

**BATAVIA POLICE PENSION BOARD**  
**MEETING MINUTES**  
**MAY 12, 2021**

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.

Meeting called to order by President Kaluzny on 05/12/2021 at 8:05 a.m.

**Roll Call:** Jason Kaluzny, President (via Skype); Ralph Beck, Vice President (in person); Dennis Thomas, Trustee (in person); Chris Potthoff, Secretary via Skype); Rob Knanishu, Trustee (via Skype)

**Members Absent:** None

**Others Present:** Tim O'Brien (newly elected trustee – in person); Jon Willhite, UBS (via Skype); Jeff Goodloe, PGM (via Skype); Derek Flessner, Lauterbach & Amen (via Skype)

**MEETING MINUTES**

**Motion:** To approve the minutes of the Regular Meeting of February 10, 2021, as presented.  
**Maker:** Beck  
**Second:** Knanishu  
**Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

**INVESTMENTS**

Willhite gave an update on the investment actions taken at the last meeting. It was noted that the Cash Flow Policy was updated to a payout of \$215,000. Willhite reported that the portfolio began the quarter at \$37,087,300 and ended at \$37,536,438; up 1.57% to the Index up 2.56%, one year up 31.3%, 3YR up 8.36%, since inception up 6.35%.

Willhite gave an overview of the money managers performances. Willhite noted that the managers are performing well for the Fund. The Real Estate Manager, Chilton, has been underperforming during the pandemic, however, has performed well over the years. No managers currently on a hard watch.

Discussion was held on the Rebalancing Spreadsheet. This discussion included how much money will be required to pay benefits and expenses over the next several months, approximately \$521,000. It was recommended to take these monies from the equity managers as follows: \$125,000 from the Vanguard S&P 500; \$125,00 from Invesco; \$147,000 from Riverbridge SMID Growth; and \$125,000 from the Vanguard Extended Markets. This \$522,000 would be transferred to the UBS Cash Account to pay benefits and expenses.

- Motion:** To approve the transfer of \$125,000 from the Vanguard S&P 500; \$125,00 from Invesco; \$147,000 from Riverbridge SMID Growth; and \$125,000 from the Vanguard Extended Markets for a total of \$522,000 to the UBS Cash Account to pay benefits and expenses.
- Maker:** Beck
- Second:** Thomas
- Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Willhite will forward a confirmation email.

### **OLD BUSINESS**

Trustee Elections/Appointments – It was noted that everyone nominated for the position of Active Member declined apart from the current Board Members: Jason Kaluzny and Chris Potthoff. Further, the only nomination for Retired/Disabled Board Member was Tim O’Brien. All other nominees declined the position.

- Motion:** That Chris Potthoff and Jason Kaluzny be declared the Active Board Members for the Batavia Police Pension Fund by a vote of acclamation in view of the fact that they were the only Active Members nominated, and that Timothy O’Brien be declared the Retired/Disabled Trustee by a vote of acclamation in view of the fact that O’Brien was the only Retired/Disabled Member nominated.
- Maker:** Beck
- Second:** Kaluzny
- Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

VP Beck announced that he was retiring from the Board effective today. To date, the Mayor has not appointed a replacement. Beck inquired if Glenn Autenrieth would be eligible as a Mayoral appointment. Goodloe stated that the Mayor could. The Mayor has the authority to appoint anyone he desires other than a convicted felon.

Actuarial Report – The recommended contribution of the City is \$2,645,369 an increase of \$125,000 over the prior year. The market value of assets is up to \$37.5M as of the fiscal year end. The actuarial accrued liability is up to \$64M leaving an unfunded liability balance of approximately \$28M for the year. Discussion was held on sources 15, of the increase in the recommended contribution as well as the liability. It was noted that salary increases were higher than expected, increasing the contribution about \$15,000 for the year. Discussion was held on the recommended contribution, accrued liability, amortization, demographic changes, rate of return of the assets, expected benefit payments (active members eligible for retirement now), risk management, ratio of benefit payments to market assets, statutory minimum contributions, GATSB 6768 Report, etc. It was noted that the City contributes at or above the recommended amount.

**Motion:** To approve the Actuarial Report as presented and recommend a City contribution of \$2,645,369.  
**Maker:** Kaluzny  
**Second:** Knanishu  
**Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Illinois Department of Insurance (IDOI) – A draft of the IDOI report was recently distributed. Flessner will update the report to include the current Board members. This report is due the end of June. To date, there are no additional adjustments required, awaiting on the finalized copy of the audit to attach to the report and then upload to the State.

Annual Audit – Flessner reported that they are waiting on the final audit. Received confirmation that there are no changes in the Fund’s financial statements. Should be finalized before the next meeting. Table approval to the August meeting.

Economic Interest Statements – The Economic Interest Statements were due on May 1, 2021. All Board members have completed and submitted these statements.

### **ACCOUNTING/FINANCIAL REPORTS**

Flessner gave an overview of the April Financials.

**Motion:** To approve the Financial Report for month ending January 31, 2021; February 28, 2021; and March 30, 2021, as presented.  
**Maker:** Beck  
**Second:** Knanishu  
**Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

**Motion:** To approve the following invoices: Invoice #0011861 from PGM in the amount of \$247.00 for legal services; Invoice #710053 from Cheryl Shimp in the amount of \$75.00 for transcription services.  
**Maker:** Kaluzny  
**Second:** Thomas  
**Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

**Motion:** To accept and approve for payment the IDOI compliance fee in the amount of \$6684.27.  
**Maker:** Kaluzny  
**Second:** Knanishu  
**Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

### **APPLICATIONS FOR MEMBERSHIP**

None.

### **APPLICATIONS FOR BENEFITS**

Scott Mercil – Goodloe reported that they are still in the process of setting up an independent examination with IME in California. Table to the August meeting.

Kaluzny reported that the Board is in receipt of an application for retirement for DC Glenn Autenrieth. Proposed last day of work is July 2, 2021. The Board may need to conduct a Special Meeting.

### **ATTORNEY REPORT**

Goodloe reported that the Police Consolidated Board (PCB) was working to try and hire a General Investment Consultant. The problem is that they need 6 affirmative votes to accomplish this. Every time a vote was conducted, it was 5 to 4. The deadlock was finally broken and the Board hired a firm, out of state, Verus Investment Advisory Group. The Consolidated Board has also hired a CFO, Kent Custer, former CIO of the Dallas Police & Fire Pension system. The goal of the PCB is to get a plan together and to start transferring assets over by October 2021. The Fire Consolidated Board is on track to do this come October 2021, but they are way ahead of where the Police Consolidate Board is. Goodloe believes that October 2021 is very optimistic, and June of 2022 is a more realistic goal.

A lawsuit challenging consolidation has been filed in Kane County. There are 3 counts, all alleging that the consolidation law is unconstitutional and violates the pension protection clause. The arguments are that prior to consolidation, 1) Funds had a contractual right to manage their own money and select the people who would manage the money; 2) Funds had voting rights that are now diluted by consolidation; 3) The Consolidation Board has the right to take a loan of up to \$7.5M, that will have to be paid back, with interest. Individual funds had not signed up for a loan of this size, and so violates the State Constitution. There has already been a motion to SOJ (Substitute of Judge). It is believed that there will be several other SOJ's taken by different parties so it may be a while before a judge is agreed upon and the case begins. A status hearing is scheduled for June. This lawsuit is being brought forth by 18 downstate fire/police pension funds, 16 police pension funds, and 2 downstate fire pension funds.

Goodloe reported that HB 381 looks like it is going to pass. It will allow an Article 3 downstate police officer to transfer to any downstate Article 4 fire pension fund up to 8 years of creditable service. There is only a 6-month window of opportunity to make this transfer.

SB2107 is flying through the legislature and is going to pass. It states that if you are an employee of the consolidated fire or pension fund, you will be entitled to an IMRF pension. Whatever staff

is hired by the Consolidation Boards will be eligible for IMRF pensions. It was noted that salaries would be paid for out of assets from the consolidated funds.

Kaluzny inquired about a representative that was attempting to pass a bill that would effective public pensions. Goodloe reported that every year there are unusual bills that someone tries to pass but they never really go anywhere. Noted that there are hundreds of bills that are submitted and never come to life. Discussion continued on various bills that were filed and went nowhere.

### NEW BUSINESS

Kaluzny inquired about staggering terms so not all trustee terms expire at the same time. Goodloe recommended that this be done through an update of the Rules & Regulations, which have not been updated in a while. The rules may also require updating due to the consolidation legislation. Will provide a draft set of rules for the members' review. Would like to hold off on this until next year.

### PUBLIC COMMENTS

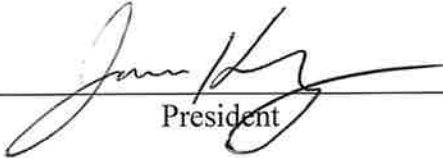
None.

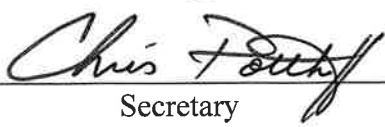
### ADJOURNMENT

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

**Motion:** To adjourn the meeting at 9:08 a.m.  
**Maker:** Kaluzny  
**Second:** Knanishu  
**Roll Call:** Kaluzny – Aye, Beck – Aye, Thomas – Aye, Knanishu – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

The meeting was adjourned at 9:08 a.m.

  
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President

  
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Secretary