

# **MINUTES OF ROCKTON POLICE PENSION BOARD**

## Special Meeting

Wednesday – June 22, 2011

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### **CALL TO ORDER:**

Chairman Sgt. Hollinger called the Police Pension Board special meeting to order at 4:13 P.M.

### **ROLL CALL:**

Present were: Sgt. Hollinger, Sgt. Camacho, Dave Davison and Bruce Lans. A quorum was present. Absent: Village Treasurer Jaye Quimby. Investment Advisor Steve Danekas (Edward Jones) were also present.

### **AMENDMENTS TO THE AGENDA:**

There were no amendments to the agenda.

### **PUBLIC COMMENT TIME:**

There were no requests for public comment.

### **APPROVAL OF MINUTES:**

The minutes of the regular meeting held April 27, 2011 were presented. There were no questions or changes to the minutes. Minutes were marked, 6/22/11-a, and added to the meeting minutes file.

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

### **INVESTMENT ADVISOR REPORT:**

Portfolio – International Equities: Mr. Danekas provided members with a copy of the Edward Jones international equities handout in response to the board's question from last meeting. Mr. Lans reviewed his original question from the last meeting covering this topic and Mr. Danekas confirmed that our present investments internationally were a good fit at this time. The handout was marked 6/22/11-b and added to the meeting minutes file.

Commission Based vs. Fee Based Fees: Mr. Danekas provided members with a copy of an email sent to Mr. Lans that presented an answer to the question given at the last meeting. The question was whether we would pay less under a standard (1%) fee based investment compared to what we were paying through Edward Jones. His calculations went back one year starting on July 28, 2010 to June 9, 2011. The pension had eighteen transactions during that time period. He also did a comparison year to date. The report provided the following totals:

6/28/10 – 6/9/11  
Commission - \$10,095

2011 YTD  
Commissions - \$1,250

6/30/10 – 6/9/11  
1% Fee Base - \$20,416

2011 YTD  
1% Fee Base - \$7,491

The handout was marked 6/22/11-g and added to the meeting minutes file.

Year to Date Report: Mr. Danekas provided members with a copy of the Edward Jones Portfolio Performance Summary through June 17, 2011. The report showed fund assets with Edward Jones total value of \$1,844,538.01 with a 7.04 % return to date. The handout was marked 6/22/11-c and added to the meeting minutes file.

Assets Analysis: Mr. Danekas provided members with a copy of the Edward Jones Portfolio Assets Analysis through June 22, 2011. He reported the first tax installment of \$73,753 that was holding in Illinois Funds and cash not available until 7/1, representing funds that were not invested due to the CD that couldn't be purchased as agreed at the last meeting. Mr. Danekas explained that it left a total of \$127,994 sitting in cash and that he wished to review the \$73,753 today for investment and leave the \$52,775 until the next meeting since it was holding till July, which would be discussed at the next meeting. The handout was marked 6/22/11-d and added to the meeting minutes file.

Bar Chart – Bond Maturity: Mr. Danekas provided members with a copy of the Edward Jones Portfolio Laddering Maturity Bond Chart through June 22, 2011. The chart represents short term, intermediate and long term bond maturity dates. The handout was marked 6/22/11-e and added to the meeting minutes file.

Fixed Income Proposal: Mr. Danekas provided members with a copy of the Edward Jones Fixed Income Proposal dated June 22, 2011. Mr. Danekas explained that the proposal contained three different maturity schedules and that he would leave it up to the board on how much was invested in each and which of the four options we wished to use. Those presented and discussed were:

- | <u>Term / Description / Type / Coupon / Maturity / Price</u>    |
|---|
| 1. Mid / Federal Home Loan / Bond / 3.125 / 12/11/2020 / 99.878 |
| 2. Short / Bank of China-NY / CD / 0.500 / 06/29/12 / 100.000   |
| 3. Short / GE Money Bank / CD / 1.050 / 12/24/2013 / 100.000    |
| 4. Long / Moline, IL / Bond / 5.200 / 12/01/2029 / 100.763      |

Mr. Davison questioned the recommended options that were presented in regards to short, mid or long term investments and the amounts for each. Discussion was had as to the consensus for recommended investments, our present maturity dates and current issues effecting interest rates. Mr. Danekas reviewed the option of putting some of the money short and some of it long term and the intention to fill our investment ladder. Mr. Lans stated he would be comfortable with going some long and some short, preferably in the 2013. Mr. Davidson made a motion that we invest 70 % of the \$73.753 into the GE Money CD maturing in the 2013 and 30% in the Moline Bond maturing 2029, seconded by Mr. Lans. Mr. Danekas stated that it would be invested as close as possible under the \$500 increment requirements for bonds. Voice vote: unanimous ayes – motion passed.

The handout was marked 6/22/11-f and added to the meeting minutes file.

**TREASURER’S REPORT:**

There was no treasurer’s report for this special meeting.

**APPROVE BILLS FOR PAYMENT:**

Training Expenditure – Mr. Lans: Sgt. Camacho explained that we needed to list out our expenditures in the minutes and vote on each for approval. Mr. Lans suggested that we vote retroactively to approve what had already been paid by Jaye Quimby to him for his required new pension trustee education. Mr. Davidson made a motion that we approve reimbursement to Mr. Lans from the fund for his tuition costs, mileage and tolls, seconded by Sgt. Hollinger. Voice vote: unanimous ayes – motion passed. Sgt. Camacho will get a detailed listing of the expenditures to be added to the meeting minutes file.

**REQUEST FOR BENEFITS:**

There were no requests for benefits.

**EXECUTIVE SESSION:**

An executive session was not needed.

**NEW BUSINESS:**

Public Pension Association Membership: Sgt. Camacho provided members with a copy of his original email explaining the training and association membership issue and related supporting documents. The two available pension fund associations in Illinois are:

1. Illinois Public Pension Fund Association – IPPFA - NIU
2. Illinois Public Pension Fund Advisory Committee – IPPAC – Judson

Sgt. Camacho reported the annual membership for IPPFA was \$1,000.00 the first year and then \$750.00 each year after while IPPAC was only \$500.00 a year. The main benefit from membership was the reduced cost of training for state required trustee programs and a solid resource for pension board issues and referrals. There was discussion by Mr. Lans and Mr. Davidson on conference and new trustee program training they had attended through IPPFA and that they believed it was well put together.

Sgt. Camacho explained that he and Sgt. Hollinger were supposed to attend the IPPAC conference in May, 2011, but they had cancelled once they determined that the \$355.00 conference fee and related costs were not worth the actual accredited hours which were only eight hours of ethics training.

Sgt. Camacho believes that IPPFA provides a higher level of training and services for the money and he noted that they have in the area of six hundred police and fire pension boards as members to include local larger departments. He also noted that IPPFA management had agreed to credit the board for the difference in member vs. non-member tuition costs for Mr. Lan’s recent training if we did become members.

A motion was made by Lans, seconded by Sgt. Hollinger for the expenditure of \$1,000.00 for this year’s membership to join the IPPFA. Voice vote: unanimous ayes – motion carried. Sgt. Camacho will complete the application and have it reviewed by Jaye Quimby and Mr. Danekas. The handout was marked 6/22/11-j and added to the meeting minutes file.

Certified Trustee Program-32 hour: Sgt. Camacho reported that the IPPFA/NIU 32-hour certified trustee program to be held in Hoffman Estates, August 16<sup>th</sup> – 19<sup>th</sup>, 2011, would normally run \$1,200 a person. With member fees and credit for the IPPFA membership the cost would be \$400 for one and \$750 for the second. A motion was made by Lans, seconded by Mr. Davidson for the expenditure of \$1,150.00 for their tuition plus related costs for Sgt. Hollinger and Sgt. Camacho to attend the August training. Voice vote: unanimous ayes – motion carried.

Discussion was had in regards to approval by police department command for officers to attend under the state law on department time and use of department vehicles for transportation to the training.

Continuing Trustee Education-16 hour: Sgt. Camacho reviewed details of the 2011 IPPFA Midwest Pension Conference and that it would meet the 16-hour required continuing education hours. The conference is at Lake Geneva, October 4-7, 2011. Mr. Lans reported he would like to attend and Mr. Davidson confirmed he still needed to obtain his 16-hours for 2011. Sgt. Camacho reported that he had been informed the conference continuing education hours could be transferred forward to meet our 2012 training hours requirement. Conference costs are \$275 for members if submitted prior to August 1, 2011.

Discussion was had in regards to whether Jaye Quimby could attend with the board and if her tuition costs could be paid from the fund. Sgt. Camacho reviewed conference application requirements and payment options.

A motion was made by Sgt. Camacho, seconded by Mr. Lans for the expenditure of tuition, \$275 individually, for four members and to determine if Jaye Quimby could attend with us. Voice vote: unanimous ayes – motion carried.

### **OLD BUSINESS**

Training Certificates: Sgt. Camacho asked that Mr. Lans and Mr. Davidson provide a copy of their past trustee training certifications to be added to our pension files. Mr. Davidson stated he believed we were supposed to provide these to the state.

Illinois Department of Insurance Audit: Sgt. Camacho and Mr. Danekas reported what contact they had with the assigned auditor that included the investment agreement, a missing bank statement, signed investment policy and FOIA/OMA (IAG) officer training. Sgt. Camacho completed the free online training for the FOIA/OMA and they were submitted. Mr. Danekas provided a copy of the investment agreement that was marked 6/22/11-i and added to the meeting minutes file. The rest was held for Jaye Quimby to address.

Pension Board Investment Policy: Sgt. Camacho provided members with an updated original copy of our investment policy dated June 22, 2011 that was signed by members present and will be held for Jaye Quimby's signature. The original copy was marked 6/22/11-h and added to the meeting minutes file.

Tax Levy Deficiency: Mr. Davidson questioned what the details of the deficiency in the 2010 tax levy were. Minutes from the last meeting were reviewed and the related motion for Jaye Quimby's follow-up with the board at the next budget and finance committee meeting. Discussion was had as to the levy process for the fund and directives provided by the Illinois Department of Insurance. It was agreed we would wait for Jaye Quimby to explain what came from the meeting and then we would decide what the next appropriate step will be.

**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 Mr. Davidson and seconded by Sgt. Hollinger to adjourn. Voice vote: unanimous ayes – motion carried.

The meeting adjourned at 5:13 PM.

Respectfully submitted,

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Sergeant Dean A. Camacho  
Secretary