

FOX RIVER GROVE POLICE PENSION BOARD MEETING

July 10th, 2013

Fox River Grove Village Hall
305 Illinois Street
Fox River Grove, IL 60021

1. Meeting called to order by President Resseguie at 5:31 p.m.

2. ROLL CALL

Resseguie, Slovacek, Toppel, Schumann. Also present was Don Sykes, John Diskin, Village Treasurer Jennifer Menz and Tom Gavin, Managing Director of Robert W. Baird & Co. President Resseguie stated that the quorum was met.

3. APPROVAL MINUTES

All members received minutes of the April meeting. There were no comments regarding the minutes. Toppel made motion to accept, second by Resseguie. Minutes were approved.

4. FINANCIAL REPORTS:

a. Village Treasurer's Report –

Penny Toppel gave the Village report with Treasurer Jennifer Menz in attendance, distributing the finance report. Fifty percent of taxes received along with member contributions. Toppel reported that there was \$165,406.36 as of June 30, 2013 in the bank account, but that \$130,000.00 was to be transferred to the Lake in the Hills Police Pension Fund for Domagala's pension. Money will have to be transferred from the investment accounts to the bank account. Emails to board members will be made as to the amount being transferred. Toppel also reported that once Schwab took over making monthly payments to members, that the Village was still going to have to pay withholding taxes, totaling about \$2,600.00 per month. It was clarified that Schwab was only paying the "net" pension payments; the Village was paying the withholding amounts.

Attorney Cary Collins arrived at 5:35 p.m.

The report was not completed due to personal issues and could not be approved at this time. Resseguie made motion to approve the report as it was pending an email to the members with the completed report. There was discussion regarding Domagala's transfer of funds. Slovacek pointed out that this discussion was listed under Old Business and asked the conversation wait until that time. Slovacek made a motion to accept the Village Finance Report as it was pending emails being sent with the finalized report. Resseguie made second to the motion. All approved.

b. Report from Bill Yocius – Mitchell, Vaught & Taylor, Inc.

Yocius distributed report booklets to members. Yocius reported that the investment balance started the second quarter at \$1,468,381.00. There was a loss of \$19,540.00 in investments and \$75,215.00 in contributions and transfers, leaving an ending balance of \$1,373,626.00 as of 4/30/13, allocations should be 90% in fixed investments and 10% in equities. Yocius reported what was reported earlier happened where interest rates increase, portfolios decrease in value. Most affected were the fixed incomes, particularly the CD's of longer duration. Those investments that were due to mature sooner, were not affected as much. Equities were reported up by .93%, partly due to the T. Rowe Health Fund which has been showing better than normal returns. Yocius reported that as the dollar strengthens, commodities will weaken, such as gold, gas, etc. that in turn affects the portfolio values.

Member Mike Miller arrived at 5:45 p.m.

Yocius reported on individual investments and their current returns. There was further discussion regarding how much could be invested in equities, versus fixed income. The fund must have a total value in excess of 2.5 million dollars before we could move investments to 45% equity, 55% fixed income. Motion was made by Toppel, second by Miller to approve Yocius' report. All approved (refer to investment booklet).

5. OLD BUSINESS:

a. Approval First Quarter Village Finance Report

Members reviewed the first quarter report with corrections made. Slovacek made motion to approve the report, seconded by Miller. All approved report.

b. Domagala Pension Transfer

Lake in the Hills requested \$130,997.00 to be transferred to their pension fund for Mike Domagala. Toppel made motion to transfer that amount to LITH Pension Fund. This will equate to 8 years, 8 months service for Domagala. Miller seconded the motion. Roll call vote was taken, with all members approving transfer. Toppel confirmed that once the transfer was completed, that the Domagala matter was closed.

c. Training of Pension Board members

Discussion on training. Toppel reported that she took some training, but still was required to complete the 32 hours of mandated training. The cost of the 32 hour cost is about \$600-650.00 those needing to take this training were asked to use their personal credit card and then they will be reimbursed by the Pension Board. Slovacek asked to be included in taking the 32 hour course, though still covered under the 16 hour rule. Collins reported to the new members the requirements of training. 8 hours annually must be on ethics. Another 8 hours on other training must also be completed annually. The 32 hour course must be completed within 18 months (including 6 month grace period). Since training is through Judson College, it was asked if members were eligible for college credits. It is not known if credit hours can be accumulated. Collins also reported that the Open Meetings Act online training from the Attorney General's Office must be completed by all members within 30 days of taking office or be in violation. It

was also reported that members will receive Economic Statement questionnaire from County Clerk. This form must be filled out and mailed back to the County Clerk or be in violation. Toppel made motion to pay reimbursements to members that purchase the 32 hour course, seconded by Miller. Roll call vote was made for this expenditure with all approving.

d. Annual Report

Amended Annual Report was re-filed and we are waiting for Dept. of Insurance response. Audit is currently underway again.

e. File Cabinet

Collins reported that he still possesses a 5 drawer file cabinet (not lockable) that he is willing to donate. Slovacek will make arrangements for its pickup and delivery to the Village Hall. Resseguie stated that he obtained approval from Village President Nunamaker that this cabinet will be secured in the Village Hall, not the Police Station. The cabinet will be used for the storage of all Pension Fund documents. Slovacek reported that there will still be expenditures for file folders, ring binders, etc.

f. Applications of Officers Sharp and Pikrone

Discussion was held regarding each application and if they qualified for either Tier I or Tier II pensions with Fox River Grove. Pikrone is questionable at this time until further documentation is obtained from Bellwood as to his previous participation. Officer Sharp will be Tier I.

6. NEW BUSINESS

a. Electronic Deposit of payments to collecting members

All forms have now been signed and electronic deposits will occur starting this month. Slovacek asked that deposits be in members' accounts by the 25th of the month as receiving members were accustomed to receiving their pensions at that time or due to member financial obligations. Village will issue 1099R tax forms to members while Schwab pays directly to the member.

b. Report from Tim Sharp – Actuary Report

Tax levy as of November is \$295,188.00 and that the Pension is currently 26.3% funded. Last year, the Pension was 25.6% funded.

c. Presentation from Tom Gavin on Pension Obligation Bond issue:

Mr. Gavin gave a presentation on bond issues, providing members with a written presentation booklet. Mr. Gavin reported that in 2010 a Pension Reform bill was enacted making it a requirement that Villages contribute starting in 2015 adequate amounts to have pension funds fully funded by 2040. Pension funds being underpaid, the Pension Board can request the State Controller to withhold state funds (grants, taxes, etc) back to the Village. Mr. Gavin recommended that the Village issue Pension Obligation Bonds so that the Pension Fund can change the investments to 45% equities, 55% fixed income. Mr. Gavin showed in his presentation different scenarios. Figures are based on annual increases of 5.5% in officer Orland Park did issue bonds, which so far is proving successful. Collins also stated that it was not the Pension Fund that took out the bond, but rather, the Village. Mr. Gavin presented different

bond options, either front loaded or rear loaded and the liabilities to the Village annually until 2040. Mr. Gavin stated there was the potential for significant savings to the Village while complying with the law regarding the funding of the pension and avoiding a claim by the Pension Board to the State Controller. Mr. Collins felt that now was the time to act on this bond issue as interest rates were increasing.

Miller made a motion to present this to the Village Board for their consideration. It was reported that Village President Nunamaker was already aware of this presentation. Miller withdrew his motion and it was elected that Resseguie speak with the Village President directly. Afterward, Bill Yocius and Tom Gavin will make a presentation to the Village Board.

d. Attorney Report

Mr. Collins reported that in speaking with the Department of Insurance, Pension Boards may require those on permanent disability over the age of 50 to be medically re-examined to determine if fit to return to duty. Mr. Collins felt that some basis was needed though for this re-examination. Jennifer Menz reported that IPPFA was requesting membership at a \$300.00 cost. It was opted not to join the IPPFA, but keep membership with IPPAC. Collins suggested that this matter be tabled until the 2014 meeting for further discussion.

Sykes and Diskin left the meeting at 7:04 p.m.

e. Election of Officers

Toppel made a motion that the board retains the same members in their Officer positions for another year. Miller seconded. Resseguie – President, Toppel – Vice President, Slovacek – Secretary and Miller – Asst. Secretary. All approved of re-appointment of officers.

f. Adjournment

Meeting was adjourned at 7:10 p.m. by unanimous vote. Next meeting scheduled for October 2, 2013 at the Fox River Grove Village Hall 5:30 p.m.