



**FOX LAKE POLICE PENSION FUND
BOARD MEETING
Monday – January 21, 2019**

I. Meeting Called to Order

President Fred Loffredo called the meeting to order at 9:30 a.m.

II. Pledge of Allegiance

The Pledge of Allegiance was recited.

III. Roll Call

Board Members present were Fred Loffredo, Walter Kubalanza, Bill Golden, Joe Martin and Terrence Daly. Also present: Village Director of Finance/Treasurer Julie McManus, Dawn Ratkovich and Steve Earnhardt of Lauterbach & Amen, Tom McShane of Graystone Consulting, Attorney Laura Goodloe and Recording Secretary Carol McMullen.

IV. Approval of Agenda

A motion was made by Terrence Daly to approve the Agenda as presented; second by Joe Martin. All Ayes; motion carried.

V. Public Comments – None at this time.

VI. Approval of Minutes

A motion was made by Walter Kubalanza to accept the minutes of the quarterly meeting of 10-22-2018; second by Bill Golden. All Ayes; motion carried.

A motion was made by Walter Kubalanza to accept the minutes of the Executive session of 10-22-2018; second by Terrence Daly. All Ayes; motion carried.

A motion was made by Walter Kubalanza to accept the minutes of the Special Meeting of 11-20-2018; second by Bill Golden. All Ayes; motion carried.

VII. Financial Report

Tom McShane presented the Pension Fund Performance report for the Period ending 12-31-2018. There was \$9,560,941 in equities (60.84%), \$5,969,720 in fixed income (37.99%), and \$184,109 in cash & equivalents (1.17%), for a total ending market value of \$15,714,770. He presented and reviewed an overview of the markets for the 4th quarter 2018. Tom presented updates and changes made to the Investment Policy.

A motion was made by Terrence Daly to accept the Investment Policy Statement as amended; second by Walter Kubalanza. All Ayes; motion carried.

Tom presented and reviewed an Asset Allocation Report Analysis forecast over a 20 year period. He will bring information on REIT's to the next meeting.

A motion was made by Joe Martin to accept the Performance Report for the period ending December 31, 2018 as presented by Tom McShane; second by Terrence Daly. All Ayes; motion carried.

VIII. Accountants Report – Cash Flow Needs

Steve Earnhardt announced that he will be moving into a new position with Lauterbach & Amen and introduced Dawn Ratkovich who will now be the L&A representative for the pension fund.

Steve Earnhardt presented and reviewed the Monthly Financial Report ending 12-31-2018 showing total assets at \$15,728,067.63.

A motion was made by Joe Martin to accept the Lauterbach & Amen Financial Report for the month ended December 31, 2018 as presented; second by Bill Golden. All Ayes; motion carried.

A motion was made by Joe Martin to accept the bills as presented on the Lauterbach & Amen Report dated 12-31-2018, and pay them as they become due; second by Terrence Daly. Roll call vote taken: Fred Loffredo – Aye. Walter Kubalanza – Aye. Joe Martin – Aye. Bill Golden – Aye. Terrence Daly – Aye. All Ayes; motion carried.

As of 12-31-18 the BMO Harris account has \$184,000 which covers approximately two months expenses. Julie McManus suggested transferring approximately \$80,000 from Morgan Stanley to the Harris account to ensure there is adequate cash flow. There currently is no policy to keep a minimum balance. Julie will discuss this further with Steve Earnhardt and Tom McShane and at the Board's request will put her recommendation in writing for the next meeting.

A motion was made by Joe Martin to approve the annual Cost of Living Increases effective 01-01-2019 as presented by Lauterbach & Amen; second by Terrence Daly. Roll call vote taken: Fred Loffredo – Aye. Walter Kubalanza – Aye. Joe Martin – Aye. Bill Golden – Aye. Terrence Daly – Aye. All Ayes; motion carried.

A motion was made by Joe Martin to retroactively approve and ratify the DOI Annual Statement prepared by Lauterbach & Amen as presented; second by Terrence Daly. All Ayes; motion carried.

Steve Earnhardt stated he was contacted by Tom Olson regarding the HELPS Deduction Program. There is no cost for this service; it provides L&A with the ability to deduct independent health insurance premiums from pensioner checks. As a part of a government tax credit, health insurance premiums are deducted directly from the pension benefit in order to participate in that. There is a \$3,000 tax deduction benefit that can be taken advantage of if you are paying health insurance that is not a part of your employer plan. The insurance premium check cut from L&A will be sent to the pensioner in the mail and they will be responsible for sending it on to their insurance carrier. At Attorney Goodloe's suggestion, Lauterbach & Amen will send information on the HELPS Program to all the pensioners with their February pension paperwork.

The Affidavit of Eligibility from Richard Good has been received. He had a change of address.

IX. Attorney Report

Attorney Goodloe updated the Board on the status of the Gliniewicz case. Last week the Counsel for Gliniewicz filed a Motion for Discovery Sanctions against the State of Illinois, States Attorney Office. Due to issues arising from this motion, it was the recommendation of Attorney Goodloe to cancel the January 31, 2019 hearing until a later date.

We issued our tax levy letter to the municipality requesting the actuarial recommended amount of \$800,382. At the last meeting, Julie McManus requested paying this over 3 years instead of all in one year. The Board had an understanding that we were still going to recommend the actual amount of \$800,382 for the upcoming year. The municipality responded to our tax levy letter requesting our consideration in utilizing a transition or phase-in plan, and stating they will be contributing \$730,855 during the 2019-2020 Fiscal Year; this is still in excess of the statutory minimum by approximately \$200,000. The municipal budget will show the police pension levy at \$636,671 and the municipality will making the remaining contribution of \$94,184 from other General Fund receipts or reserves.

X. Old Business

A motion was made by Bill Golden to accept and ratify the Audit; second by Joe Martin. All Ayes; motion carried.

A motion was made by Walter Kubalanza to ratify and approve the renewal of the Fiduciary Liability Insurance for the period 01-10-2019 to 01-10-2020; second by Terrence Daly. All Ayes; motion carried.

Training Certificates were received for all Trustees. Copies will be sent to L&A.

XI. Officer Status

The retirement application for Officer Ken Welsch was received but the pension calculations have not been received. This is tabled for a special meeting.

The last day of employment for Daniel McKinney was 08-28-2018. No pension contribution paperwork has been received. This is currently tabled.

There was a question on an increase in contributions for Regan Cruz which L&A has rectified.

A new officer, James Elser, who was a Tier Two, was employed for a few weeks and has resigned. Attorney Goodloe recommended having him fill out a pension application, approving him into the fund, and then approve his refund application. There is no paperwork at this time; this is currently tabled.

XII. New Business

Julie McManus will be putting out RFP's for an actuary for a 3 year term with a possible 2 year add-on.

Attorney Goodloe handed out a draft Administrative Rules & Regulations to the Board for review. There was a general discussion regarding some of the changes made to these Rules & Regs; the approval is currently tabled until reviewed.

The Elections for active and annuitant police officer Board Trustee positions is coming up in March. According to the Rules & Regs, the active officer terms should be staggered. The cover letters for the nominations and ballots will be rewritten to reflect this. The nomination letters will go out March 1, 2019. Elections for active police officer positions will be held every year.

Tom McShane handed out forms to update the signors on the investment accounts, to include two Board members and the Village Treasurer Julie McManus.

Joe Martin and Carol McMullen will be meeting on Wednesday to review the pension member files.

XIII. Executive Session - None.

XIV. Adjournment

The next regular scheduled meeting will be April 15, 2019, at 9:30 a.m.

With no further business, a motion was made by Walter Kubalanza to adjourn at 11:40 a.m.; second by Bill Golden. All Ayes; motion carried.

Respectfully Submitted,

**Fred Loffredo
President**

**BY: Carol McMullen
Recording Secretary**