

**BATAVIA POLICE PENSION BOARD  
MEETING MINUTES  
MAY 13, 2020**

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. In accordance with Governor Pritzker's applicable Executive Order related to COVID-19, this meeting was held via teleconference and Skype.

President Kaluzny called the meeting of the Batavia Police Pension Board to order at 8:00 a.m.

**ROLL CALL**

Members Present: Jason Kaluzny, President (via Skype); Ralph Beck (via teleconference), Vice President; Dennis Thomas (via teleconference), Trustee; Robert Knanishu, Trustee (via teleconference); Chris Potthoff, Secretary (via teleconference)

Members Absent: None

Others Present: John Willhite, UBS (via Skype); Jeff Goodloe, MGP (via Skype); Derek Flessner, Lauterbach & Amen (via Skype); Robert Reitz, Lauterbach & Amen (via Skype)

**APPROVAL OF MINUTES**

**Motion:** To approve the Regular Minutes of February 12, 2020 as presented.

**Maker:** Beck

**Second:** Thomas

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

**INVESTMENT ACITIVIES**

Willhite stated that the 2020 pandemic has created a financial problem globally. The S&P is down 8.7% YTD. In March, it was down over 30%. This is how much volatility there is in the market now. The 2020 projections for deficit of the economy are over 18.1%, which is the largest since 1945 at 21%. Oil production is down 54% since 12/31/2019. The jobless rate is currently at 14% and only the great depression was worse. The US Economy shrank by 4.8% the first quarter of 2020 and 47% of this decline came from the health care sector due to hospitals stopping elective surgeries. Approximately 80% of the counties in the United States reported 5 or less deaths from the COVID-19 virus. Student Loan debt is up 103%. A lot of things are happening. Seeing volatility like never before, market dislocations within the fixed income area, spreads that have not been seen for many years, etc.

The portfolio had a market value of \$28,423,708 as of 03/31/2020. As of 05/11/2020, the portfolio market value was \$30,169,000 up \$1.745M in the last 30 days. The portfolio was down

-13.58% for the latest quarter, with the Index down -14.21%; down -6.0% for the one year, Index down -7.54%; and up 4.28% since inception. The downside protection of the portfolio has helped some in this difficult market. Willhite gave an overview of the managers individual performances. It was noted that American Beacon is continuing to underperform and is being reviewed for replacement. Will bring a manager study to the August meeting. RiverFront Asset Allocation is also under performing, however, their long-term numbers are positive. Will continue to monitor their progress. First Trust Energy EMLP is an asset class that is doing very poorly, especially with oil production down 54%. Will look at an asset class replacement at the August meeting. BlackRock is also under performing since inception. The current market has really been a challenge for BlackRock. Will continue to monitor as when interest rates rise, their portfolio performance is up. Do not want to make any changes in any managers at this time due to the volatility of the marketplace quarter by quarter. Discussion was held on the fixed income managers.

Discussion held on the rebalancing worksheet. There is currently there is a \$490,000 deficit in the cash surplus. Discussion was held on what account(s) to take the monies from, i.e., fixed income, equities, MLP's, etc.

**Motion:** To remove \$250,000 from First Trust and \$250,000 From Chilton and deposit \$500,000 in the Money Market Account.  
**Maker:** Knanishu  
**Second:** Beck  
**Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye, Potthoff – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Willhite will bring two (2) studies to the August meeting. The first on First Trust and the asset class review and the second on American Beacon as a manager.

Investment Policy Statement – No changes to the ISP.

### **OLD BUSINESS**

Portability – Reece – Awaiting on transfer from Hampshire Police Department. Until the monies have been received, cannot take action on it. Monies should be forthcoming.

Trustee Elections & Appointments – No trustee elections this year. Knanishu is up for reappointment. Will contact the Mayor's office reference status.

Financial Audit – Lauterbach & Amen have been working with the City of Batavia on the audit. It should be completed by the end of June. A final audit should be available for the next meeting.

Actuarial Valuation & City Contribution Request – Kaluzny reported that he has recently received this information. L&A also has a copy of this valuation. Reitz gave an overview of the actuarial valuation. This overview included discussions on recommended contributions, numbers

related to 100% funding, liabilities, projected growth, plan changes, consolidation bill, salary cap, assumptions, mortality tables, etc.

**Motion:** To accept the Actuarial Valuation Tax Levy Report and request a City contribution of \$2,519,865.  
**Maker:** Kaluzny  
**Second:** Beck  
**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 February 2020 and March 2020.  
**Maker:** Beck  
**Second:** Kaluzny  
**Voice Vote:** 5 Ayes, 0 Nay, 0 Absent. All in favor. Motion carried.

DOI Report – L&A have drafted the DOI Report. This report is due at the end of June. Training certificates for all trustees is now a requirement of the DOI Report. Kaluzny asked that all training certificates be forwarded in order to comply with this requirement. Training is available online. The 8-hour annual training is available, but the 4-hour consolidation training is still not available. Will continue to monitor.

**Motion:** To approve Invoice #280-1952310 in the amount of \$1475.00 from Exam Works for Dr. Hanley for the annual examination of Scott Mercil, which was conducted on 11/05/2019.  
**Maker:** Kaluzny  
**Second:** Knanishu  
**Roll Call:** Thomas – Aye, Knanishu – Aye, Beck – Aye, Kaluzny – Aye, Potthoff – Aye. 5 Ayes 0 Nays 0 Absent. All in favor. Motion carried.

DOI Annual Compliance Fee – Should be forth coming. This is a statutory fee.

**Motion:** To approve the DOI Compliance Fee upon receipt in an amount not to exceed \$8000.00.  
**Maker:** Kaluzny  
**Second:** Knanishu  
**Roll Call:** Thomas – Aye, Knanishu – Aye, Beck – Aye, Kaluzny – Aye, Potthoff – Aye. 5 Ayes 0 Nays 0 Absent. All in favor. Motion carried.

### **APPLICATIONS FOR MEMBERSHIP**

Kaluzny reported that Officer Alex Wakeley was hired on 02/10/2020 as a Tier 2 Employee. Officer Wakeley was formerly a Dixon Police Department. Table to the next meeting.

**APPLICATIONS FOR BENEFITS**

None.

**ATTORNEY'S REPORT**

Goodloe reported that the interim consolidation board is up and running. They currently have an active website. The Board is in the process of putting staff together to include attorneys, interim executive director, administrative staff, etc. Their next step will be to conduct the elections to seek the permanent board, which is to be seated by the end of this year. After all of this has been completed, the board will hire consultants and start the process for the consolidation. Pension board will then receive notification to start the transfer of their assets to the consolidated fund. It is the understanding that there will be a mandated date to complete the process once the letter is received. The statute states that full consolidation of the investments is to be completed on or before June 30, 2022. The Illinois Municipal League and IPPFA websites are also available for additional information.

**NEW BUSINESS**

Closed Session Minutes – There are no closed session minutes to discuss/release.

**PUBLIC COMMENTS**


None.

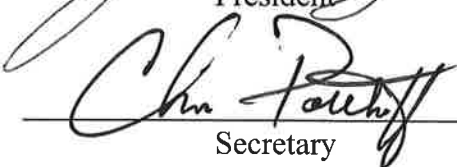
**ADJOURNMENT**

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

5 Ayes            0 Nays            0 Absent

The meeting was adjourned at 9:44 a.m.

  
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President

  
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Secretary