

**BATAVIA POLICE PENSION BOARD
MEETING MINUTES
FEBRUARY 13, 2019**

NOTE: These minutes are not a word-for-word transcription of the statements made at the meeting, nor intended to be a comprehensive review of all discussions. They are intended to make an official record of the actions taken by the Board and to include some description of discussion points as understood by the minute-taker. They may not reference some of the individual attendee's comments, nor the complete comments if referenced.

President Blowers called the meeting of the Batavia Police Pension Board to order at 8:01 a.m.

ROLL CALL

Members Present: Eric Blowers, President; Jason Kaluzny, Secretary; Ralph Beck, Vice President; Dennis Thomas, Trustee and Robert Knanishu, Trustee

Members Absent: None

Others Present: Jeff Goodloe, Puchalski Goodloe Marzullo (PGM); Robert Vaughn, UBS (arrived 8:04 a.m.); Derek Flessner, Lauterbach & Amen

APPROVAL OF MINUTES

Motion: To approve the Regular Minutes of October 31, 2018 as presented.

Maker: Beck

Second: Thomas

Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

PUBLIC COMMENTS – None.

The Board will be going out of order at this time.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Motion: To approve the Accounting/Financial Report ending October 31, 2018 as presented.

Maker: Beck

Second: Thomas

Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

Motion: To approve the Accounting/Financial Report ending November 30, 2018 as presented.

Maker: Beck

Second: Knanishu

Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

Motion: To approve the Accounting/Financial Report ending December 31, 2018 as presented.
Maker: Beck
Second: Knanishu
Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

The January 2019 Accounting/Financial Report will be addressed at the next meeting.

INVESTMENT ACTIVITIES

Vaughn presented a review of the Asset Classes results over the last 20 years. This review showed that the worse years were 2008 and 2018. Vaughn gave a brief overview of the portfolio. The portfolio began the quarter at **\$30,447,109** and ended the quarter at **\$28,023,598**. Last quarter, the portfolio was -7.35% with the Dynamic Index -7.15%. Since inception, the portfolio is up 5.26% with the Dynamic Index up 5.65%.

The standard deviation of the portfolio is 5.65, which is pretty low. This means the risk level is low. For every \$100 contributed to the fund, the fund made \$163. Vaughn reported that UBS will be hosting 2 calls per quarter with money managers. All trustees are invited to participate in these calls. Calls will discuss investment practices and will count towards required trustee training hours.

The Board reviewed the returns of the money managers. Chilton returned 9.21% to the portfolio in the last quarter. First Trust, Oil & Gas Asset Class, has been hurting since 2014 but is up 6.2% since inception with its benchmark up 1.06%. Riverfront has replaced Wells Fargo and is up 6 basis points over its benchmark. Blowers inquired if the Fund should remain with First Trust. Vaughn stated that the Oil & Gas Asset Classes have contracts for 20+ years. It is not really the sector as much as the sector adapting to new technology. Forecasting improvement in the future. They are taking steps to improve productivity and reduce costs. Discussion continued.

The Board paused to review the Rebalancing Worksheet.

Motion: To accept the UBS Rebalancing Worksheet as presented.
Maker: Beck
Second: Thomas
Roll Call: Blowers – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye, Kaluzny – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To accept the Investment Report as presented.
Maker: Beck
Second: Thomas
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Discretionary Contract – Changes made and returned to UBS to be completed. New edition should be available by end of week. Table to the next meeting.

Cyber Security – UBS continually monitors cyber security issues. Procedures and requirements are in place to check and double check before any monies are transferred. This is a two-step procedure; 1) UBS will confirm the email; 2) UBS will talk directly with the individuals involved to confirm the request.

OLD BUSINESS

None.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Blowers read the following invoice into record: Invoice #0010838 dated 02/01/2019 from PGM for legal services in the amount of \$612.50; Tax ID #344402005 from Richard P. Harris M.D. dated 11/14/2018 for annual examination of Christopher Graver in the amount of \$280.00; Exam Works Invoice #12272018 for the annual evaluation for Scott Mercil dated 12/05/2018 in the amount of \$1950.00; Invoice #61046 from Cheryl Shimp dated 02/11/2019 for transcription services in the amount of \$75.00

Motion: To accept and approve payment of all invoices as presented.
Maker: Beck
Second: Thomas
Roll Call: Blowers – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye, Kaluzny – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Lauterbach & Amen Services – Flessner presented the latest engagement letter from L&A reference costs and obligations. This latest engagement letter has been reviewed by the Board's attorney. The fee structure, which was previously on a 3-year basis, has been changed to a 5-year engagement. This letter includes a nominal fee increase of 2.8% annualized. L&A has begun issuing the annual active member statements, which reviews benefits for members. L&A has updated their payroll platform to provide health insurance withholding, for retired members. L&A has partnered with IPPFA to provide a death auditing service, free of charge to all pension funds.

Motion: To accept and approve the engagement letter from Lauterbach & Amen dated 10/19/2018 – 5-Year Agreement until 12/31/2023 for accounting services as indicated in the proposal.
Maker: Beck
Second: Knanishu
Roll Call: Blowers – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye, Kaluzny – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

None. The Department will be hiring new members soon. New members will be discussed at the next meeting.

APPLICATIONS FOR BENEFITS

Mercil Annual Examination – Ofc. Mercil presented himself for his annual examination. Dr. Handley has concluded that Scott Mercil remains disabled.

Motion: To accept Dr. Handley’s report and continue benefits for Scott Mercil subject to future annual examinations.
Maker: Knanishu
Second: Thomas
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Graver Annual Examination – Ofc. Graver presented himself for his annual examination. Dr. Harris has concluded that Christopher Graver remains disabled.

Motion: To accept Dr. Harris’s report and continue benefits for Christopher Graver Subject to future annual examinations.
Maker: Knanishu
Second: Thomas
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Blowers reported on the passing of a Surviving Spouse, Gertrude Kramer. With the result of passing, an overpayment of \$644.87 was realized. Reached out to next-of-kin reference the overpayment and was informed that no money remains in the estate and they will not be able to reimburse the Fund. Flessner reported that the date of death was 01/23/2019, however, payment was already sent. Payment was attempted to be reversed but unsuccessful as the account had been closed. After a brief discussion the Board chose not to take any action, as it would cost more money to take action than the Board would receive, will write-off this overpayment.

ATTORNEY’S REPORT

Goodloe reported there have been a number of consolidation bills that have been filed (HB 15-66 thru 15-72). These are basically the same bills as in past recommending that all monies be filed into one account and/or depositing all monies into the Illinois Municipal Retirement Fund and the IMRF Board would manage. There are a lot of different proposals out there. The Governor has recently created a Pension Task Force, including a Pension Consolidation Task Force. These groups include a number of investment individuals to include the president of the AFFIA. Will continue to monitor.

Goodloe reported on 3 arguments in the Appellate Court. One was Kropp v. the Kildeer Police Pension Board. Ofc. Kropp applied for a disability pension based on a cervical spine disability, which was realized in a confrontation with a subject. Ofc. Kropp was in the process of medical examinations, as required by Pension Code, when the city fired him. Three reports are submitted, 2 say not disabled and 1 disabled with a finding of no-causation. After termination, Kropp made a motion to amend his application to include PTSD, hearing loss and bi-lateral knee pain. The pension board denied the motion to amend the disability application and denied the disability based on the cervical spine injury. This case was won in the lower courts and the Appellate Court affirmed the pension board's decision. The plaintiff was using the Code of Civil Procedure to justify mending his application. The Appellate Court ruled that rules of civil procedure do not apply to administrative hearings before the pension board.

Frisby v. Bolingbrook Firefighters Pension Board – While reporting for duty and 20 minutes before shift, Frisby gets out of her car, slips and falls, injured her elbow and is rendered disabled. Frisby applied for a line-of-duty disability pension because she was doing something imposed by the department's rules and regulations, showing up for work on time, as such, she is entitled to a line-of-duty disability pension. The board denied her application and approved a non-duty pension. This decision was reversed by the trial court. The board appealed and the Appellate Court reversed the trial court's decision in a recorded opinion that Frisby was only entitled to a non-duty disability pension.

Anderson v. Libertyville Police Pension Board – The board sent Anderson to a doctor for his annual examination, as required by Pension Code, and the doctor returned a finding that Anderson had recovered from disability even though he (Anderson) was suffering from arthritis in his knee. Further there were Facebook postings of Anderson engaging in Jujitsu. The board terminated Anderson's disability pension. The trial court reversed the pension board's decision. This case is now at the Appellate Court level. A final decision should be available for the next meeting.

NEW BUSINESS

Trustee Elections – Blowers reported he will not be running again. Kaluzny and Thomas will run for another term. Beck is due for reappointment and has been on the Board for 30 years. He will continue on the Board for another 2-year term but it will, most likely, be his last term. Reservations have been made for the Spring Conference. Beck and Thomas will be attending. New trustees will need to complete 32 hours of training within a year. The election will be held in April and the ballots will be counted at the next meeting.

Motion: To conduct elections for 2-Active Members and 1-Retired Member
Maker: Beck
Second: Thomas
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

2019 COLA's – A list of the 2019 COLA's was presented for review. There is a standard increase of 3%. It was noted that Surviving Spouses do not get an increase. This document also included increases that will be realized throughout 2019.

Motion: To accept the annual benefit increases as presented.
Maker: Knanishu
Second: Thomas
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Statement of Economic Interest Forms – These forms may be completed online and are due May 1, 2019. Every board member must complete this form.

Annual Audit – The audit is currently underway. L&A has completed the required work papers and forwarded them to the City for inclusion in the audit.

Actuarial Evaluation – L&A is currently in the process of preparing the actuarial for the City. This should be completed soon.

DOI Annual Statement – L&A is currently working on the annual DOI Statement and working on the annual salary review and review of participant data. Once this is complete it will be uploaded to the DOI website, a report will be drafted and sent to the Board for review. This statement is due the end of June. Copies of meeting minutes and training certificates are now required to complete this report.

Annual Verification of Beneficiaries – Letters have been sent out to all retirees. If a retiree does not return the verification, the Board will review for future action.

Blowers reminded everyone wishing to attend the IPPFA Spring Conference to contact him as soon as possible as early bird registration is closing soon.

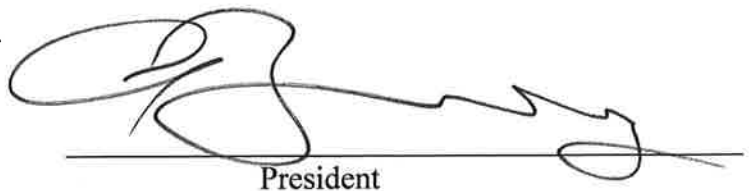
Everyone thanked Blowers for his time on the Board.

ADJOURNMENT

There being no further discussion. A motion was made by Knanishu to adjourn the meeting. Seconded by Thomas. All in favor. Motion carried.

5 Ayes 0 Nays 0 Absent

The meeting was adjourned at 9:05 a.m.



President

Secretary