

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON OCTOBER 14, 2020, AT 3:00 PM, AT THE WILLOWBROOK POLICE DEPARTMENT, 7760 S QUINCY STREET, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

DUE TO THE COVID 19 PANDEMIC THE BOARD WILL BE UTILIZING A CONFERENCE CALL FOR THIS MEETING

1. CALL TO ORDER

The meeting was called to order at the hour of 3:10 p.m. by President Davi.

2. ROLL CALL

Those present at roll call in person were President Umberto Davi, Trustee Pec, and Recording Secretary Nancy Turville. Those present via conference call were Trustee Kobler, Trustee Chavez-Jimenez, and Trustee Dittman. Also present via conference call: John Falduto and David Harrington of Sawyer Falduto.

3. VISITOR BUSINESS

None presented.

4. APPROVAL - MINUTES OF THE REGULAR MEETING - July 8, 2020

The Board reviewed the minutes from the July 8, 2020 meeting.

MOTION: Made by Trustee Pec, seconded by Trustee Kobler to approve the minutes of the regular meeting of the Willowbrook Police Pension Fund Board of Trustees held on July 8, 2020.

MOTION DECLARED CARRIED

5. APPROVAL - EXPENSES INCURRED JULY THROUGH SEPTEMBER 2020

Trustee Dittman reviewed the quarterly expense report for the period July through September 2020. Expenses include \$300.00 in legal fees, \$6,000.00 in actuary services fees, \$7,496.00 in quarterly asset management fees, \$1,590.00 in conference fees, \$500.00 for IPPFA fees, and \$19.33 in postage charges. The retirement pension benefits for the quarter totaled \$330,094.53; surviving spouse benefits totaled \$20,795.58, non-duty disability benefits totaled \$17,978.91; and duty-disability benefits totaled \$18,022.83, as detailed out by pensioner in the attached schedule.

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

MOTION: Made by Trustee Pec, seconded by Trustee Kobler, to approve the quarterly expense report for July through September 2020.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. REPORT - AUDITED FINANCIAL STATEMENTS - APRIL 30, 2020

Trustee Dittman reviewed the audited financial statements as of April 30, 2020.

On the Statement of Fiduciary Net Position, a total of \$22,814,485 in Assets are shown with \$100 in accounts payable giving a Net Position of \$22,814,385.

The Statement of Changes in Fiduciary Net Position shows budgeted amounts versus actual. Village contributions of \$986,858 matches budget exactly and Police contributions actual contribution of \$201,309 versus the budgeted amount of \$206,484 falls short due to two officers only participating for a small portion of the year. Interest income actual is at \$735,290 versus the budget of \$500,000. Deductions include Administration expenses at \$20,580 and Benefits and refunds at \$1,510,460.

The Board accepted the report as presented by Trustee Dittman.

7. REPORT - POLICE PENSION BALANCES THROUGH SEPTEMBER 30, 2020

Trustee Dittman advised total assets were \$25,221,104.71 as of September 30, 2020. There is \$64,562.90 due back to the General Fund netted in that total.

Revenues include a year-to-date Village contribution of \$454,686.32, Police contributions of \$82,288.98, interest income of \$187,487.75, unrealized gain on investments of \$2,320,706.82, and realized gains on sales of investments of \$26,145.74 resulting in year-to-date revenues of \$3,071,315.61.

Total expenditures as of September 30, 2020 were \$664,595.87.

The Board accepted the report as presented by Trustee Dittman.

8. APPROVAL - ACTUARIAL VALUATION REPORT AS OF April 30, 2020

Trustee Dittman reviewed the report prepared by Foster & Foster. The actuary's recommended funding amount using the entry age normal method is \$1,190,994 or 61.2% of current payroll and targets 100% funding by 2040. An alternative method, which is the statutory minimum amount calculated under the projected unit credit actuarial cost method, is \$744,118 or 38.2% of current payroll, assuming 90% funding by 2040. The current Village contribution is \$1,074,713 based on 100% funding by 2040, assuming a 7.25% investment rate of return. The actual investment rate of return for fiscal year ending 4/30/2020 was 4.65%. Over the past year there has been an 11.4% increase in pension payments to \$1.51 million, and the

funded ratio has dropped to 71.4% from 72.0% last year. As of April 30, 2020 the ratio of inactive to active members is 20:21.

President Davi abstained from the discussion and vote acting only as the Chair due to his role as Trustee on the Village Board.

Trustee Kobler noted that he is pleased with the work Foster & Foster provided. Also to be noted is that the investment return versus assumed rate of return noted in the report is a snapshot as of April 30, 2020 and does not reflect the rebounds made after that date.

After discussing the report and the differences between the two actuarial cost methods, the following motion was made:

MOTION: Motion to approve the Actuarial Valuation Report, was made by Trustee Pec, seconded by Trustee Dittman.

MOTION DECLARED CARRIED

9A. APPROVAL - REQUIRED REPORTING TO MUNICIPALITY BY PENSION BOARD FOR FISCAL YEAR ENDING APRIL 30, 2020

President Davi abstained from this discussion and vote acting only as the Chair due to his role as Trustee on the Village Board.

Trustee Dittman presented the required annual reporting to the Village by the Pension Board for fiscal year ending April 30, 2020 as prepared by Foster & Foster.

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

MOTION: Made by Trustee Pec, seconded by Trustee Kobler to approve the report to the municipality.

MOTION DECLARED CARRIED

9B. APPROVAL - REQUEST FOR ANNUAL VILLAGE CONTRIBUTION FOR FISCAL YEAR ENDING APRIL 30, 2022

President Davi abstained from this discussion and vote acting only as the Chair due to his role as Trustee on the Village Board.

Trustee Dittman reminded the Board the Annual Report to the Municipality report includes both the statutory minimum and the entry age normal amounts. The recommended contribution based off the Entry Age Normal actuarial cost method amounts to \$1,190,994.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the requested contribution of \$1,190,994 from the Village of

Willowbrook to the Willowbrook Police Pension Fund for the year ended April 30, 2022.

Trustee Kobler commented that the motion was not an easy decision given the current pandemic and resulting financial situation. The method of funding being requested is the actuarial sound and financially sound method.

MOTION DECLARED CARRIED

10. APPROVAL - ANNUAL DEPARTMENT OF INSURANCE REPORT - APRIL 30, 2020

Trustee Dittman reviewed the Department of Insurance report and discussed the continued increase in the number of interrogatory questions and uploaded documentation required. The report was submitted to the Department of Insurance on October 12, 2020. Trustee Dittman was thanked for her efforts by all Trustees.

MOTION: Made by Trustee Pec, seconded by Trustee Kobler to approve the Annual Department of Insurance report as filed by Trustee Dittman.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

11. REPORT - TERMINATION OF EMPLOYMENT - OFFICER OTHELLO ROSAL

Trustee Dittman informed the Board that Officer Rosal separated from his employment with the Village effective September 6, 2020 with 4.96 years of service. He has contributed \$36,419.22 into the pension fund. A request for refund of the contributions has not been received nor a formal request to transfer his service credit. At this time his contributions will remain in the pension fund and do not earn any interest. No action is needed at this time.

The Board accepted the report as presented by Trustee Dittman.

12. APPROVAL - APPLICATION OF OFFICER SANDRA BLAYLOCK - TIER 2

New Tier 2 Officer Sandra Blaylock started as a full-time patrol officer with the Village of Willowbrook on October 5, 2020. Officer Blaylock, a married officer with two children, two living parents, and no previous Article 3 employment, has submitted the necessary birth certificates and marriage license to the Police Pension Board.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the application for membership for Officer Sandra Blaylock.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

13. APPROVAL - APPLICATION OF OFFICER HRISTO BOJILOV - TIER 2

New Tier 2 Officer Hristo Bojilov started as a full-time patrol officer with the Village of Willowbrook on October 5, 2020. The Police Pension Board has received the birth certificate from Officer Bojilov, a single officer with no children, two living parents, and no previous Article 3 employment.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the application for membership for Officer Hristo Bojilov.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

John Falduto left the meeting at 3:52 P.M.

14. APPROVAL - APPLICATION OF OFFICER BRIAN DILLON, JR - TIER 2

New Tier 2 Officer Brian Dillon, Jr. started as a full-time patrol officer with the Village of Willowbrook on October 5, 2020. The Police Pension Board has received the birth certificate from Officer Dillon, a single officer with no children, one living parent, and previous Article 3 employment that does not qualify to move to the pension fund.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the application for membership for Officer Brian Dillon.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

15. APPROVAL - APPLICATION OF OFFICER BRENDAN EPPS-JOHNSON - TIER 2

New Tier 2 Officer Brendan Epps-Johnson started as a full-time patrol officer with the Village of Willowbrook on October 5, 2020. Officer Johnson, a married officer with no children, two living parents, and no previous Article 3 employment, has submitted the necessary birth certificates and marriage license to the Police Pension Board.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the application for membership for Officer Brendan Epps-Johnson.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

16. APPROVAL - APPLICATION OF OFFICER BRYAN WELLER - TIER 2

New Tier 2 Officer Bryan Weller started as a full-time patrol officer with the Village of Willowbrook on October 5, 2020. The Police Pension Board has received the birth certificate from Officer Weller, a single officer with no children, two living parents, and no previous Article 3 employment.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the application for membership for Officer Bryan Weller.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

17. APPROVAL - INVESTMENT POLICY

Trustee Dittman and David Harrington noted there were no new changes or updates needed to Investment Policy. The policy was reviewed and no action is needed at this time.

18. APPROVAL - INVESTMENTS MADE JULY THROUGH SEPTEMBER 2020 - QUARTERLY INVESTMENT REPORT - SAWYER FALDUTO

Mr. Falduto reviewed the Portfolio Performance Review and the portfolio allocation as of September 30, 2020 are on target with 60.3% Equities, 39.1% Fixed Income and 0.6% Cash Equivalent. Overall performance for quarter 3 resulted in a Market Value increase of \$1,288,956. Total account return in the 3rd quarter was 5.38% and 5.34% net. The benchmark is 4.99%. 3rd quarter equity return was 8.31% compared to the blended benchmark of 7.71%. Fixed income return was 0.78% in the 3rd quarter. Cash equivalent return in the 3rd quarter remained at 0.00%. Total Investment Gain since account inception of 11/30/2017 is \$5,342,734. Total account return since account inception is at 7.04% compared to the benchmark of 7.34%. Equity return in the same period is at 7.38% compared to the blended equity benchmark of 7.80%. Since account inception the fixed income return is at 5.84% compared to the blended fixed benchmark of 5.59%. David Harrington discussed the economic overview and the continued equities market volatility due to the upcoming elections and the COVID-19 pandemic and indicated they are happy with the performance of our fund during the challenging times.

Trustee Dittman inquired about the timing of moving funds for the consolidation. Mr. Harrington was unable to give a specific timeline, but anticipates mid to late 2021.

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

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

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

19. NEW BUSINESS

A. 2021 Meeting Dates

David Harrington brought up a discussion of the 2021 meeting dates. Proposed dates are April 14, 2021, July 14, 2021,

October 13, 2021, and January 12, 2022 and meetings are suggested to start at 3:30 P.M.

20. OLD BUSINESS

A. ILLINOIS DEPARTMENT OF INSURANCE AUDIT FINDINGS

Trustee Dittman reviewed the final Report of Examination from the Illinois Department of Insurance audit. There were three findings including the need for an officer of the Board to become a FOIA officer, term dates to be included in meeting minutes, and the need for a Treasurers Report to be presented to the board annually on the 2nd Tuesday of May. The Board discussed the findings and agreed upon ways to assure compliance on those items going forward. The Board considered this a successful audit as twelve years of records were reviewed with only a few minor issues found. Trustee Kobler thanked Trustee Dittman and Recording Secretary Turville for all the additional work that was needed to complete this task successfully.

B. IPPFA CONFERENCE RECAP

Trustees discussed their experience at the in person or virtual IPPFA Conference and reviewed what was needed to assure training certificates were received. Some questions remain about the consolidation process.

21. COMMUNICATIONS

None presented.

22. ADJOURNMENT

MOTION: Made by Trustee Pec, seconded by Trustee Kobler to adjourn the Board of Trustees meeting of the Police Pension Fund at the hour of 4:39 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ, and APPROVED,

Date

President

Minutes transcribed by Nancy Turville.