

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON JANUARY 17, 2018, AT 3:00 PM, AT THE WILLOWBROOK POLICE DEPARTMENT, 7760 S QUINCY STREET, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

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1. CALL TO ORDER

The meeting was called to order at the hour of 3:12 p.m. by Vice President Kobler.

2. ROLL CALL

Those present at roll call were Trustee Timothy Kobler, Trustee Joseph Pec, and Trustee Carrie Dittman. Also present: John Falduto and David Harrington of Sawyer & Falduto and Recording Secretary Debbie Hahn. ABSENT: Trustee Scott Eisenbeis.

\* **Item #9 Sawyer & Falduto Quarterly Report was the first item discussed.**

9. APPROVAL - QUARTERLY INVESTMENTS MADE OCTOBER THRU DECEMBER 2017 - SAWYER & FALDUTO

John Falduto reviewed the Investment Policy Guidelines that was discussed at the October meeting of the fixed income and asset diversification. The Investment Policy will be discussed later in the meeting or leave it for the next meeting.

Mr. Falduto advised there are no performance numbers to review for the Willowbrook Police Pension Fund until after January 1<sup>st</sup>, 2018. The quarter started with a market value of \$21,218,236 and ended at \$21,825,310.00, with a \$696,713 investment return. The gain on the sale of investments is \$1,049,664.00 since the rollover to Sawyer Falduto.

Mr. Falduto reviewed the benchmark performance in general (not for Willowbrook). The year-to-date blended benchmark on Equity Return was 20.80%, Fixed Income was 2.30% and the Cash Equivalent was .85%.

David Harrington discussed the Tax Reform for Equities. The equity market finished the year strong during the 4<sup>th</sup> quarter. Economic growth continues to be solid with the Gross Domestic Product increasing at an annual rate of 3%. The Federal Reserve raised its benchmark interest rate by 0.25% targeting a range of 1.25% to 1.5%.

Mr. Falduto reviewed Willowbrook's Portfolio statement and advised that Sawyer Falduto attempts to keep the portfolio in line with the benchmark and performance at a little high risk. The investment objective in the mutual fund performance is to have good diversification for these types of funds.

Mr. Harrington discussed the fixed income portfolio structure. Allocations for corporate bonds was reduced slightly to 28% with a target of 10% and range of 0-30% of the portfolio. The maturity distribution for the 7-10 year securities was increased to 32.4% of the total fixed income securities.

Trustee Dittman inquired about how often the Fund will be rebalanced. Mr. Falduto replied that rebalancing is market driven, it not automatically done monthly or any other timeframe, unless the Fund exceeds a target like 65% investment in equities, especially at the fiscal year end.

Trustee Pec asked where the funds will be taken from, for the \$50,000 repayment to the Village (agenda item 8). Mr. Falduto stated that interest comes into the fund every day, so that should not be a problem. Otherwise, they would look for investments whose maturities are up, liquidate a security that is close to maturity, or look for the best place to liquidate from.

MOTION: Made by Trustee Pec, seconded by Trustee Dittman to approve Sawyer & Falduto's Quarterly report.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

3. APPROVAL - MINUTES OF THE REGULAR MEETING - October 18, 2017

The Board reviewed the minutes from the October 18, 2017 meeting.

MOTION: Made by Trustee Pec, seconded by Trustee Dittman to approve the minutes of the regular meeting of the Willowbrook Police Pension Fund Board of Trustees held on October 18, 2017.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL - APPLICATION FOR RETIREMENT BENEFITS - ARTHUR SVEHLA

Trustee Dittman read for the record the regular retirement application (Tier 1) from Sergeant Arthur Svehla. As of the pay period ending December 31, 2017, Sergeant Svehla has contributed \$193,873.72 into the pension fund (January 1, 2018 contribution will be withheld on final paycheck).

As noted on the paperwork, Sergeant Svehla's retirement date was January 1, 2018 and his retirement pension began on January 2, 2018. He has earned 31 years, 5 months and 26 days of service credit granting him 75.0% of his current salary plus longevity of \$108,204.66. This calculates to an annual pension amount of \$81,153.50.

The initial monthly pension will be \$6,762.79, except that the month of January 2018 is prorated and will be \$6,544.64.

The first increase in pension will occur February 1, 2019.

• **President Davi arrived at 3:36 p.m.**

MOTION: Made by Trustee Pec, seconded by President Davi to approve the regular retirement application for Sergeant Arthur Svehla.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. APPROVAL - MONTHLY PENSION BENEFITS AS OF JANUARY 1, 2018

Trustee Dittman reviewed the schedule as included in the packet on the statutory increases in pension benefits effective January 1, 2018. There are a few special items to note: Retirement pension for Ted Kolodziej increases 3% on August 1, 2018 to \$5,958.85/mo. (1-year retirement anniversary); and retirement pension for Art Svehla begins January 2, 2018 (prorated), full monthly amount begins February 1, 2018.

After a brief discussion by the Board, the following motion was made:

MOTION: Made by Trustee Kobler, seconded by Trustee Pec, to approve the statutory increases in pension benefits for eligible participants effective January 1, 2018.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. APPROVAL - QUARTERLY EXPENSES REPORT OCTOBER THROUGH DECEMBER 2017

Trustee Dittman reviewed the quarterly expense report for the period October through December 2017. Expenses include \$150.00 attorney fees for Atwell & Atwell, audit fees for the pension fund were \$3,126.00, quarterly financial advisory fees were \$7,766.65, IPPFA annual dues for 2018 were \$795.00. The pension benefits for October, November and December totaled \$283,420.84; widow's benefit was \$9,628.11; and disability benefits totaled \$17,119.86, as detailed out by pensioner in the attached schedule. There was also a reclassification of \$1,500.00 from fees/dues/subscriptions to schools/conferences/travel to move the IPPFA conference fees to the correct account.

After Trustee Dittman reviewed the expenses, the following motion was made:

MOTION: Made by Trustee Pec, seconded by President Davi, to approve the quarterly expense report for October through December 2017.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. REPORT - POLICE PENSION FUND BALANCES FISCAL YEAR TO DATE THRU DECEMBER 31, 2017

Trustee Dittman advised this is a newer report to give the board an illustration of the entire fund of where it is at the current point in time vs. the same time last year. Total assets as of December 31, 2016 were \$19,324,278.35 vs December 31, 2017 of \$21,723,075.39.

Revenues section has an additional column for the annual budget. This will show revenues year to date as of 12/2016, 12/2017, and what was budgeted for the entire 2017/18 fiscal year. Total revenues as of 12/2016 were \$1,011,738.77, as of 12/2017 were \$2,151,608.97 and the budgeted amount for FY 2017/18 of \$1,580,318.00, which there are four months remaining on this budget.

Total expenditures as of 12/2016 were \$708,668.18 vs. 12/2017 of \$825,032.41 and the budgeted expenditure amount of \$1,136,105.00.

The Board accepted the report as presented by Trustee Dittman.

8. APPROVAL - TRANSFER TO VILLAGE'S GENERAL FUND FOR REIMBURSEMENT FOR POLICE PENSION TO THE VILLAGE'S GENERAL FUND - \$50,000

Trustee Dittman explained that as presented in the accompanying spreadsheet, due to recent retirements, the fund is paying out more in monthly benefit payments than is coming in through officer and Village contributions. The Village's General Fund fronts the payments for pension and administrative benefits and is reimbursed by the Police Pension Fund. The monthly deficit is about \$24,129.00. As of January 10, 2018, the Police Pension Fund had about \$22,800 of available cash. The deficit will grow to about \$50,000 by March 31, 2018.

Thus, a reimbursement of funds from the police pension account at Charles Schwab to the Village's General Fund in the amount of \$50,000.00 is necessary to cover the estimated shortfalls over the next 3 months. The amount due to the General Fund will be revisited at the April 2018 pension board meeting.

Sawyer Falduto requested that Trustee Dittman send them an email instructing them to transfer the \$50,000. A brief discussion was held about Sawyer Falduto making future transfers when reimbursement was needed without having to approve at every pension board meeting. The board discussed allowing Trustee Dittman to request ongoing transfers in accordance with cash management needs. After a discussion, the following motion was made:

MOTION: Motion to transfer \$50,000 from the Schwab account to the Village's General Fund to avoid a shortfall, and to allow Trustee Dittman to request ongoing transfers from Charles Schwab to the Village's bank account at Community Bank of Willowbrook was made by President Davi, seconded by Trustee Pec.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

**\*9. Item #9 was presented at the beginning of the meeting.**

10. VISITOR BUSINESS

None presented.

11. NEW BUSINESS

A. NEW DISABILITY PENSION

Trustee Dittman and Trustee Kobler informed the board that there may be a pension member filing for a disability pension. No formal application has been filed but an officer has made an inquiry. The board would like to have Trustee Dittman contact Attorney Atwell to find out if there are any timelines and requirements once the disability pension application is filed. In addition, where would the board send him for medical evaluations.

B. ANNUAL AFFIDAVIT FOR PENSIONERS

Recording Secretary Debbie Hahn advised that in the next week, the annual address confirmation form for benefit distribution, which must be signed and notarized by the beneficiary, will be mailed to all pensioners.

C. ANNUAL REVIEW OF PENSION FUND MEMBER FILES

Trustee Dittman inquired on when the last time the pension fund member's files had been reviewed to make sure all the required documents are in the file. Trustee (Secretary) Eisenbeis was appointed to complete this review with Debbie's assistance and to report on the status at the next police pension meeting in April.

12. OLD BUSINESS

None presented.

13. COMMUNICATIONS

None presented.

14. ADJOURNMENT

MOTION: Made by Trustee Dittman, seconded by Trustee Pec to adjourn the Board of Trustees meeting of the Police Pension Fund at the hour of 4:06 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

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Date

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President

Minutes transcribed by Debbie Hahn.