

**BATAVIA POLICE PENSION BOARD
MEETING MINUTES
MAY 9, 2018**

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 8:00 a.m.

ROLL CALL

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

Members Absent: 1 Vacant Position

Others Present: Jeff Goodloe, Puchalski Goodloe Marzullo (PGM); Robert Vaughn, UBS; Derek Flessner, Lauterbach & Amen

APPROVAL OF MINUTES

Motion: To approve the Regular Minutes of February 2, 2018 as presented.

Maker: Kaluzny

Second: Thomas

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

INVESTMENT ACTIVITIES

Vaughn gave a brief overview of the portfolio. The portfolio ended the quarter down -1.29% with the index down -1.79%. The portfolio began the quarter at \$30,247,287 and ended the quarter at \$29,361,712.

Discussion was held on the investment earnings, market returns, dynamic index, standard deviation, sharpe ratio, alpha, risk, etc. Robert stated that the State looking at changing the hurdle rate to 6.5% or 6.25%. It was noted that the portfolio is currently in the top 30 percentile for returns. The portfolio is realizing higher returns, managing risk better and managing the down market better. The Board reviewed the manager's performance for the past quarter. Glovista is still missing their benchmark and will remain on the watch list for another 2 quarters. It was noted that Glovista shines in a more volatile market, which is where the market is trending. Lazard is a bottom up manager and is not performing as expected. They will also be watched for another 2 quarters. Fixed Income managers performed well this past quarter.

The Board reviewed the rebalancing worksheet.

Motion: To rebalance as indicated in the rebalancing worksheet dated May 4, 2018 as presented.

Maker: Beck

Second: Thomas

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

Motion: To accept the Investment Report as presented.

Maker: Beck

Second: Thomas

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

Motion: To approve the Amended Investment Policy Statement.

Maker: Beck

Second: Thomas

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

OLD BUSINESS

Discretionary Contract – UBS has been working on a discretionary contract for several months. It is almost complete. As Illinois State Statutes change and they change drastically, UBS is attempting to find a way to monitor this. Unfortunately, many money managers will not do business in Illinois due to the statute situation. Will revisit at the August meeting.

Economic Interest Statements – Everyone should have completed and submitted their Economic Interest Statements to the County. The City will be notified that Knanishu is on the Pension Board.

Konovsky – Military Service – Officer Konovsky is looking to transfer his prior service as a law enforcement officer as well as buying military service. The calculations are not complete at this time. Once those calculations are complete, Officer Konovsky will be able to make a decision. Table to the August Meeting.

Reappointment of Knanishu – Letter to the Mayor requesting the reappointment of Robert Knanishu to the Batavia Police Pension Board. Reappointment to commence May 1, 2018.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Derek gave an overview of the April 30, 2018 Monthly Report.

Motion: To approve the Accounting/Financial Report ending January 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 February 28, 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 March 30, 2018 as presented.

Maker: Beck

Second: Thomas

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

Derek reported that the IDOI report has been compiled. Board members will be updated. Waiting on confirmation of the audit and financial statements from the City. Once all data is compiled, the report will be filed.

Derek presented updates for signers on the accounts. Software has now changed to include electronic signatures. Forms were presented to members if they choose this option. Derek reviewed the HELPS program. There is a small fee for this program. Will revisit this issue at the August meeting.

Motion: To approve Invoice #0010577 from PGM dated 04/19/2018 for legal services in the amount of \$252.97

Maker: Thomas

Second: Kaluzny

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

Motion: To approve Invoice #51044 for Cheryl Shimp – Transcription of Minutes in the amount of \$75.00

Maker: Beck

Second: Thomas

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

Motion: To approve the DOI Compliance Fee for payment upon receipt.
Maker: Beck
Second: Thomas
Roll Call: Kaluzny – Aye, Beck – Aye, Thomas – Aye, Blowers – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Blowers presented pension conference invoices/expenses as follows: Blowers #2018IL-201803-0331 dated 03/08/2018 in the amount of \$415.00; Thomas #2018IL-201803-0334 dated 03/08/2018 in the amount of \$415.00; Kaluzny #2018IL-201803-0332 dated 03/08/2018 in the amount of \$415.00; and Beck #2018IL-201803-0333 dated 03/08/2018 in the amount of \$415.00 for registration for the IPPFA Pension Conference in East Peoria, Illinois; paid for with Blowers personal credit card. Check #30141 in the amount of \$1060.00 has been issued.

Motion: To approve reimbursement to Eric Blowers for expenses in reference to the IPPFA Pension Conference in East Peoria for use of personal credit card in the amount of \$1060.00.
Maker: Beck
Second: Thomas
Roll Call: Kaluzny – Aye, Beck – Aye, Thomas – Aye, Blowers – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Per Diem checks were issued as GSA guidelines in the amount of \$140.25 per member for a total cost of \$561.00. Check numbers were read into record.

Motion: To approve Per Diem checks for a total cost of \$561.00.
Maker: Kaluzny
Second: Thomas
Roll Call: Kaluzny – Aye, Beck – Aye, Thomas – Aye, Blowers – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Lodging for 2-nights for each attendee in the amount of \$336.00 for a total cost of \$1344.00. Invoices and confirmation numbers were read into record. Lodging paid for on Blowers personal credit card in the amount of \$1344.00.

Motion: To reimburse Blowers for lodging expenses for the IPPFA Pension Conference in East Peoria in the amount of \$1344.00.
Maker: Beck
Second: Thomas
Roll Call: Kaluzny – Aye, Beck – Aye, Thomas – Aye, Blowers – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Use of personal credit card due to fact that Fund's credit card was not working. New credit card to be issued.

APPLICATIONS FOR MEMBERSHIP

None.

APPLICATIONS FOR BENEFITS

None.

ATTORNEY'S REPORT

Goodloe reported on required training requirements for new trustees.

HB 4413 has passed the House and is now on to the Senate. It appears to have a lot of support. HB 4413 states that any open meeting of the board of trustees of a retirement system or pension fund or any committee established by a retirement system or pension fund, must be broadcast to the public and maintained in real time on the retirement system's or pension fund's website using a high-speed internet connection. The retirement system or pension fund must make audio and video available for meeting broadcasts and maintained under this sub-section. If this bill passes, going to have to figure out how to broadcast meetings. This could require using Facebook live or something similar in nature. This issue falls under Article 1 of the Pension Code reference investment transparency. As such, Article 3 & Article 4 Police & Fire Pension Funds are currently excluded, however, the way the language is written, it does not exclude these funds, to include the Batavia Police Pension Fund. This issue could become a monetary issue. The IPPFA has requested suggestions. Will continue to monitor the situation.

Amendment to Senate Bill 370 states that if a municipality does not submit to a fund what it is required to under the Pension Code, a fund may certify the difference to the State Comptroller. The State Comptroller may then seize State monies from the municipality and remit those monies to the pension fund. This has occurred in the City of Harvey wherein the pension fund has seized all State monies to be routed to the city for the past 3 months. The senator who represents the City of Harvey has introduced an amendment, which has passed the Senate and is now to the House, which states beginning in 2019, only 25% of the monies to be routed to a municipality may be seized as opposed to 100%. This has never been an issue in Batavia as the City of Batavia has always submitted the required monies to the Fund.

Killian vs. the Pontiac Police Pension Board – A police officer wants to apply for a line-of-duty disability pension. The disability must have resulted from the performance of an active duty in order to be a line-of-duty. An active duty is described as an active police duty inherently involving special risk not assumed by a citizen in the ordinary walks of life. In this particular case, the officer was involved in a training exercise on a bicycle, learning how to jump curbs, although successful many times, one unsuccessful attempt caused a fall, which rendered the officer disabled. A line-of-duty application was applied for and denied by the pension board.

Both the Trial Court and the Appellate Court reversed the pension board's decision and stated the officer was entitled to a line-of-duty disability pension. The opinion is that an officer performing a training exercise, in this capacity, is different from the regular citizen and therefore, falls under the category of line-of-duty.

NEW BUSINESS

Graver and Mercil are due to annual physicals. This issue will be visited at the August meeting.

PUBLIC COMMENTS

None

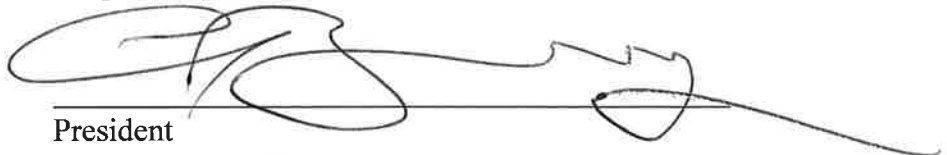
ADJOURNMENT

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

5 Ayes 0 Nays 0 Absent

The meeting was adjourned at 9:04 a.m.

Respectfully submitted,



President



Secretary