacity for the next year.

Motion by President Fritz, seconded by Asst. Secretary Machek, to designate Vice President Bruett as the Fund's Alternate FOIA Officer for one (1) year.

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

MOTION DECLARED CARRIED

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

President Fritz is currently serving as the Fund's Open Meetings Act Officer, and he also volunteered to continue serving in that position for one (1) year.

Motion by Vice President Bruett, seconded by Asst. Secretary Machek, to designate President Fritz as the Fund's Open Meetings Act Officer for one (1) year.

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

MOTION DECLARED CARRIED

E. Updating of Authorized Signatories of the Fund

As a result of the Board's decision to table their annual appointment of officers to their next regular meeting on October 28, 2019, no changes were required at this time regarding the names of the four (4) positions currently identified as the signatories of the Fund, and this matter was also tabled until the next regular meeting on October 28, 2019.

7. **NEW BUSINESS**

A. Required Review and Reading of Sections I-109 and I-113.2 of the Pension Code

With two trustees not in attendance at tonight's meeting, President Fritz asked for and received unanimous consent to table the statutory requirement for all trustees to read two (2) sections of the Pension Code; specifically, Sections I-109 concerning the duties of fiduciaries, and I-113-2 concerning the investment authority of pension funds established under Article 3 or Article 4. Therefore, this matter was tabled until the next regular meeting on October 28, 2019.

B. Application for Membership Into the Fund – Officers Ljiljana Clampit and Patrick McGinn

The applications of two (2) newly hired officers, Officer Ljiljana and Officer Patrick McGinn were reviewed.

Motion by President Fritz, seconded by Vice President Bruett, to accept Officers Ljiljana Clampit and Officer Patrick McGinn into the Village of Bloomingdale Police Pension Fund effective as of their hire date of June 19, 2019, as Tier 2 participants, since neither of these newly hired officers have creditable law enforcement service prior to January 1, 2011.

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

NAYS: None

ABSENT: Secretary Birkley, Trustee Levato

MOTION DECLARED CARRIED

C. Preliminary 2019 Police Pension Property Tax Levy

Finance Director/Treasurer Szott provided a summary of the Preliminary Financial Statements regarding the fiscal performance of the Fund for the fiscal year ending April 30, 2019. He then stated the following: the unaudited asset value of the Fund increased over \$1.8 million, going from \$32,588,927 to \$34,431,797; for FY19, the Fund realized over \$4.4 million in additional funds, and its total deductions were \$2.57 million, which included over \$2.55 million in paid benefits. He further reported that the Fund had a return on investment of approximately 6.77%, and therefore, did not meet its actuarial investment assumption of 7.5%. However, he added that the actual return on investment would have been approximately 8%, if not for having to follow the GASB accounting rules of mark-to-market for its fixed income holdings, namely the CDs.

Finance Director/Treasurer Szott then reviewed the actuarial assumptions for purposes of calculating the recommended 2019 tax levy. After reviewing the various assumptions, he advised that he would be recommending to the Village Board the amount of \$2,036,603 for the 2019 tax levy for the Police Pension Fund, which reflects a lower return on investment assumption of 7.375%, and the Board was in agreement with his recommendation. He further advised that he will present the final actuarial report to the Pension Board for its approval at their October meeting, after which Fund Attorney Reimer would send a written request to the Village for the final tax levy amount.

8. **FINANCIAL REPORTS AND INVESTMENTS**

A. Approval of Payments

The Board reviewed the list of payments and expenditures dated 7/22/19 (a copy of the list of payments is attached to these Minutes). Finance Director/Treasurer

observed that the payment shown for Emphasys Software should actually be \$772.50, not \$77.50, as listed, bringing the total payments and expenditures to \$9,068.98, not \$8,373.98 as shown.

Motion by President Fritz, seconded by Vice President Bruett, to correct the payment to Emphasys Software to \$772.50, and approve the Fund's payments and expenditures with the revised total of \$9,068.98.

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

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

MOTION DECLARED CARRIED

B. Treasurer's Report for the Period Ended 6/30/19

Finance Director/Treasurer Szott summarized the activity of the Fund for the period ended 06/30/19. He advised the Fund's portfolio allocation distribution was 64% in equities through mutual funds and variable annuity accounts, which is slightly higher than the target allocation of 55%. He further advised that through June 30, 2019, the market value of the mutual fund investments was a little over \$14 million, and for the quarter, the market value grew just over \$579,000. He further advised that since June 30th through Friday, July 19, 2019, the value of the mutual funds grew another \$180,000. For calendar 2019 YTD, the mutual fund portfolio returned 19%, and the weighted average of the indices was 17.63% for the six month period ended June 30, 2019. He further advised the Fund's separate variable annuity accounts with a market value of almost \$9 million grew by a little over \$223,000 since the last quarter. With regard to the Fund's bond holdings, since the Treasurer's Report dated 3/31/19, five separate positions totaling \$2.5 million were redeemed/called early, primarily because interest rates had significantly declined over the past quarter. After consultation with President Fritz, he made purchases of a guaranteed investment contract maturing 6/13/25 and a CD maturing 12/4/22 to take advantage of some of the better interest rates available at the time. As a result of the positions redeemed and purchased, he advised that the Fund now has approximately \$1.7 million in available funds to invest. Lastly, he advised the Board he has been notified that Colorado Banker's Life Insurance Company, from whom the Fund purchased a \$500,000 7-year fixed annuity with a yield of 4.10% last year, has been ordered into rehabilitation, somewhat similar to receivership by the state of North Carolina because its chairman has been indicted for alleged fraud. The Department of Justice and officials of North Carolina are looking into the matter. Additionally, Colorado Banker's Life Insurance Company is continuing to look for a potential buyer to purchase the assets, as is often done in the banking industry. At the time the annuity was purchased a year ago, Colorado Banker's Life Insurance Company had a rating of B++ which is a good rating by A.M. Best. Fund Attorney Reimer asked

Finance Director/Treasurer Szott to send him the Fund's fiduciary liability insurance broker's name and policy number, and all of the information he has on the Colorado Banker's Life Insurance Company matter. He said it would be prudent for him to notify the insurer of this situation on behalf of the Fund in the event of a potential claim, even though no loss has yet occurred. That concluded the review of the Treasurer's Report for the period ended June 30, 2019.

Motion by President Fritz, seconded by Asst. Secretary Machek, to approve by voice vote the Treasurer's Report for the period ended June 30, 2019, as presented.

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

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

MOTION DECLARED CARRIED

In accordance with IDOI, Department of Insurance requirements, a copy of the Treasurer's Report for the period ending June 30, 2019 is attached to these Minutes for the record.

C. Potential Purchase or Sale of Securities

As stated earlier, Finance Director/Treasurer Szott advised that the Fund currently has \$1.7 million in available cash to invest. Finance Director/Treasurer advised the Board that the portfolio was at 64% equities which is over the 55% target allocation and therefore, no additional monies could be allocated to equities at this time. The Board then reviewed the Bond ladder and discussed potential investment options for products with a maturity of at least seven years.

Motion by President Fritz, seconded by Asst. Secretary Machek, to grant Finance Director/Treasurer Szott the authority and discretion to invest up to \$1 million of available funds in CDs or other authorized fixed income investments (excluding GICs) with a maximum maturity not to exceed 10 years.

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

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

MOTION DECLARED CARRIED

9. **INFORMATION ITEMS**

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

Fund Attorney Reimer provided a brief summary of recent court rulings, fiduciary liability concerns, recent findings regarding line-of-duty survivor spouse benefits eligibility, and other pension matters.

B. **IMET FFF Repo Fraud Matter**

Disclosure/Status Update #41, which had been previously sent via email by Finance Director/Treasurer Szott to all trustees, was duly noted.

C. **Statement of Cash Receipts and Disbursements for the Year Ended April 30, 2019**

Finance Director/Treasurer Szott presented the Statement of Cash Receipts and Disbursements for the Year Ended April 30, 2019, a statutory requirement. The report was duly noted; no Board action was required.

D. **Letter from President Fritz (6/11/19) to the IL Dept. of Insurance - Fund's FY20 Compliance Fee Protest**

The letter of protest from President Fritz on behalf of the Board regarding the FY20 compliance fee payment to the Illinois Department of Insurance was duly noted. The Board has been sending a protest letter, along with its compliance fee payment, to the Illinois Department of Insurance every year 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.

E. **QILDRO – Michael Gicla (Lillian Gicla, Alternate Payee)**

The required \$50.00 processing fee was previously received on behalf of Lillian Gicla and the Board was in receipt of an acceptable QILDRO and valid court order. The QILDRO has been implemented and payments to alternate payee Lillian Gicla have begun.

F. **QILDRO – Jeffry Hill (Joanne Hill, Alternate Payee)**

The Board reviewed correspondence from Fund Attorney LaBardi regarding the Hill QILDRO. In his letter to the Pension Board dated May 1, 2019, Fund Attorney LaBardi confirmed the receipt of a certified copy of the QILDRO and required \$50.00 processing fee on behalf of Joanne Hill. He also noted that Jeffry Hill is still an active member, and no payment will be made to the alternate payee until the member commences regular retirement benefits and a certified copy of a calculation order is received. Lastly, Attorney LaBardi advised that the order will not become effective until the first benefit payment date occurring at least 30 days after the Pension Fund receives the order. In no event can the QILDRO apply to any benefit paid before or within 30 days after receipt of the order (See 40 ILCS 5/1-119(C)(3)).

G. IDOI – Pension Retirees Nominated Beneficiary Information / Revised Application for Retirement Benefits Form

To comply with the new Illinois Department of Insurance filing requirement regarding the nominated beneficiary section for all retired service members on the annual statement requirement, the Fund has revised its “Application for Retirement Benefits” form to include information regarding a retiree’s spouse, specifically; the first and last name, gender, date of birth, and date of marriage. Clerk Perry provided a copy of the revised form to all Trustees, Finance Director/Treasurer Szott, and Fund Attorney Reimer.

10. CORRESPONDENCE

A. Letter to Lauterbach & Amen LLP / Reimer (5/30/18)

As requested by Finance Director/Treasurer Szott for audit purposes, Fund Attorney Reimer sent a letter to Lauterbach & Amen LLP advising that the Fund had no pending litigation, threatened litigation, claims, etc., and was not aware of any unasserted claims and assignments. Fund Attorney Reimer advised that he may need to amend this letter as a result of the Colorado Banker’s Life Insurance Company matter discussed earlier.

B. Letter to Former Officer Donald Spencer (4/24/19) Regarding His Refund of Contributions

Finance Director/Treasurer Szott sent a letter to former Officer Donald Spencer to advise him that his request for a refund of his pension contributions in the amount of \$8,404.84, was approved by the Police Pension Board at its April 22, 2019 meeting, and advising that his refund will be sent immediately upon receipt of his instructions regarding how he would like his refund to be made. Finance Director/Treasurer Szott advised the Board that the refund was paid.

11. OLD BUSINESS

A. Approval of a Pension Adjustment for Retired Watch Commander Michael Gicla

At the time of the retirement of Michael Gicla on May 3, 2019, his final rate of earnings were not known. Since that date, the Village Board approved a 2.00% across-the-board hourly wage rate increase for all non-represented employees retroactive to May 1, 2019. Further, under the Village’s “Police Department Supervisor’s Pay Plan,” he received a 2.00% hourly wage rate increase also retroactive to May 1, 2019. Lastly, he earned a 2.50% merit hourly wage rate increase effective May 1, 2019. Therefore, his previously calculated service pension benefit needs to be revised accordingly to reflect the salary that he would have been earning on May 3, 2019, his last day of work prior to his pension benefits starting on May 4, 2019. He is also entitled to the additional amount of \$888.24 representing the retroactive service pension benefit or the difference in what he had actually received and what he should have received for

the period May 4, 2019 through June 30, 2019 based on the aforementioned wage rate increases.

Motion by President Fritz, seconded by Vice President Bruett, to approve the revised pension benefit for Watch Commander Michael Gicla equal to 75% of his salary attached to his rank of \$124,103.20/year, which is an initial annual pension of \$93,077.40/year, and an initial monthly benefit of \$7,005.83, pursuant to hourly wage increases retroactive to May 1, 2019 to which he is entitled, and as calculated by the Department of Insurance Benefit Calculator; and to approve a retroactive pension payment of \$888.24 representing the retroactive service pension benefit or the difference in what he had actually received and what he should have received for the period May 4, 2019 through June 30, 2019, based on the aforementioned wage rate increases, contingent upon the receipt of his payment of retroactive pension contributions related to his retroactive wage/salary increases on May 1, 2019. Upon roll call, Clerk Perry recorded the following voice votes:

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

MOTION DECLARED CARRIED

B. IPPPA Police/Fire Retiree and Beneficiary Death Auditing Service

The death auditing service offered through the IPPFA to track retiree and beneficiary members for the purpose of certifying continued eligibility to receive pension benefits was discussed. The service would provide notification to the Fund in the event a beneficiary became deceased. After consideration, the Board decided to forego enrolling in this service in light of the fact that they didn't want to provide personal information about beneficiaries to a third party, and also because the method they're currently using to certify continued eligibility to receive pension benefits is working very satisfactorily. It was noted that, should the Board feel the need for this type of tracking service in the future, or if the number of beneficiaries becomes too large to self-manage, they would always have the option to pursue the service at that time.

C. Return of the 2019 Certification of Benefits Forms

Clerk Perry reported that all of the beneficiaries of the Fund have returned their completed Eligibility for Continued Eligibility forms for calendar year 2019.

D. Attendance at Annual IPPFA Conference in Lake Geneva, Wisconsin, October, 2019

The Board previously approved the attendance of four (4) people to attend the IPPFA Midwest Conference to be held October 1 – October 4, 2019 in Lake Geneva, Wisconsin. At this time, the attendees this year will be President Fritz, Vice President

Bruett, and Asst. Secretary Machek. Clerk Perry will register these 3 attendees for the conference; however, each attendee will make their own room reservation.

There was a brief discussion regarding the mandated annual Trustee training requirements, and the status of compliance by the current Trustees. Further discussion regarding this matter was tabled until the next regular meeting after the IPPFA Conference when all members would likely be in attendance.

12. **COMMENTS FROM THE PUBLIC**

None

13. **MEETING ADJOURNMENT**

On a Motion by Asst. Secretary Machek, seconded by. Vice President Bruett, the Regular Meeting of the Police Pension Fund held on July 22, 2019 was adjourned at 7:28 p.m.

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

NAYS: None

ABSENT: Secretary Birkley, Trustee Levato

MOTION DECLARED CARRIED

Respectfully submitted,



Patricia Perry
Police Pension Board Clerk

Minutes approved by: _____

(Name)

10/26/19
(Date)