

**Fox River Grove Police Pension Fund**

**305 Illinois Street**

**Fox River Grove, IL 60021**

**Minutes of Meeting October 3, 2018**

1. Meeting called to order at 5:32 p.m. by President Resseguie
  
2. Roll call: Present were board members Dick Resseguie, Mark Slovacek, Mike Miller and Kira Berry. Absent was board member Penny Toppel. Also present at the meeting was David Mejia - Attorney, Cary Collins – Attorney, Heidi Andorfer from Foster & Foster, Dwight Ower from Mitchell, Vaught & Taylor and Nicole Kozlowski, Village Treasurer.
  
3. Minutes of the meeting from July 11, 2018 were reviewed. Miller made a motion to accept the minutes and Berry seconded the motion. All voted aye, and minutes were approved.

4. FINANCE REPORTS:

- a. Village report presented by Treasurer Kozlowski. For the 3<sup>rd</sup> quarter of 2018 (July 1 through September 30, 2018), the following was reported:

1. Treasury Report:

Beginning balance.....	\$324,698.46
Incomes from taxes, withholdings, etc.....	\$209,987.36
Withdrawals .....	\$321, 607.26
Ending balance.....	\$213,078.56

2. Bills for approval:

\$2,670.00 to INSPE Assoc. for Westergren examination

\$525.00 to Collins and Raja

\$175.00 to IPPAC for Penny Toppel training

\$500.00 to IPPAC for annual dues

Slovacek made a motion to accept and make payment of above bills, seconded by Resseguie.

3. Anticipated expenses for the 4<sup>th</sup> quarter, 2018 is at \$124,500.00. Slovacek suggested no funds be transferred at this time from investments into banking accounts. All voted aye in a roll call vote to approve payment of bills submitted. Slovacek questioned the cost associated with the examination of Westergren. Collins explained that since this was Westergren's last required examination, Collins arranged for it to be a comprehensive and thorough examination.

4. Previous meeting, there was discussion of a bill for \$150.00 to the Cincinnati Insurance Co. Since nothing could be found regarding this bill nor any contact phone number for them, it was elected to disregard this bill unless some other documentation can be found what this bill is for and a contact number to Cincinnati Insurance Co.

b. Investment Report from Dwight Ower – Mitchell, Vaught & Taylor. Mr. Ower distributed reports to all present (in booklet). As reported for the third quarter, the investment funds report was as follows:

Beginning value.....	\$2,727,950.00
Transfer from bank account to investments.....	\$200,000.00
Net investment gain.....	\$64,313.00
Ending value.....	\$2,992,263.00
Cumulative return since 9/30/2008.....	49.38%
NET annualized return.....	4.10%
NET investment gain.....	\$698,938.00

Mr. Ower reported that MVT billed \$3,228.00 for its third quarterly fee. However, MVT's Chief Financial Officer was unaware that in the RFP recently performed, the MVT lowered their

rate of 25 basis points. The corrected amount is \$1,705.00 at the new basis points, leaving a credit of \$1,523.00 which was deducted from the fourth quarter bill which now leaves a balance for the fourth quarter bill of \$384.00. Mr. Ower did report that MVT did not have yet a signed agreement, which he presented for signatures from Resseguie and Slovacek. Once signed, Mr. Ower will have Mr. Mitchell sign it and return a copy of the signed contract back to the Pension Board.

Mr. Ower reported in August, this marked the longest bull market in history. However, the longer the bull market continues, the sooner it will turn to a bear market and see a reduction. Changes were made in the T. Rowe Price investments which are at 13 basis points and should show a savings to the fund for these lower basis points. As for the 3<sup>rd</sup> quarter, fixed income was flat for a return, but equities had a return of 4.42%.

Finally, Mr. Ower gave a summary of MVT's strategies for the 4<sup>th</sup> quarter of 2018 as it seems that the volatility of the market will continue through the 4<sup>th</sup> quarter. He explained the yields of both the equities and bonds for this past quarter. Lastly, Mr. Ower reported that Jim Nowicki with MVT will be the fund's primary advisor, though Mr. Ower himself will also serve as advisor to this fund.

Report from Mr. Ower of Mitchell, Vaught & Taylor was accepted at this time.

## 5. OLD BUSINESS:

- a. Training was brought up. Slovacek reported that the requirement for the 16 hours of continuing education would be from August to the following August. All board members will be required to complete 16 hours (8 hours continuing and 8 hours ethics) prior to August 1<sup>st</sup>, 2019. It was mentioned of the upcoming 8 hours seminar in Hoffman Estates.
- b. Miller reported that he has not been able to check with the Illinois Dept. of Revenue with regard to Westergren's employment record from previous years. This will be investigated further to ascertain if Westergren is employed in a similar occupation.

## 6. NEW BUSINESS:

- a. Report on medical examination of Westergren for his continued full disability was given by Attorney Collins. Mr. Collins reported that per the examination, Westergren was still disabled and unable to perform the duties of a police officer. The report will be filed into Westergren's file.
  
- b. Actuarial Report as prepared and presented by Ms. Heidi Andorfer of Foster and Foster. Each board member was given the full written report by Ms. Andorfer at the time of her presentation.
  1. Village recommended contribution is reported at \$467,038.00 through 4/30/2019
  2. Unfavorable plan experience resulted from higher than anticipated active retirement experience, assets earning 4.27% investment returns which fell short of the 6.5% assumption.
  3. Village has been appraised of the corrected recommendation for contributions based on corrected numbers of active officers.
  4. Assumption changes were made based on results of the 2017 IL Dept. of Insurance experience study. Updates include: retirement, termination and disability tables, percentage of disabilities from 70% to 60%, percentage of line of duty deaths from 5% to 10% and salary increases to lower the rate for seven years and beyond from 4% to 3.5%.
  5. Per report, the fund is currently at 34.4% funded ratio (AVA/AL) The Village has been funding the recommended amounts or above the recommended amount.
  6. Miller pointed out that on page 24 of Andorfer's report was that the number of Tier 1 and Tier 2 active officers was an inaccurate number. Berry will investigate each officer's prior employment records to determine if they are Tier 1 pension eligible.

7. Motion was made by Resseguie, seconded by Slovacek to accept the report as is now, pending clarification of the Tier 1 issue brought up by Miller and changes that will need to be made to the Actuarial report. All voted to accept the report for now subject to corrected numbers and funding of the pension fund. Collins recommended a letter mended contribution should be.

7. ATTORNEY REPORT: Bill regarding retiring police chiefs collecting a second pension (double dip) was mentioned. In addition, there is still discussion in Springfield of the State combining all the pension funds into one fund governed by the State.

8. Adjournment: Motion to adjourn at 7:20 p.m. made by Resseguie, seconded by Slovacek.  
Next meeting January 2, 2019 @ 5:30 p.m.

Approved: \_\_\_\_\_

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Mark Slovacek - Secretary