

**BATAVIA POLICE PENSION BOARD
MEETING MINUTES
AUGUST 14, 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.

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

ROLL CALL

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

Members Absent: None

Others Present: Jeff Goodloe, Puchalski Goodloe Marzullo (PGM); Jon Willhite, UBS (via conference call); and Greg Keiswater, Cook Castle

VP Beck reported that he would be running the meeting due to the recent election. Later in the meeting, the Board will hold an election of officers. Beck stated that they would be going out of order in the agenda to discuss, Fiduciary Insurance Renewal.

APPROVAL OF MINUTES

Motion: To approve the Regular Minutes of May 8, 2019 as presented.

Maker: Thomas

Second: Knanishu

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

NEW BUSINESS

Fiduciary Insurance - Greg Keiswater, Cook Castle presented the renewal rates for Fiduciary Insurance for the Pension Board. Keiswater stated that the same terms and conditions, underwriting company, coverage, etc. remains. There are no changes from the current policy with the exception of the renewal premium. The Board reviewed the current policy, which has \$1M of coverage. The policy includes overpayment coverage and cyber security coverage. A \$2M policy option was presented due to the growth of the Fund. Will visit this option next year.

Motion: To renew \$1M Fiduciary Insurance Policy with Hudson Insurance Company in the amount of \$6646.00 effective 09/01/2019.

Maker: Thomas

Second: Kaluzny

Roll Call: Beck – Aye, Thomas – Aye, Knanishu – Aye, Kaluzny – Aye, Potthoff - Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

INVESTMENT ACITIVIES

Willhite distributed new authorization documents reference the new trustees to the Board. Tortise, fixed income, is reducing their fees from 30 basis points to 20 basis points. UBS will file these forms with the Department of Insurance.

Willhite reported that an Asset Allocation Study is conducted every 3 years. The Batavia Police Pension Fund is due for this review in late 2020, however, due to the turnover in Board members, may want to look at this study sooner. Willhite gave a brief overview of the current asset allocations. Questionnaires will be emailed to all Board members.

The last quarter was up 3.21% with the benchmark up 2.93%. YTD 12.72% with the benchmark at 12.02%. The 3-Year was 5.43% to the Index at 5.15% and this is where the Fund started taking on a little more risk. The 5-Year, 10-Year and Since Inception are slightly under performing, showing that the change in the asset allocations made 3-years ago were beneficial. Need to review the current allocations to make sure they are coinciding with what's going on in the market. The portfolio began the quarter at \$30,132,391 and ended at \$30,615,890. Willhite gave an overview of the status of the portfolio.

American Beacon has been on the watch list and UBS recently held a conference call with them, which all trustees were invited to attend. UBS believes that on a go forward basis, they will start to perform better. Discussion continued reference the money managers and their performances for the last quarter.

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

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

Investment Policy Statement – No updates needed.

Discretionary Contract – UBS will not be able to provide a Discretionary Contract to the Board. There is a law in the State of Illinois which states that if you have discretion, you cannot have custody.

OLD BUSINESS

Election of Board Officers

Motion: Jason Kaluzny as President, Ralph Beck as Vice President, Chris Potthoff as Secretary, Robert Knanishu as Asst. Secretary.
Maker: Beck
Second: Thomas
Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

RFP for Consultants – Discussion was held on the bids received for Consultant. A Special Meeting will be held on September 18, 2019 beginning at 8 a.m. for presentations from the following vendors: UBS, Sawyer Falduto; and National Investment Services. This special meeting will be held in the Police Department Conference Room. Vendors will be notified of time slots for presentations.

Finalized Audit – Final Audit from Sikich was received.

Motion: To approve the final audit from Sikich as presented.
Maker: Knanishu
Second: Thomas
Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

DOI Annual Statement – Lauterbach & Amen have completed this process and the Annual Statement has been filed with the Department of Insurance.

Motion: To approve the 2018 Department of Insurance Annual Statement.
Maker: Kaluzny
Second: Thomas
Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

Actuarial Report/MCR – Final version of actuarial valuation report was presented for review. Tax Levy recommendation is \$2,266,449; which is an increase of \$237,408 over last year.

Motion: To accept the Actuarial Valuation as of January 1, 2019 and to recommend a Tax Levy Contribution of \$2,266,449 to the City of Batavia.
Maker: Thomas
Second: Kaluzny
Voice Vote: 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

The Municipal Compliance Report (MCR) is required by statute. It is a reporting from the Pension Fund to the City, prior to the City's vote on the tax levy, which takes place in December. Goodloe will submit a letter to the City reference the MCR and include a copy of the current Investment Policy Statement.

Motion: To approve the MCR as presented and to authorize Goodloe to submit a letter to the City of Batavia with the MCR, including the Investment Policy Statement, with a tax levy recommendation of \$2,266,449.

Maker: Thomas

Second: Knanishu

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

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Motion: To approve the Accounting/Financial Report ending April 30, 2019 as presented.

Maker: Kaluzny

Second: Thomas

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

Motion: To approve the Accounting/Financial Report ending May 31, 2019 as presented.

Maker: Kaluzny

Second: Thomas

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

Motion: To approve the Accounting/Financial Report ending June 30, 2019 as presented.

Maker: Kaluzny

Second: Thomas

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

Motion: To approve Invoice #0011064 in the amount of \$656.25 for PGM for legal services.

Maker: Beck

Second: Thomas

Roll Call: Thomas – Aye, Knanishu – Aye, Beck – Aye, Potthoff – Aye, Kaluzny – Aye. 5 Ayes 0 Nays 0 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

None.

APPLICATIONS FOR BENEFITS

Retirement O'Brien – Kaluzny reported on receipt of an Application for Retirement Benefits from Commander Tim O'Brien. Commander O'Brien's last day of work was August 2, 2019. Cmdr. O'Brien with a DOB of xx/xx/1966, start date of 08/03/1990, effective date of pension of 08/03/2019, applicable salary at time of retirement: \$134,361.33; applicable pension percentage of 72.5%; monthly pension of \$8117.66.

Motion: To approve the retirement benefits of Cmdr. Tim O'Brien as presented effective 08/03/2019.

Maker: Thomas

Second: Kaluzny

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

Resignation Konovsky – Kaluzny reported that Officer William Konovsky resigned from the Batavia Police Department effective 07/31/2019. Officer Konovsky has been provided with his options reference his contributions in the Fund. Contributions will remain in the fund pending notification from Konovsky.

Annual Examination Mercil – Goodloe reported that Mercil currently lives in California. His last examination was with Dr. Handley. Goodloe will set up an appointment for Mercil with Dr. Handley.

Annual Examination Graver – For years, the Board has been sending Officer Graver to Dr. Harris and it was recommended to continue with Dr. Harris. Graver is approaching the age of 50, which is when the annual examinations are no longer required. It was noted that the Board cannot force treatment on any individual. Goodloe will set up the appointment for Graver with Dr. Harris.

ATTORNEY'S REPORT

Goodloe noted that Potthoff, as a new trustee, must attend the 32-hours of trustee training within the next year. The on-line Open Meetings Act training should be completed within 90 days of a trustee's election.

The Tribune ran an article reference pension consolidation. This article included statements from IML on their position, IPPFA on their position and then the position of the members drafting the legislation. No proposal has been drafted at this time, waiting for the veto session. Although there will be some sort of pension consolidation proposal, it will involve a consolidated pool of investments and then the pension boards will determine whether they want to put their assets into this pool. It will be voluntary. There is no indication that this proposal will be mandatory. There is also discussion about reducing training requirements.

PUBLIC COMMENTS

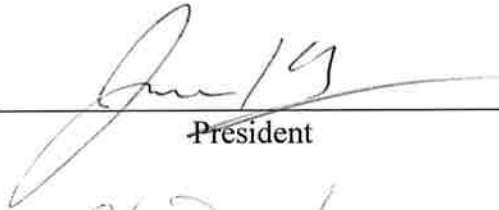
None.

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 9:45 a.m.



President



Secretary