



**FOX LAKE POLICE PENSION FUND
BOARD MEETING - VIA ZOOM
January 17, 2022 - 9:30 a.m.**

Due to the Coronavirus outbreak and pursuant to Governor Pritzker's ongoing disaster proclamation, the Pension Board President determined that an in-person meeting is not practical or prudent because of the disaster and in conjunction with Governor Pritzker's most recently issued disaster declaration. One pension board trustee will be physically present at the Board's regular meeting location due to the ongoing COVID pandemic and the most recent disaster declaration issuance. Members of the public will be permitted to attend this meeting in-person at the meeting's regular location.

At the beginning of the meeting all members will verify they can communicate with one another. All votes during this meeting will be made by roll call. A verbatim recording of this meeting will also be taken.

The Board will ensure members of the public body are provided adequate notice of this meeting. All members of the public will have the opportunity to attend this meeting remotely and submit written public comment prior to the meeting.

1. Meeting Called to Order

President Cody Barker called the meeting to order at 9:31 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Roll Call

Board Members present were Cody Barker, Tim Foster, Walter Kubalanza, and Bill Monsen. Joe Martin was absent. Also present: Attorney Laura Goodloe, Richard Lamb of Lauterbach & Amen, Tom McShane of Graystone Consulting, Village Finance Director Wayde Frerichs and Recording Secretary Carol McMullen. Public in attendance was Roy Lucke, who will be appointed as new Trustee at the next Village meeting.

4. Approval of Agenda

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

5. Public Comments - None at this time.

6. Approval of Minutes

A motion was made by Cody Barker to approve the regular meeting minutes of 07-19-2021 as presented; second by Tim Foster. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

A motion was made by Cody Barker to approve the special meeting minutes of 08-09-2021 as presented; second by Walter Kubalanza. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

A motion was made by Cody Barker to approve the regular meeting minutes of 10-18-2021 as presented; second by Walter Kubalanza. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

7. Financial Report

Tom McShane gave a summary of actions taken since the 10-18-2021 Board meeting. He reviewed the portfolio as of 12-31-2021. There was \$15,406,922 in equities, \$7,146,922 in fixed, \$154,430 in cash & equivalents for a total portfolio of \$22,708,266. There is 67.85% in equities; 31.47% in fixed and 0.68% in cash & equivalents. He presented information on Covid-19 cases, deaths & hospitalizations.

He stated that there is usually an asset reallocation in April to bring the equities to 65%. He recommended moving \$690,000 from equities to cash until we have a better understanding of the consolidation; this should cover 8 months of benefit payments and expenses.

A motion was made by Walter Kubalanza to transfer \$690,000 from the equity portfolio and move the cash to the BMO Harris bank account; second by Cody Barker. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Since inception the investment return including income from dividends and interest, and gains, would be approximately \$14 million.

A motion was made by Cody Barker to approve the Investment Report as presented by Tom McShane; second by Bill Monsen. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

8. Accountants/Treasurer Report

L&A Financial Report - Richard Lamb reviewed the 11-30-2021 Monthly Financial Report showing total net position held in trust for pension benefits at \$22,269,571.63. Total bills for 09-01-2021 through 11-30-2021 were \$56,479.16.

A motion was made by Cody Barker to approve the 11-30-2021 Monthly Financial Report as prepared by Lauterbach & Amen; second by Tim Foster. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Approval of Bills and Disbursements - A motion was made by Walter Kubalanza to accept and pay the bills as presented on the Lauterbach & Amen quarterly Vendor Check Report dated 09-01-2021 through 11-30-2021, and pay the bills as they become due; second by Tim Foster. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Approval of 2022 Cost of Living Increases - A motion was made by Cody Barker to approve the 2022 Cost of Living Increases as calculated by Lauterbach & Amen; second by Walter Kubalanza. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Actuarial Services Engagement Letter - The current Engagement Letter includes the actuarial services for FY 04-30-2022.

Cash Flow Needs - This was previously discussed.

Ratification/approval of 2021 IDOI Annual Statement - A motion was made by Cody Barker to ratify and approve the 2021 IDOI Annual Statement as prepared and submitted by Lauterbach & Amen; second by Bill Monsen. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Ratification/approval of Annual Audit Report - Wayde Frerichs stated the audit is not completed and should be complete in February. This is tabled.

9. Attorney Report

Attorney Laura Goodloe stated that Melodie Gliniewicz was scheduled to go to trial in December 2021; this was rescheduled to February 2022. No formal action is needed until the criminal matter is resolved.

Attorney Goodloe gave a brief update as to the pension consolidation litigation. The parties presented oral argument in support of their cross motions for summary judgement in early November 2021; the court took it under advisement and asked the parties to provide supplemental documentation materials and then was to rule

on the summary judgement motions before it. There has not been a ruling on the cross motions for summary judgement; it is unsure if the court system is going to deem this constitutional vs. unconstitutional. One of the plaintiffs filed a renewed motion for a Temporary Restraining Order, which is up for consideration tomorrow. If the TRO was to be put in place by the court system, it would essentially halt the consolidation until further notice. The Board will be updated if that TRO is ruled upon and whether it is in favor of the plaintiffs or not.

The IPOPIF consolidation and movement towards the final transition was to be fully effectuated by the end of June 2022. The fire boards have already effectuated almost all of their consolidations. They have a tranche coming up in February, but for the most part consolidation has moved forward on that end. Now police is gearing up with a March, April and May tranche. Fox Lake Police Pension has been assigned to the March tranche.

In December IPOPIF drafted a letter that notified Fox Lake of their tranche date and provided the fund with directives as to what should take place between now and the end of February. Exhibit A is a resolution they are asking the Board to adopt that would appoint two individuals as the "agents" that would be able to effectuate documentation on the Board's behalf between now and when consolidation hits. Along with Exhibit A is a Certification Form that needs to be signed by the Board Secretary. Exhibit B is a letter that is to be directed to Tom McShane. Tom is already on notice as to the transition date and the transfer process.

Attorney Goodloe stated a few concerns with respect to how we move forward. The March tranche is coming up in the immediate future and we do not have much guidance that she would feel comfortable with if we were to proceed with the March transfer date. In order for IPOPIF to effectuate the transfer process they have to bring an auditor in and provide us with a certified asset list which would tell us which assets are going to be transferable and which assets are going to be non-transferable.

IPOPIF has done an RFP process for the selection and retention of auditors; however, they haven't signed an engagement letter to retain the auditors they are seeking to retain in order to begin the audit process.

IPOPIF has yet to issue or draft anything in terms of a Letter of Direction, which is disconcerting at this juncture since that is a key document that we need in order for this to take place. What we have learned from the fire transfer is there were a number of custodians that took issue with the language contained in the initial Letter of Direction that required substantial renegotiation which delayed the transition process.

It is unsure at this point how the court is going to rule on the merits of the consolidation litigation. If the court were to find the legislation to be unconstitutional and Fox Lake Police Pension were to already have transferred their assets, it's going to be very difficult to try and role that money back as fast as possible, especially during an appeals process.

We have not heard anything from IPOPIF with respect to how they are going to be handling managing cash, how the Board is to be asking for and receiving sums of money from IPOPIF, and how we actually are to provide additional assets to IPOPIF if and when the time comes. Most importantly, we are in the dark as to how long we are going to be frozen with respect to money being transferred down to IPOPIF's fund and sit there and then not have access to it.

On the fire side they promulgated a rule that provided some guidance informing the funds that they would be in the dark upwards of three months from the date the assets were transferred to them and they would need at least three months of cash on hand to ensure all cash flow needs would be handled. There will be no requests that they will receive and adhere to during this time if cash is needed. It actually turned out to be over four months where they had no access to any money from the fire board for some of the fire funds because the fire board ended up freezing some tranches assets upwards of a month prior to the actual transfer date. Rule of thumb with them was they kept from 6-9 months of cash on hand to ensure that they were able to handle their expenditures and benefit payments properly.

Here, they are asking you to transfer all of the assets as of March 1 and we have no idea whatsoever what this is going to look like in terms of how long we are going to be in the dark.

We have a few options to review. We have the resolution before us. We can adopt the resolution and address who wants to be the two agents we assign. We can sign and send that letter to Tom McShane, move forward and hope that we receive more direction from IPOPIF between now and the end of February when our assets are going to be tied up with IPOPIF.

There are a number of Attorney Goodloe's clients who are in the March tranche that are asking IPOPIF for a later tranche date. There are too many lingering issues that face us as fiduciaries to this fund. We are supposed to be acting in the best interest of the participants and beneficiaries, and we cannot satisfy our duties without having more guidance and more direction from IPOPIF. There have been a number of clients who have asked her to revise the resolution, take out the March 1 tranche and send the resolution back with a letter explaining why the Board is asking for permission to be moved to a later tranche. There are a number of clients who will not sign anything until they hear further from the IPOPIF board.

As legal counsel Attorney Goodloe finds it prudent to give the Board all of its options and stay informed from a legal standpoint of her concerns. She has done research to see if the pension fund can be fined by the DOI if they request a new tranche date or decide to not fill out any paperwork until we hear further. There are not too many avenues with which the DOI can come after the pension fund in the immediate future and/or fine the fund for not adhering to the March 1 tranche. They would have to issue a notice of non-compliance. They would have to issue the pension fund a notice of right to be heard before the DOI and the pension fund would go to a hearing. Then they would rule on that matter which could take

months, but they could still find you to be in non-compliance and then potentially fine you.

With Fire Boards that opted out of their tranches, as of this date the DOI has done nothing. Even though they have been put on notice of non-compliance by the boards who did not seek to move forward with their designated initial tranche date, there could be civil enforcement. Both IFPIF and IPOPIF would have the right to seek remedy in circuit court and sue for technically violating the law. On IFPIF's end that has not taken place as of yet. This would most likely not take place on IPOPIF's end either. That would require a considerable amount of time and energy. They have to focus on gearing up for actual consolidation and the transfer of assets; they do not have the resources to go after the pension fund right now. From IFPIF's standpoint we have not seen anything other than a letter come back to the boards who decided to opt out of their tranche. The letter states you are not in compliance with their rules and directives, and put them in a later tranche date. The October tranches that did not transfer their assets were put into a February tranche. Presumably this is what would happen with IPOPIF. They would tell you that you are not in compliance, tell you they will report you to the DOI and they would put you in a later tranche. There has not been any repercussions to-date with any other funds that have chosen to respectfully move into a future tranche.

The Board reviewed and discussed all of the options presented by Attorney Goodloe and discussed the necessity of holding a Special Meeting before the March tranche date. They expressed concern about the pending court decision and how they would be able to get their assets back if they transferred it and the court decision was favorable.

As a point of reference, Tom McShane stated that he does not respond to IPOPIF; his fiduciary duty is to the Fox Lake Police Pension Board. Until he receives direction from the Board, he does not respond to IPOPIF. Attorney Goodloe explained that some Boards have adopted the resolution and notified their investment advisor. Once IPOPIF sees that the investment advisor has been notified, they email the investment advisor a list of information they want immediately to be put in an excel spreadsheet in their organized fashion. The investment advisor can't act in response to a directive that IPOPIF sends directly to them, the investment advisor works directly for the Board. He doesn't have the authority from Exhibit B to send that information to IPOPIF. He needs a Letter of Direction that we have not seen yet.

A motion was made by Walter Kubalanza to appoint Cody Barker and Wayde Frerichs as the authorized agents for IPOPIF purposes; second by Tim Foster. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

A motion was made by Walter Kubalanza to adopt the proposed resolution as amended by Board Counsel pursuant to Board discussion during its quarterly meeting concerning the March 1, 2022 tranche date; second by Cody Barker. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

A motion was made by Walter Kubalanza to direct Board Counsel to submit the executed Exhibits A and B to IPOPIF with a Letter of Direction advising IPOPIF of the Board's decision to opt out of its March 1, 2022 tranche and respectfully request a new tranche date; second by Cody Barker. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Cody Barker and Wayde Frerichs will fill in their information on the two documents and send them to Attorney Goodloe. The Secretary of the Board (Joe Martin) will need to sign the second page of the Resolution. The Resolution number will be 2022-001.

10. Old Business

Fiduciary Liability Insurance Renewal Update - Wayde Frerichs stated he still needs to finalize some documents for the renewal. Rich Lamb questioned whether to pay the invoice (\$2,783) he received; the Board approved this at their October meeting. The policy and binder has been received.

2021 Affidavits of Eligibility - A second notice was sent to Jason Baldowsky on September 17, 2021; he is a deferred pensioner until 2024. It has not been returned. Cody Barker will reach out to him to let him know that this creates difficulties with the DOI when we are filing our Annual Statement and when we get audited.

2022 Affidavits of Eligibility - These will be going out in May, 2022.

Trustee Training Status Update - Bill Monsen completed his Certified Trustee training and the 4 hour Consolidated training.

11. Officer Status

Joshua R. Maas - He is a new officer with a date of hire 01-03-2022, Tier II, DOB 1991. He was previously employed with Fox Lake, then went to the City of Chicago for a couple of years, then came back to Fox Lake. Attorney Goodloe informed Cody Barker that there is a window that's open right now concerning transfer of up to 5 years of creditable service time with Chicago Police to Article 3 funds. She will forward that Statute to Cody Barker.

A motion was made by Cody Barker to accept the pension application of Joshua R. Maas; second by Bill Monsen. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Michael P. Ostertag - A pension retirement application was received. His DOB was 10-25-1999, DOB 1970, retire date of 12-09-2021. His pension benefits were calculated by Lauterbach & Amen. He will receive a prorated amount of \$3,736.10; his monthly pension payment will be \$5,264.51.

A motion was made by Cody Barker to accept the pension retirement application of Michael P. Ostertag and approve the pension benefits as calculated by Lauterbach & Amen; second by Bill Monsen. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Cameron C. Risner - He resigned effective 10-28-2021. No paperwork has been received regarding distribution of his pension contributions. Cody Barker will contact Cameron Risner regarding distribution of his pension contributions. This is tabled.

12. New Business

Board Elections - Joe Martin's term expires 04-30-2022. There will be an election for one active police officer for the term of 05-01-2022 through 04-30-2024.

Mayor Appointments - Walter Kubalanza turned a resignation to the Board effective January 18, 2022. Tim Foster has spoken with the Mayor; he is in the process of moving and he has asked to be replaced. The Mayor asked him to attend this meeting. The Mayor is appointing one new Trustee, Roy Lucke, who will be sworn in at the next Village Board meeting. We will still need one more mayor appointment.

Secretarial Services Contract - Carol McMullen presented a new contract for secretarial services to the Board.

After Board review, a motion was made by Cody Barker to accept the Contract for Secretarial Services as presented; second by Tim Foster. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Annual Review of Administrative Rules & Regulations - There are no amendments or changes at this time. There will be updates needed after the Consolidation.

Semi-annual Review of Closed Session Meeting Minutes - It is the recommendation of Attorney Goodloe that any meeting minutes that are currently exempt from disclosure remain exempt from disclosure.

13. Closed Session - None.

14. Action from Closed Session - None.

15. Adjournment

With no further business, a motion was made by Walter Kubalanza to adjourn at 10:50 a.m.; second by Cody Barker. Roll call vote taken: Cody Barker - Aye. Tim Foster - Aye. Walter Kubalanza - Aye. Bill Monsen - Aye. Joe Martin - Absent. Motion carried.

Respectfully Submitted,

Cody Barker
President

BY: Carol McMullen
Recording Secretary