

# **MINUTES OF ROCKTON POLICE PENSION BOARD**

## Regular Quarterly Meeting

Wednesday - April 27, 2011

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### **CALL TO ORDER:**

Chairman Sgt. Hollinger called the Police Pension Board meeting to order at 4:00 P.M.

### **ROLL CALL:**

Present were: Sgt. Hollinger, Sgt. Camacho, Bruce Lans. A quorum was present.

Absent: Dave Davison. Village Treasurer Jaye Quimby and Investment Advisor Steve Danekas (Edward Jones) were also present.

### **APPROVAL OF MINUTES:**

The minutes of the regular meeting held January 26, 2011 were presented. There were no questions or changes to the minutes. Minutes were marked, 4/26/11-e, and added to the meeting minutes file.

A motion was made by Lans, seconded by Sgt. Camacho to waive the reading of and approve the minutes as presented. Voice vote: unanimous ayes – motion carried.

### **BOARD ELECTIONS:**

Sgt. Hollinger reported that elections had been held within the department by Village Clerk Judy Rossi and he and Sgt. Camacho had been elected to fill the police officer positions of the board. The board discussed open positions and Sgt. Hollinger was selected to carry on as the Chairman, Mr. Lans was selected for Vice-Chairman and Sgt. Camacho was selected for Secretary.

### **INVESTMENT ADVISOR REPORT:**

Portfolio Analysis: Mr. Danekas provided members with a copy of the pension fund portfolio analysis as of 04/25/2011 that was marked, 4/26/11-g, and was added to the meeting minutes file.

Ending Portfolio Value: \$1,798,862.07 / 2011 Gain: 3.94% / Date: 04/27/2011

International Investments: Mr. Lans questioned international versus domestic mutual fund investments and what our balance was. Referencing page 1:1/diversification bar chart, Mr. Danekas stated that we are limited to 10% of total equities, we are presently at 4.98%. Mr. Danekas will research and return to the board with recommendations for international weighting.

Fixed Income Proposal: Mr. Danekas provided members a copy of his fixed income proposal showing 3 options for investment of \$40,000.00, \$53,764.00 available and explained each in detail. The report was marked, 4/26/11-f, and added to the meeting minutes file.

1. CD ~ Beneficial Mutual Savings – 2.950 – 04/30/2018
2. CD ~ GE Capital Financial – 3.500 – 04/29/2021
3. Municipal Bond – Chicago II. Board of Ed – 6.038 – 12/01/2029

Mr. Lans questioned what was available for short-term CDs. Mrs. Quimby stated she was aware that First American Credit Union is offering 3.0% at 1-year. Discussion was over limit on investment being \$25,000.00 and if we could negotiate with them to invest the full \$40,000.00. Mr. Danekas stated 3.0% for 1 year was a good rate and there is a possibility rates will rise in the future.

A motion was made by Mr. Lans, seconded by Sgt. Camacho for Mrs. Quimby to contact First American Credit Union and invest at least the minimum amount or negotiate a rate for the full noted amount at the 1-year term in a CD. Voice vote: unanimous ayes – motion carried.

**TREASURER’S REPORT:**

Valuation Balance Sheets and Actuarially Determined Tax Levy reports dated, 12/17/2009, 05/31/2010 and 03/31/2011 were provided and marked, 4/26/2011-d, and added to the meeting minutes file.

Total Liabilities and Fund Balance for period ending 03/31/2011: \$1,810,416.10.

Tax Levy Deficiency: Mrs. Quimby explained the following numbers:

5/31/2009 Tax Levy: \$148,006.00 ~ Actual: \$147,462.12

5/31/2010 Tax Levy: \$180,382.00 ~ Actual: \$155,434.36

Mrs. Quimby stated that we are then short in the area of \$25,000.00. There was discussion whether it was the two new officers that caused the increase or the market at that time in 2010 caused our values to change and had that big of an effect on the projection. Mrs. Quimby explained the levy for 2010 was submitted in December for the following fiscal year. She then increased the tax levy by 5.5% that was typically the amount the salaries may go up and within the tax cap, but she then received the report showing the difference. We haven’t had this situation before and Mrs. Quimby will go to the Budget and Finance meeting to explain the discrepancy so it can then be presented to the board. It was agreed that Mrs. Quimby will present the facts at the committee meeting and Sgt. Hollinger suggested that we ask the village to fund the difference this year if they can or follow through next year if they can’t. Mrs. Quimby will report back at the next meeting. Concern is that we do not get behind if this is allowed to pass till next year.

A motion was made by Mr. Lans, seconded by Sgt. Hollinger that we ask the board to make-up the difference now or agree to make it up within the next year for the principal. Voice vote: unanimous ayes – motion carried.

**APPROVE BILLS FOR PAYMENT:**

There are no outstanding bills for payment.

**REQUEST FOR BENEFITS:**

There were no requests for benefits.

**EXECUTIVE SESSION:**

An executive session was not needed.

**NEW BUSINESS:**

Agendas & Meeting Notice Requirements: Mr. Lans questioned as to the requirements for detail in the minutes and if they could be shortened to a summary. He also asked if we were making the requirements for the open meeting act by posting notices or agendas and if we had a public comment section added to the agenda or notice. It was agreed that the minutes would be more of a summary in the future, that the notices along with the minutes would be posted on the village and police pension board web pages and the notice or agenda public comment addition would be made.

New Trustee Training Completion: Mr. Lans reported that he had completed the 32 - hour certified pension board trustee training program. He attended four 8-hour days of training presented by IPPFA under the required curriculum on 01-20, 02-24, 03-24 and 04-21, 2011. His certificate will be mailed to him in a few weeks.

New Trustee/Board Member Signatures: Mr. Danekas handed out required paperwork for signatures and personal information from new trustees and the treasurer. Paperwork was completed and will be returned and held by Edward Jones. Copies will also be forwarded to Quimby.

Edward Jones Disclosures – Mr. Danekas provided copies of the Edward Jones Investment Transaction Charges, marked, 01/26/11-b, and the Share Mutual Fund Classes marked, 01/26/11-c. Both were added to the meeting minutes file. Danekas explained the annual disclosures to include commissions, charges and management fees associated with Mutual Fund Pricing and Edward Jones compensation for work related to the pension fund.

Commission Brokerage Structure/Fee Base Service: Mr. Lans explained that he had questions in regards to using a brokerage firm instead of managed account for the pension fund and what the cost savings would be. Members agreed that we didn't have any concerns in regards to work being provided and that it is cost effective. Mr. Lans stated he was only suggesting the review so we could show that we are fully informed and had looked at it as an option. Mr. Lans will figure basic summary of difference with Mr. Danekas before the next meeting.

**OLD BUSINESS**

Fiduciary Liability Coverage: Mr. Lans reported that he had researched fiduciary liability coverage as agreed at the last couple meetings and had determined that we are not covered through the village and he had compiled the received responses from his requests that had been sent to insurance agents.

For board coverage of \$1,000,000.00 limit of liability, \$0 deductible, we would possibly have an annual premium of approximately \$2,000.00 to \$2,300.00. Discussion covered the possibility of personal liability of board members if we were found to have breached our fiduciary duty. The coverage would also cover our legal costs to defend members if that occurred. Right now we are operating without coverage and we could be found in a position to have to personally cover our legal defense costs.

Members were provided copies to be reviewed for further discussion at the next meeting. The original handout was marked, 4/26/11-A, and added to the meeting minutes file. We would have to complete the application and return it to the agent, who then would solicit coverage quotes and return with hard numbers as to the true annual premium. In Mr. Lan's recent training the presenters confirmed that many boards are carrying this coverage and that this is reportedly a norm.

Mr. Danekas reported the fiduciary on his side is changing daily and becoming more restrictive because of the ERISA laws. He was unsure how deep the personal liability would be for a board member.

Mrs. Quimby stated that we are reaching a level dollar wise that we need to look at the insurance now, based on the fact that we are not made up of members who work in this field full-time. Mr. Lans stated that we are also in a position that by not having the coverage we may have a hard time getting people to take a position on the board when openings are available due to the personal risk. The annual premium can be paid directly from the funds. Sgt. Hollinger stated that when he and Sgt. Camacho attend the upcoming training, they will also confirm the standard for this coverage with other pension board members and presenters.

New Trustee Training Requirements: Discussion over training requirements now set by the state (40 ILCS 5/1-109.3) for present and new board members. Present members serving in August 13, 2009, need to meet a 16 hour pension board trustee continuing education requirement, all others need to complete 32 hours. Sources include the IPPFA/NIU (Illinois Public Pension Fund Association) and the IPPAC/Judson (Illinois Public Pension Advisory Committee). Mr. Lans reported that his training through the IPPFA was more than the IPPAC online training that is offered, but he rated the quality as very good. Within the first year new members need to complete their 32 hours to include 8 hours of ethics training. Possibly what isn't covered in the upcoming conference may be available online. Sgt. Hollinger confirmed that we had informed Chief Dickson that the law covered the training being paid for officers. Civilian members are not paid other than course tuition and related costs for attending.

State Audit Submitted: Mrs. Quimby reported that all paperwork had been submitted to the state for the audit and she hadn't heard anything back from them to date. She had spoken with someone when she requested an extension and that staff member asked when was the last time we were audited. When she informed them this was the only time that we had been audited, the staff member was apparently surprised. She is unsure whether they have even started it and none of the work is done on-site. It took her approximately 7-hours to compile the requested documents to submit to them. Mr. Danekas stated he believed it was supposed to happen every 5 years. Mr. Lans had heard at his training from other board members that they are short handed and are behind in the audits, which may explain why we hadn't heard anything back to date.

Board Legal Council: Mr. Lans asked the we start to consider the value of retaining legal counsel that specializes in pension fund work to review everything that we are doing is accurate, current and correct. Mrs. Quimby stated she believes we should wait until the state (DOI) provides us with a letter of finding from the audit and then we can see if there are things that need to be addressed.

**NEXT QUARTERLY MEETING:**

The next regular Police Pension Board meeting will be held on Wednesday, August 3, 2011 at 4:00p.m., in the main conference room of village hall.

**ADJOURNMENT:**

There being no further business, it was moved by Sgt. Hollinger and seconded by Sgt. Camacho to adjourn. Voice vote: unanimous ayes – motion carried.

The meeting adjourned at 5:26PM.

Respectfully submitted,

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Sergeant Dean A. Camacho  
Secretary