

**BATAVIA POLICE PENSION BOARD
MEETING MINUTES
FEBRUARY 12, 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.

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; Ralph Beck, Vice President; Dennis Thomas, Trustee; Chris Potthoff, Secretary; and Robert Knanishu, Trustee

Members Absent: None

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

APPROVAL OF MINUTES

Motion: To approve the Regular Minutes of November 13, 2019 as presented.

Maker: Beck

Second: Thomas

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

INVESTMENT ACTIVITIES

Willhite gave a brief overview of the portfolio. The portfolio had a beginning market value of \$32,151,778 and ended the quarter at \$33,405,219.

Discussion was held on the investment earnings, market returns, dynamic index, standard deviation, sharpe ratio, alpha, risk, capture ratio trend, etc. Willhite reported that the portfolio is currently within the 20 percentile with comparable portfolios, however, the portfolio is also taking on more risk. Discussion continued reference quarter and yearly numbers, since inception, etc. It was noted that Riverfront has greatly improved. Kaluzny noted that the Board needs to look at Tortoise and PIA closer. Their returns are consistently under performing their benchmarks. Will continue to monitor their progress. UBS will conduct a fixed income study.

The Board reviewed the rebalancing worksheet.

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

OLD BUSINESS

None.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Motion: To approve the Accounting/Financial Report ending October 31, 2019; November 30, 2019; December 31, 2019 and January 31, 2020 as presented.
Maker: Beck
Second: Thomas
Roll Call: Beck – Aye, Thomas – Aye, Potthoff – Aye, Kaluzny – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To approve the IPPFA Membership for 2020 in the amount of \$795.00, Invoice #2163; and Invoice #0011259 from PGM dated 01/22/2020 for legal services in the amount of \$787.50.
Maker: Kaluzny
Second: Beck
Roll Call: Beck – Aye, Thomas – Aye, Potthoff – Aye, Kaluzny – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

Kaluzny reported on 2 new applications for membership – Bryce Renninger and James Reece. Both officers were appointed on 10/21/2019 and are Tier 2 employees.

Motion: To accept the membership of Bryce Renninger into the Batavia Police Pension Fund effective 10/21/2019 as a Tier 2 employee.
Maker: Kaluzny
Second: Potthoff
Roll Call: Beck – Aye, Thomas – Aye, Potthoff – Aye, Kaluzny – Aye, Knanishu – Aye. 5 - Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To accept the membership of James Reece into the Batavia Police Pension Fund effective 10/21/2019 as a Tier 2 employee.
Maker: Kaluzny

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

APPLICATIONS FOR BENEFITS

Scott Mercil – Sgt. Mercil presented himself for his annual examination. Report was received from Dr. Handley stating that Mercil is unable to return to full duty and remains disabled.

Motion: To accept the report of Dr. Handley and continue benefits for Scott Mercil for another year subject to annual examinations.
Maker: Beck
Second: Thomas
Roll Call: Beck – Aye, Thomas – Aye, Potthoff – Aye, Kaluzny – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Vincent DeBlasio – Kaluzny reported that Sgt. Vincent DeBlasio retired with a last day worked on 01/02/2020. Date of hire was 04/14/1994 with a retirement date of 01/03/2020; total pensionable salary of \$134,890.22 with a monthly payment of \$7025.53.

Motion: To approve the retirement of Vincent DeBlasio effective 01/03/2020 with a monthly payment of \$7025.53.
Maker: Kaluzny
Second: Potthoff
Roll Call: Beck – Aye, Thomas – Aye, Potthoff – Aye, Kaluzny – Aye, Knanishu – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

ATTORNEY'S REPORT

Goodloe reported that legislation 101-473 requires pension boards to amend their investment policy statements to include a statement that material relevant and decision useful sustainability factors have been or are regularly considered by the board within the balance of financial fiduciary prudence to evaluate investment decisions. Such factors include but are not limited to corporate government and leadership factors, environmental factors, social capital factors, human capital factors, business model and innovation factors as provided under the Illinois Sustainable Investment Act. The Investment Policy Statement (IPS) will be updated to include this statement.

PGM sent out a memo to all clients reference the consolidation legislation. Questions reference this new legislation may be directed to Goodloe, who will try to answer them. Fiduciary training has been changed from 16 hours to 8 hours annually and must also include an addition 4-hour session on the Consolidation Act. Training options may be obtained from the Illinois Municipal League (IML) site once training is available. Training will also be available through the IPPFA conferences. Rules for training still need to be established by the Interim Board. The Governor did appoint the 9 members to the Interim Police & Fire Boards. The Interim Fire Board has already

met twice, however, it the Interim Police Board has not schedule any meetings to date. Once a meeting is scheduled, it should be available on the IML site. A state-wide election will be held to determine the permanent board members, which are to be seated by the end of this year. The Interim Fire Board is in the process of selecting and Interim Executive Director, legal counsel to represent them in regards to an intergovernmental agreement with the Illinois finance entity with respect to the \$7.5M loan they're going to take to get the entire consolidation process up and running. It is unsure if the interim boards or permanent boards will determine who the investment consultant(s), advisors, money managers, counsel, etc., will be. Until such time that this entire process is in place, everything will remain status quo. Lauterbach & Amen (L&A) will conduct the actuarial report, maintain the accounting, complete the Department of Insurance report, annual statement, UBS will be handling investments, etc. Unknown what will happen next year or if the actual change will occur before the end of this year. Discussion continued on transferring assets, how this will occur, costs of transitions, transition managers, etc.

NEW BUSINESS

Reece Portability Application – Officer Reece worked for Hampshire PD from 01/10/2016 to 10/19/2019; contributions paid were \$22,500; requesting portability. Flessner reported that typically L&A would prepare a portability calculation based on the last actuarial evaluation, however, given the changes with the consolidation, it also changed the Tier 2 benefits. Looking for Board and Attorney direction on how to move forward. Goodloe stated that the Board must retain an actuary of what the true cost of the time being transferred over. This may mean that the officer owes more money to this Fund. The Administrative Code states that you use the most recent actuarial evaluation that was completed, which was 01/01/2019. The new law, however, has increased the benefits for Tier 2 employees. Therefore, must use the most recent actuarial evaluation of 01/01/2019 and factor into the increase in benefits for Tier 2.

Motion: To direct the actuary to use the actuarial assumptions and method from 01/01/2019 but to factor in the increase in Tier 2 benefits indicated in the new public act.

Maker: Kaluzny

Second: Thomas

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

Potthoff noted that the FOP union recently received an increase in pay and the salary used for the calculation should be the salary as of the date of application.

Trustee Elections & Appointments – No elections for 2020. Knanishu is up for Mayoral reappointment this year.

Statement of Economic Interests – Forms should be forthcoming and are due May 1, 2020.

Actuarial Validation and DOI Report – Lauterbach and Amen are currently in the process of completing these reports.

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 8:47 a.m.

Respectfully submitted,



President



Secretary

