

**BATAVIA POLICE PENSION BOARD
MEETING MINUTES
FEBRUARY 9, 2022**

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 Kaluzny called the meeting to order at 8:02 a.m. on 02/09/2022.

Roll Call: Jason Kaluzny, President (In person); Tim O'Brien, Vice President (Zoom); Chris Potthoff, Secretary (arrived 8:17 via Zoom); Rob Knanishu, Trustee (Zoom); Laura Newman, Trustee (In person)

Members Absent: None

Others Present: Jon Willhite, UBS (Zoom); Jeff Goodloe, PGM (Zoom); Derek Flessner, Lauterbach & Amen (Zoom)

APPROVAL OF MEETING MINUTES

Motion: To approve the minutes of the Regular Meeting of 11/08/2021 as presented.

Maker: Kaluzny

Second: Newman

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

INVESTMENT ACTIVITIES

Willhite update the Board on activities from the last meeting. Willhite reported that the portfolio is getting better returns at a lower risk and the portfolio is getting well compensated for the risk the managers are putting the portfolio under. Discussion was held on the performance, risk, return, ranking, sharpe ratio, etc.

The portfolio's beginning market value was \$40,382,865 with an ending market value of \$41,307,866 up 3.26% for the quarter, 9.76% YTD and 6.62% since inception. It was noted that Riverbridge Mid-Growth has done very well against the benchmark. Although the Vanguard Extended Market had underperformed for the quarter, they have outperformed over the 3-YR, 5-YR, 7-YR and since inception. Discussion continued on the performance of the various money managers.

Willhite stated that the Board is going to have to make a determination on the monies that need to be held back reference the transition to the consolidated fund. The Consolidated Board requested an extension of 1-year as they were not prepared to make the transition. There are over 100 Boards

looking to transfer monies. Discussion continued on how long it will take for the transition/transfer of monies. This process could take anywhere from 4 months to 6 months. Batavia has a transition date of April 1, 2022. It was recommended that the Board request an extension on the transfer date to May or June. Goodloe reported that every board that has requested an extension has had that request granted. Currently, there is still no concept on how the monies will get transferred over, and once it is transferred over, how long it will be before a board has access to its monies. Goodloe also noted that just because the transfer on the Fire side seems to be working, the Police side has separate management, separate advisers, separate custodians, etc., doesn't mean it will work as well on the Police side. The new transition date given has been June 1, 2022. Discussion continued on requesting a third quarter date for the extension (not an option with the current legislation), what the current legislation states, the Kane County law suit (which is still pending from November 2021), the plaintiffs from this lawsuit have renewed their motion for a temporary restraining order in January (which an agreement was made that DOI will not take any adverse action against a pension fund that misses its transfer date or does not comply with its transfer date unless and until the court issues a ruling – provided this ruling happens before June 30, 2022). As such, legally, the monies are to be transferred by June 30, 2022. The Batavia Police Pension Board is not party to this lawsuit. Discussion continued on everyone transferring their money at the same time, dates other than June 1, too many unknowns in the process, how much cash to hold back, estimated time that funds will be frozen (60+ days), holding a special meeting, etc.

Motion: To authorize Attorney Goodloe to request an extension date of June 1, 2022.
Maker: O'Brien
Second: Knanishu
Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye.
5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Discussion was held on rebalancing the portfolio. Need \$570,000 to pay beneficiaries for the next 3 months. Willhite recommended taking \$400,000 from Invesco Equally-Weighted and \$170,000 from Vanguard Extended and move to the UBS cash account.

Motion: To rebalance the portfolio as recommended.
Maker: O'Brien
Second: Kaluzny
Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye.
5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

OLD BUSINESS

Motion: To approve the 2022 COLA increases as presented.
Maker: Potthoff
Second: Kaluzny
Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye.
5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Flessner gave an overview of the December 2021 Financials.

Motion: To Financial Monthly Report for the period ending October 31, 2021; November 30, 2021; and December 31, 2021; as presented.

Maker: Kaluzny

Second: Newman

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To approve payment to National Disability Evaluations for Scott Mercil in the amount of \$3300.00, Invoice #2112131DA; for Invoice #710056 from Cheryl Shimp for transcription services in the amount of \$120.00; and Invoice #0000119 in the amount of \$5515.12 from PGM for legal services as presented.

Maker: Kaluzny

Second: Knanishu

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

Motion: To approve Jacob Wollenweber's application for admission into the Batavia Police Pension Fund as a Tier 2 member effective 08/30/2021.

Maker: Kaluzny

Second: Newman

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To approve Michael Hockett's application for admission into the Batavia Police Pension Fund as a Tier 2 member effective 12/20/2021.

Maker: Kaluzny

Second: Newman

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To approve Joseph Gudella's application for admission into the Batavia Police Pension Fund as a Tier 2 member effective 01/24/2022.

Maker: Kaluzny

Second: Newman

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Portability – Wakeley – Kaluzny reported that Officer Wakeley was hired by Dixon PD on 01/04/2016 and was hired by the Batavia Police Department on 02/10/2020. A check has not been received from the Dixon Police Pension Fund. The true cost to Wakeley is \$3788.78, which has been received. Table to the next meeting.

APPLICATIONS FOR BENEFITS

Mercil Disability – Scott Mercil presented himself for his annual examination with Dr. Douglas Abeles. Dr. Abeles has stated that Mercil remains disabled.

Motion: To accept Dr. Abeles' report and continue with disability benefits for Scott Mercil for another year subject to an annual examination.

Maker: Kaluzny

Second: O'Brien

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Jensen Disability – Goodloe reported that the City of Batavia has filed a motion to intervene. Intervention in disability matters is not uncommon. When a party intervenes, they can present evidence, they appear at the hearing through counsel, they can cross-examine witnesses, present witnesses, make arguments, etc. Jensen and his attorney do not object to the City's motion to intervene.

Motion: To approve the unopposed motion of the City of Batavia to intervene in the matter of the Jensen Disability Hearing.

Maker: O'Brien

Second: Potthoff

Roll Call: Kaluzny – Aye, O'Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Goodloe will notify all parties that the motion has been granted. Goodloe stated that they have received all of the records on Jensen. Requests for medical records were sent out, subpoenas were sent to the City of Batavia as well as the Workman's Comp carrier. Everything has been sent to the third-party administrator to select the three(3) doctors. Waiting to hear from the third-party administrator about which doctors were chosen, appointment dates, etc. Once all reports are back from the doctors, packages will be sent to all members, Goodloe's office will work with the attorneys to determine a date for a hearing. Looking to get something scheduled in March.

Retirement – Brouillette – Kaluzny reported that Officer Richard Brouillette did not submit a request to buy-back military time. Brouillette was hired on 09/30/1999 with a last day worked of 02/01/2022; effective pension date of 02/02/2022 at the age of 52 with 22 years of creditable service. Brouillette has a total annual pensionable salary of \$117,311.90 with an applicable pension percentage of 55% and a monthly pension of \$5376.82.

Motion: To approve the retirement pension of Richard Brouillette as set forth in the pension calculation sheet presented.
Maker: Kaluzny
Second: Newman
Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye.
5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Retirement – Doggett – Kaluzny reported that Officer Thomas Doggett did not submit a request to buy-back military time. Doggett also has a QILDRO. Doggett was hired on 03/19/1997 with a last day worked of 03/21/2022; effective pension date of 03/22/2022 at the age of 53 with 25 years of creditable service. Doggett has a total annual pensionable salary of \$117,312.45 with an applicable pension percentage of 62.50% and a monthly pension of \$6110.02.

Motion: To approve the retirement pension of Thomas Doggett as set forth in the pension calculation sheet presented.
Maker: Kaluzny
Second: Newman
Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu (lost connection at 8:56 a.m.). 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Knanishu back online at 8:58 a.m.

QILDRO – Doggett – Goodloe stated that the copy received is not an official certified copy. A specific certification from the Clerk must be on the QILDRO calculation order for the Board to accept it.

Motion: To accept the QILDRO Calculation Order subject to receipt of a certified copy.
Maker: Kaluzny
Second: Newman
Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye.
5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

ATTORNEY REPORT

Goodloe reported that there is a bill pending to try to move the police consolidation out for another year. There is also a bill that would change the statutory minimum calculation for funding pension funds from 90% funding by 2040 to 90% funding by 2050. It was noted that the City of Batavia has always leaved pursuant to the recommended contribution, not the statutory minimums. In the future, it could become a problem especially if the law is interpreted in a way or written in a way such that the actuarial calculation will come directly from the consolidated fund as opposed to locally.

NEW BUSINESS

IPOPIF Exhibit B Notice Letter/Authorized Agents – The Board received a packet from IPOPIF the end of December 2021. Three(3) important notices were in this packet: 1) Date of Transfer, which is currently April 1, 2022, however, the Board will be requesting an extension to June 1, 2022. 2) Resolution to establish authorized agents to IPOPIF. Last year the Board approved a resolution for authorized representatives, which were just contacts. Authorized Agents have power to direct UBS to share the Board’s financial information with State Street (custodian for IPOPIF), and either agent would have the authority to do whatever is needed to effectuate the transfer of the assets. 3) IPOPIF Exhibit B Notice Letter, which notifies UBS to share information with IPOPIF.

Goodloe noted that the authorized agents must be signers on the UBS accounts. Currently Kaluzny and Potthoff are the authorized signers on the accounts.

Motion: To approve the Exhibit A Resolution establishing Jason Kaluzny and Chris Potthoff as the Authorized Agents to IPOPIF.

Maker: O’Brien

Second: Knanishu

Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To approve the execution of the Exhibit B Notice Letter to UBS.

Maker: O’Brien

Second: Newman

Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Pledge Depository Agreement – Goodloe stated that the Pledge Depository Agreement involves the Board’s BMO Harris account. When the transfer of assets does occur, the UBS Cash account will be dissolved. Therefore, the BMO Harris account will be paying the benefits, the custody account will kept at State Street, which is the consolidated funds account. The issue is the FDIC insurance limit on the BMO Harris account. Currently, it is \$250,000 of insurance coverage. There is a question of whether it is a total of \$250,000 or \$250,000 per participant. Notwithstanding, L&A has worked with BMO Harris on a Pledge Depository Agreement to collateralize this account above and beyond the \$250,000 FDIC insurance. BMO Harris will be pledging securities on the Board’s behalf to collateralize the account. Those securities will be held by a third-party bank, Bank of America. In the event that BMO Harris fails and the Board has more than \$250,000 in their account, the Board would go to Bank of America, under the agreement, and request that the securities be tendered to the Board so the Board may sell them to make up any losses that were incurred beyond the FDIC insurance limit. Collateralization agreements are standard in the banking industry. There is no cost for this agreement. This does take some time to execute so it was recommended that the Board move forward with this agreement as soon as possible.

Motion: To move forward with the Pledge Depository Agreement with BMO Harris and Bank of America as discussed.
Maker: Kaluzny
Second: Knanishu
Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Interim Cash Management Policy – Goodloe reported that the Board is going to need to determine how much cash to hold back to cover costs for approximately 6 months of benefits. Tabling this item to the May meeting could give the Board better insight to when the assets will be frozen and for how long. Brief discussion was held on where tax monies and employee contributions are forwarded to, documents filed with county to make changes, etc. Table to next meeting.

Request for New IPOPIF Transfer Date – Discussed earlier in meeting.

Submission of 2021 Training Certificates – All training certificates should be forward to Flessner at L&A to include with the IDOI Annual Report. Trustees are to perform 8 hours of fiduciary training every year as well as 4 hours of consolidation training.

Economic Interest Statement Forms – Economic Interest Statements are due May 1. These statements are required to be completed by all Trustees and may be completed online.

Trustee Elections & Appointments – Kaluzny reported that the Board would like to stagger the elections as currently, all elective positions end at the same time. With the next election, one of the Active Member positions will be for a one-year term and the other a two-year term. The next election will be held in 2023.

Motion: To conduct the next election for the Active Trustee positions and to stagger those terms.
Maker: Kaluzny
Second: Newman
Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Annual Statements, Audits, Actuarial – Flessner reported that everything is in process for the FY2021 IDOI Annual Statement, FY2021 Financial Audit, and the 2022 Actuarial Valuation. These will all be due within the next 6 to 9 months. L&A will reach out as needed.

Executive Session – None.

PUBLIC COMMENTS


None.

ADJOURNMENT


There being no further business a motion was made by President Kaluzny to adjourn the meeting.
Seconded by Trustee Knanishu.

Roll Call: Kaluzny – Aye, O’Brien – Aye, Newman – Aye, Potthoff – Aye, Knanishu – Aye.
5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The meeting was adjourned at 9:26 a.m.



President



Secretary