



**FOX LAKE POLICE PENSION FUND
BOARD MEETING - VIA ZOOM
April 19, 2021 - 9:30 a.m.**

1. Meeting Called to Order

President Bill Golden called the meeting to order at 9:41 a.m. Due to the COVID-19 pandemic, this meeting will take place in person and via Zoom. All votes will be taken by roll call vote during this meeting.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Roll Call

Board Members present were Bill Golden, Joe Martin, Tim Foster and Walter Kubalanza. Terrence Daly was absent. Also present: Incoming Trustee Cody Barker, Attorney Laura Goodloe, Eric Endriukaitis of Lauterbach & Amen, Tom McShane of Graystone Consulting, Village Finance Director Wayde Frerichs and Recording Secretary Carol McMullen.

4. Approval of Agenda

A motion was made by Walter Kubalanza to approve the Agenda as presented; second by Tim Foster. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

5. Public Comments - None at this time.

6. Approval of Minutes

A motion was made by Walter Kubalanza to accept the minutes of the quarterly meeting of 01-18-2021 as presented; second by Joe Martin. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

7. Financial Report

Tom McShane reviewed the actions that occurred since the last Board meeting. He stated that he will send the current Investment Policy to Bill Golden for signatures. Tom stated that the Account Signor sheet needs to be updated since there is a new Treasurer and new Trustees. It was the consensus of the Board that the two active police officers and the Village Treasurer be signors on the account.

Tom gave an overview of the first quarter market performance and reviewed the last 12 months cash flow, showing the average monthly expenses at \$92,983. With the addition of the 3% cost of living increase, the average monthly expenses will be \$95,772.00. He stated that we are currently under-allocated in fixed income and over-allocated in equity. As of 03-31-2021 there was \$14,326,079 in equities, \$6,283,718 in fixed, \$196,163 in cash for total portfolio at \$20,805,960. There was 30.20% in fixed and 68.86% in equities. The fund is up 31.22% for one year and 6.56% since inception. State Statutes say that equities be no more than 65%; Tom recommended moving \$850,000 from the equity portfolio to the fixed income portfolio.

A motion was made by Joe Martin to direct Tom McShane to move \$850,000 from the equities to the fixed income; second by Bill Golden. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

8. Accountants Report

Eric Endriukaitis reviewed the 02-28-2021 Monthly Financial Report showing total net position held in trust for pension benefits at \$20,492,636.35. Total bills for 12-01-2020 through February 28, 2021 were \$50,136.54.

A motion was made by Walter Kubalanza to accept the Lauterbach & Amen Financial Report as of 02-28-2021 as presented; second by Joe Martin. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

A motion was made by Walter Kubalanza to accept and pay the bills as presented on the Lauterbach & Amen quarterly Vendor Check Report dated 02-28-2021, and pay the bills as they become due; second by Joe Martin. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

There are no cash flow needs at this time.

9. Attorney Report

Attorney Laura Goodloe stated that the Gliniewicz matter is Stayed pending resolution of the criminal case. No further action is needed at this time. Attorney Goodloe will provide the new Trustee with an update as to the status of the legal claim.

With respect to the status of the pension consolidation, the permanent board has been working toward hiring a human resources director. They also conducted requests for proposals for financial consultants. There were 7-9 submissions with two contenders. The Board is at a 5-4 standstill with respect to which of the two firms they want to retain; they need 6 votes in order to hire their financial consultant. They met last week; the meeting minutes are not available yet. The consolidated fire board indicated they are going to start tying assets up as early as October of this year and have aspirations to have all the assets tied up by the end of this year. The police board has given no indication as to when they are going to begin tying assets up; they are still in the process of getting an auditor in place. The consolidated board will send out an auditor to audit all the assets of the downstate police and fire pension funds. Then we will be given instruction as to when to cease and desist all investment activity, and when we are to relinquish control of the funds.

With respect to the status of the loan, thus far the police board has taken about \$800,000 in loans. Their expenses are running an average of \$30,000 a month. We will continue to monitor that.

On February 23, a complaint was filed by twenty-two police and fire pension funds that vary in size and geography; there's also a number of individuals that have filed suit against the State claiming that the consolidation legislation is unconstitutional. We have a state constitutional contract provision that indicates that you have a defined right to receive a pension benefit and that right or contractual right cannot be diminished or impaired. In the past we have historically seen that when pension reform has taken place and has been called out as unconstitutional it dealt with the idea that the actual pension benefit is going to be slashed, cut or diminished in some way shape or form. Those have always been upheld as unconstitutional. The State cannot change the formula to reduce the pension benefit that you are entitled to collect.

The complainants in this litigation are arguing constitutional law violation based upon a different take on the word benefit. There are three main arguments in the litigation. 1) Based upon the fact that you are no longer going to be able to retain your own investment consultant or advisors, you have a diminished benefit. 2) The second argument deals with voting rights being diminished or impaired. As a 5 member board there are only 5 votes that count with respect to who is retained as investment advisor/consultant. With the permanent board in place you have the ability to elect members to sit on that board, however your vote is not 1 of 5 anymore, it is one of thousands. 3) The third argument is regarding the loans being taken out that are to be paid back with interest; the argument is that the interest component is illegal.

We will continue to monitor this situation. Nothing has occurred besides the complaint being filed. Service is being effectuated on all the defendants, some have been served, others are still in the process of being served. Following that they filed for injunctive relief; the courts have not ruled on this filing. If the court is to order

injunctive relief they are going to be agreeing with the plaintiffs in the matter and there is a high likelihood of success that they are going to be ruling that this is unconstitutional. If the case gets decided by the circuit court due to the fact that it is a state constitutional issue it does get fast tracked up to the State Supreme Court. The pace of this litigation will also be monitored.

The investment boards are promulgating rules with respect to how cash flow needs are to be met and the procedures that we will be utilizing in terms of keeping cash on hand and requesting money to/from the State. We will have to amend our Rules & Regulations to coincide with that.

10. Old Business

Ratification/approval of FY2020 Audit Report - The audit is complete. It will be forwarded to the Board members for review. The approval is tabled for the next meeting.

Pension Trustee Election Results - For the active officer position Bill Golden, Eric Ewald, Shane Campion and Cody Barker were nominated. Bill Golden, Eric Ewald and Shane Campion declined the nomination. Cody Barker is elected by acclamation and will serve for the term 05-01-2021 through 04-30-2023.

Walter Kubalanza stated that ballots have not been counted yet for the annuitant position; fifteen of the eighteen ballots have been received. This result is tabled for the next meeting.

A motion was made by Bill Golden to certify the results of the election for the active officer position as presented; second by Tim Foster. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

2020/2021 Affidavits of Eligibility - It was the consensus of the Board to send out the 2021 Affidavits of Eligibility now and to begin sending them out in January of every following year.

Trustee Training Status - Certificates were received for Walter Kubalanza. Carol will make sure everyone is registered for the 4 hour mandatory consolidated training.

11. Officer Status

Patrick Caputo - No paperwork has been received from Patrick Caputo regarding the disposition of his pension contributions at this time. It was the consensus of the Board to remove this item from the agenda until he contacts the Pension Fund.

Christopher Llenza - Paperwork was received from Christopher Llenza, DOH 12-12-2012, last day worked 12-09-2014.

A motion was made by Joe Martin to approve the pension contribution refund of Christopher E. Llenza in the amount of \$10,503.49; second by Bill Golden. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

Austin Van Buren - He will be resigning, his last day is to be determined. No paperwork has been received at this time. This is tabled.

Hunter Hayes - Hunter Hayes is a new hire, DOH 03-01-2021, DOB 1995, Tier II.

A motion was made by Joe Martin to approve the pension application of Hunter Hayes; second by Walter Kubalanza. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

Robert Gannon - All paperwork has been signed and received for the transfer of creditable service time of Robert Gannon from Fox Lake to Round Lake Beach. It was recommended that the paperwork be forwarded to Attorney Goodloe for review before the Board approved the transfer. A special meeting will be arranged to approve this transfer. This is tabled.

12. New Business

Pre-approval of DOI Annual Compliance Fee - A motion was made by Joe Martin to pre-approve the payment of the DOI Annual Compliance Fee not to exceed \$4,000; second by Bill Golden. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

Status as to FYE Preparation of IDOI Annual Statement, Actuarial Valuation, Annual Audit Report - Eric Endriukaitis stated that L&A prepares the Annual Statement, Actuarial Valuation and Municipal Compliance Report. The preparation has been started and salary requests have been sent to the Village. There are some changes to the Interrogatory questions which can be found in the DOI Siren. The Village will be procuring the Auditor which includes the Pension Fund audit.

13. Executive Session - None.

14. Action from Executive Session - None.

15. Adjournment

Walter Kubalanza questioned if two invoices that he received were paid. It was the consensus of the Board that any invoices received be sent to both Cody Barker and Joe Martin for approval until the officer position election in July. After that either the President or Secretary can approve invoices. They will then forward them on to Lauterbach & Amen for payment.

The Board thanked Bill Golden for his service on the Board.

The next meeting is scheduled for July 19, 2021. The Board opted for the next meeting to be held via zoom.

With no further business, a motion was made by Bill Golden to adjourn at 10:45 a.m.; second by Walter Kubalanza. Roll call vote taken: Bill Golden - Aye. Joe Martin - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Terrence Daly - Absent. Motion carried.

Respectfully Submitted,

**Bill Golden
President**

**BY: Carol McMullen
Recording Secretary**