

MINUTES OF THE VILLAGE OF ITASCA POLICE PENSION FUND
June 7, 2016 5:30 p.m.

1. Call to Order

The Village of Itasca Police Pension Fund meeting was called to order by President Tim Mace at 5:30 pm.

2. Roll Call

Present: President Tim Mace, Vice President Mike Walker, Secretary Bill Webster, Board Member Bill Kolf

Also present: Julie Ciesla, Finance Director Itasca, Consultant Jon Willhite - UBS, Attorney Rick Reamer, Allison Barrett and A.J. Weber – Lauterbach & Amen, LLP, Cindy Sliwinski, Secretary

Not present: Treasurer Bill Fates

3. Public Comment – None

4. Presentation - Julie Ciesla, Village of Itasca Finance Director

1 ½ months ago the Village of Itasca received a statement from the State of Illinois that it has been overpaid for two years. \$16285 total, pension portion is \$1802.36. Her recommendation is to record the repayment in the current fiscal year when the revenues came in and deduct it from the amount the village pays the pension. She asked that a motion be made for board action at this meeting.

Mr. Mace made a motion to record the repayment in the current fiscal year when the revenues came in and deduct it from the amount the village pays the pension. Mr. Walker seconded. Mr. Kolf and Mr. Webster also approved. MOTION PASSED by unanimous voice vote.

5. Presentation by Allison Barret and A.J. Weber, Lauterbach & Amen, LLP

Packet distributed and reviewed. Tab 3 – one week before payments go out, retirees will receive a statement. Vendor invoices will be paid. Any pension funds will be paid. Customer service number will always have a live person for callers to speak to.

Tab 4 – monthly compilations. All yearly reports for Department of Insurance will be generated quickly after fiscal year end. Figures for auditors collected and compiled. After annual Department of Labor report is prepared, members will be issued an “annual member statement”. Tab 5 – Administrative functions, meeting packets, minutes. Includes digitizing all records. Tab 6 – Actuarial services. Breakdown of why contribution went up or down. Tab 7 – Cost of services – flat fee.

Actuarial cost can be produced if requested. IDOI report is included. Transition – July, can be June if necessary. Bills that are currently due can be paid by them. Bill pay can be set up to be end of month or as they come in.

Barrett and Weber exit meeting.

Discussion regarding presentation:

Mr Mace: We recently found out that for the last four years the actuary bills were being paid without being approved by the board.

Reamer: New vendor would offer a good set of controls.

Kolf: Better separation of duties.

Willhite: Letter to be generated regarding money transfer to L & A. He has worked closely with L&A for years and recommends.

Further discussion – current system and proposed are close financially, proposed maybe a little more. PSA and portal both optional.

Reamer: Audit not required by pension but by the municipality. Village audit time will be cut down. He recommends L&A.

Mace: recommends all services including PSA with the exception of the portal.

Reamer: This is a legal, authorized expenditure by the pension board.

Webster: Questioned that some pensioners are being paid a month ahead

Reamer: Best practice not to. Plan to 'phase it out'.

A motion was made by Mr. Mace to hire Lauterbach & Amen, effective immediately or as soon as possible. Mr. Kolf seconded. Mr. Mace and Mr. Walker also approved. MOTION PASSED by unanimous voice vote.

Barrett and Weber re-enter meeting.

Mr. Mace informed L&A that the pension board approved to hire them for all services, including PSA, with the exception of the portal.

Question brought up regarding month ahead pay. Barrett will find out who this affects and propose solutions. Weber states they will get a Harris account set up and within 5-7 days they will begin to pay bills. He will be the main point of contact. A transition team will also be set up. Weber will use the last month's payroll sheets to get everyone paid this month.

A motion was made by Mr. Walker to authorize the set up of the Harris account and have the board and president as signers. Mr. Webster seconded. Mr. Mace and Mr. Kolf also approved. MOTION PASSED by unanimous voice vote.

Discussion of actuarial report. Mr. Mace recommends the board can use the Department of Insurance Report at no charge. He does not know what the Village's intentions are. Mr. Reamer explained that the report is free, but it is based on the DOI report it receives from the board, thus there may be a time delay. The DOI also issues a disclaimer on the report that it is not recommending the numbers presented. Reamer suggests hiring an actuary to get a real number for the board. They are currently using 7.65%. The DOI will recommend 6.75%. If they hire an actuary, the village does not need to use that number. The village currently uses Tim Sharp as their actuary. The pension is not required to pay this bill for the village. Both Mr. Reamer and Mr. Willhite recommend compromising with the village on an actuary. L&A offer actuary education that could include the village board.

A motion was made by Mr. Mace to utilize the Department of Insurance's actuarial report. Mr. Walker seconded. MOTION PASSED by unanimous voice vote.

Mr. Reamer discussed issue of retiree Dean Myles. Mr. Myles' daughter is 20 years old and autistic. Is she considered a dependent? Mr. Myles has had a petition for her to be named a dependent filed by her doctor. The decision before the board is: "If Myles and his spouse pass away, would the daughter receive benefits?"

A motion was made by Mr. Walker to adopt and publish the decision and order a finding that Hannah Myles is a dependent as defined by 3-112A of the pension code. Mr. Kolf seconded. MOTION PASSED by unanimous voice vote. All signed to approve.

The use of the treasurer's report was discussed. Should the treasurer's report that has been used in the past continue to be used? Mr. Reamer suggested using the new accounting report instead.

6. Minutes from Previous Meeting - Mr. Walker made a motion for approval of the minutes from the March 1, 2016 meeting. Mr. Webster seconded. MOTION PASSED by unanimous voice vote.

7. Treasurer's Report

Mr. Fates was not present at the meeting. The board members read over the report and had no comment.

A motion was made by Mr. Kolf to accept the treasurer's report and was seconded by Mr. Walker. MOTION PASSED by unanimous voice vote.

8. Investment Activity

UBS investment review by Jon Willhite

Page 7: Since inception, -1.755 million. The fund has underperformed against actuarial numbers.. Returns have been a little lower because of low-risk position.

Page 14: Capture ratio has been brought down.

Page 21: Reviewed returns of individual managers v. benchmark.

Bradford has been purchased by Tortoise. Some managers have left, but the pension's managers are still there and have signed long-term contracts.

A motion was made by Mr. Kolf to remain with Bradford and acknowledge the ownership changed to Tortoise. Mr. Webster seconded. MOTION PASSED by unanimous voice vote.

Rebalancing spreadsheet reviewed and the proposed corrections were highlighted:

- \$14.2 million current value
- \$176,000 deficit currently to pay beneficiary payments.

A motion was made by Mr. Walker to rebalance as proposed by Mr. Willhite and was seconded by Mr. Webster. Mr. Mace and Mr. Kolf also approved. MOTION PASSED by unanimous voice vote.

9. New Business

- A. IPD hired Keith J. Endres on 03/01/2016. Keith has filled out an application requesting to become part of the Itasca Police Pension. Keith's starting salary is \$60,367.80. (\$29.023 hourly)

A motion was made by Mr. Walker to approve this recommendation and was seconded by Mr. Kolf. MOTION PASSED by unanimous voice vote.

- B. IPD hired Anders J. Langlo on 03/15/2016. Anders has filled out an application requesting to become part of the Itasca Police Pension. Anders's starting salary is \$60,367.80. (\$29.023 hourly)

A motion was made by Mr. Webster to approve this recommendation and was seconded by Mr. Walker. MOTION PASSED by unanimous voice vote.

- C. Tim Mace and Mike Walker were re-elected to the pension board by active members. Bill Webster was re-elected to the board by retired members. The term of the elected members is from May 1, 2016 – April 30, 2018.

A motion was made by Mr. Kolf to approve this recommendation and was seconded by Mr. Webster. MOTION PASSED by unanimous voice vote.

- D. Vote for Mr. Mace to remain President, Mr. Walker to remain Vice President and Mr. Webster to remain Secretary.

A motion was made by Mr. Kolf to approve this recommendation and was seconded by Mr. Walker. MOTION PASSED by unanimous voice vote.

- E. Tim Ivers stepped down from the Itasca Police Pension. The Board would like to thank him for his years of service.

- F. Bill Kolf was appointed to the Itasca Police Pension by the Mayor. Bill will need to complete the IPPFA Certified Trustee Program online.

- G. Yousef Al-Ghoul applied for a refund of his pension contributions. Yousef paid \$3,911.53 into the pension fund during his 7 months and 16 days of service.

A motion was made by Mr. Walker to approve this refund request and was seconded by Mr. Kolf. Mr. Mace and Mr. Webster also approved. MOTION PASSED by unanimous voice vote.

10. Old Business

- A. The decision regarding Dean G. Myles guardianship of his daughter Hannah G. Myles was discussed earlier in the meeting.

11. Bills and Disbursements

- A. McBeath, Fates, & Ivers, P.C. \$1,120.00 (2-29-2016), \$290.00 (3-31-16), \$65.00 (4-30-2016), \$400.300 (5-31-2016) Total \$1875.00.

A motion was made by Mr. Walker to approve this expense and was seconded by Mr. Kolf. Mr. Mace and Mr. Webster also approved. MOTION PASSED by unanimous voice vote.

- B. Post office supplies totaling \$4.43.

A motion was made by Mr. Kolf to approve this expense and was seconded by Mr. Walker. Mr. Mace and Mr. Webster also approved. MOTION PASSED by unanimous voice vote.

- C. Minutes for March 1, 2016 meeting. \$100.00 to Cindy Sliwinski.

A motion was made by Mr. Mace to approve this expense and was seconded by Mr. Kolf. Mr. Walker and Mr. Webster also approved. MOTION PASSED by unanimous voice vote.

- D. State Compliance Fee \$3046.56.

A motion was made by Mr. Kolf to approve this expense and was seconded by Mr. Webster. Mr. Mace and Mr. Walker also approved. MOTION PASSED by unanimous voice vote.

12. Adjournment

A motion was made to adjourn the Itasca Police Pension Fund Board Meeting at 7:40 pm.

Motion was made to approve by Mr. Walker and was seconded by Mr. Webster. MOTION PASSED by unanimous voice vote.

President _____

Timothy Mace

Secretary _____

William Webster

Minutes by Cindy Sliwinski