

MINUTES OF ROCKTON POLICE PENSION BOARD

Regular Quarterly Meeting
Wednesday – October 19, 2011

CALL TO ORDER:

Chairman Sgt. Hollinger called the Police Pension Board special meeting to order at 4:04 P.M.

ROLL CALL:

Present were: Sgt. Hollinger, Sgt. Camacho, Dave Davison and Bruce Lans. A quorum was present. Village Treasurer Jaye Quimby and 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 special meeting held August 29, 2011 were presented. There were no questions or changes to the minutes. Minutes were marked, 10/19/11-a, and added to the meeting minutes file.

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

INVESTMENT ADVISOR REPORT:

Year to Date Report: Mr. Danekas provided members with a copy of the Edward Jones Portfolio Performance Summary through October 17, 2011 and reviewed its content. The report showed fund assets with Edward Jones total value of \$2,023,265.50 with a 8.87 % return to date.

The handout and was marked 10/19/11-b and added to the meeting minutes file.

Assets Analysis: Mr. Danekas provided members with a copy of the Edward Jones Portfolio Assets Analysis through October 19, 2011. Mr. Danekas explained that as of this Friday we will have a total of \$133,134.00 of investable assets.

The handout was marked 10/19/11-d and added to the meeting minutes file.

Hypothetical Portfolio Illustration Report: Mr. Danekas provided members with a copy of the Edward Jones Hypothetical Portfolio Illustration showing review from 09/30/10 to 09/30/11. Mr. Danekas reviewed and explained the report content.

The handout was marked 10/19/11-c and added to the meeting minutes file.

Equity Investments-Mutual Funds Recommendation: Mr. Danekas recommended the following:

1. Invest \$5,000 into Lord Abbett Mid Cap Value Fund
2. Invest \$5,000 into Lord Abbett Growth Opportunities Fund

Fixed Income Proposal Recommendation: Mr. Danekas provided members with a copy of the Edward Jones Fixed Income Proposal dated October 19, 2011 and reviewed his recommendation for the following:

1. CD – American Express Centurion Bank – Cpn/2.000 – Price 100.000 - 10/27/2016 - \$35,000 (35,000)
2. Municipal Bond – Cook County Build America/General Obligation - Cpn/5.540 – Price 102.625 - 11/15/2027 - \$51,317.45 (50,000)
3. Municipal Bond – Chicago City College/General Obligation - Cpn/6.000 – Price – 28.552 - 01/01/2033 - \$28,556.95 (100,000)

A motion was made by Mr. Lans to follow the recommendation for Equity and Fixed Income as presented, seconded by Sgt. Camacho. Voice vote: unanimous ayes – motion carried.

The handout was marked 10/19/11-e and added to the meeting minutes file.

2011 Commission Fee Base Comparison: Mr. Danekas provided members with a copy of the 2011 Commission Fee Base Comparison YTD 09/30/2011. The report was explained, showing commissions paid at \$5,644 for comparison to a 1% fee base at \$14,173.

The handout was marked 10/19/11-f and added to the meeting minutes file.

TREASURER’S REPORT:

Mrs. Quimby provided members a three page document that was added to prepared handouts that included draft copies of the 9/30/11 balance sheet, budget to actual report, draft tax levy projection, draft municipal compliance report and sample municipal compliance report format.

Balance Sheet: Reported current assets as of 09/30/2011 were \$2,132,163.66.

Pension Tax Levy Request: Reported figures for 2010 and 2011 were:

	<u>5/31/2010</u> <small>(incorrect wages)</small>	<u>5/31/2010</u> <small>(corrected wages)</small>	<u>5/31/2011</u> <small>(per state census)</small>
Wages per state report:	849,546.50	831,668.84	870,878.00
Suggested levy:	180,382.00	176,585.75	184,910.91
Levy as % of wages:	0.212327	0.212327	0.212327
Amount levied:		155, 400	
Shortage:		21,185.75	2,118.57 <small>(10% recover/10 years)</small>
Suggested levy:			<u>187,029.49</u>

Per Actuarial Calculation -	Actual Per State		
Salaries:	849,547.00	831,668.84	870,878.00
Normal Cost %:	0.1552800	0.1552800	0.1552800
Normal Cost:	131,917.66	129,141.54	135,229.94
Unfounded Amount:	48,461.00	48,461.00	48,461.00
Suggested Levy:	180,378.66	177,602.54	183,690.94
Levy with expenses:			<u>188,690.94</u>

Mrs. Quimby reviewed the presented tax levy and past shortage due to wage calculations. The issue of the IDOI not providing an actuarial report, timeline for our approved tax levy recommendation by the first week of December, 2011, and the most reasonable process to recover the shortage in a timely manner was discussed. The proposed increase was figured to be approximately \$39,201 that falls in the area of 4.7%.

Sgt. Camacho confirmed that an actuarial report could be obtained within 2 weeks for a quoted cost of \$1,500 through Lauterbach & Amens, LLP. Mrs. Quimby confirmed that she didn't believe we needed an outside actuarial report at this time. It was agreed that we would use the presented tax levy recommendation with changes to include the payback on shortages over five years instead of ten and the addition of expenses based on decisions for legal counsel and liability insurance.

A motion was made by Mr. Lans, seconded by Sgt. Hollinger to have Mrs. Quimby calculate and present the final pension fund tax levy request based on the five year payback and expenses added to the total. Voice vote: unanimous ayes – motion carried.

Municipal Compliance Report:

Mrs. Quimby provided and explained a draft copy of municipal compliance report that she had created for the fund. The format was discussed and the content of the nine points required under the state pension code (40 ILCS 5/3-143). Sgt. Camacho provided a copy of the sample compliance reports provided through IPPFA training and found posted online. Mrs. Quimby agreed to adjust her report to meet the content of the sample. Sgt. Camacho will recreate the form and provide to Mrs. Quimby to enter in the financial information for final review.

A motion was made by Mr. Lans, seconded by Sgt. Camacho to have Mrs. Quimby finalize and present the MCR under the new format for review and signature by Sgt. Hollinger and Sgt. Camacho with required attachments. Voice vote: unanimous ayes – motion carried.

The handout was marked 7/18/11-g and added to the meeting minutes file.

APPROVE BILLS FOR PAYMENT:

Sgt. Camacho reviewed the following totals for the pre-approved meals/travel expenditures for the IPPFA Conference that were:

1. Camacho \$178.80
2. Hollinger \$178.80
3. Lans \$159.84

Travel reimbursement forms that had been completed were provided to Jaye Quimby and checks were issued. Individual direct bill receipts for the hotel at \$301.67 each were also submitted for payment.

The forms were marked 10/19/11-h and added to the meeting minutes file.

REQUEST FOR BENEFITS:

There were no requests for benefits.

EXECUTIVE SESSION:

An executive session was not needed.

OLD BUSINESS

Fiduciary Liability Insurance: Sgt. Camacho reviewed the fact that only Public Official Errors and Omissions insurance is provided by the village and provided the Mesirow Financial quote and FLI handout explaining coverage. He also provided a response from Ferguson Financial that stated they would be unable to beat the provided quote from Mesirow Financial.

A motion was made by Mr. Davison, seconded by Mr. Lans to accept the quote of \$2,173.00, for the annual FLI coverage of \$1,000,000 for the board. Voice vote: unanimous ayes – motion carried. The related documents were marked 10/19/11-i and added to the meeting minutes file.

Pension Board Legal Counsel:

Sgt. Camacho provided the email from the third firm that still didn't provide a quote/packet. The provided email did confirm that the firm believed their hourly rate would be higher than the competing firms. Members reviewed the provided quoted rates, bios and reported package of services. Sgt. Camacho stated that based on the provided creation and review of needed documents and hourly rates, he recommended Attorney Reimer for the first year at the full service rate, with an understanding that we would review services next year for possible reduction to only a retainer basis without meeting attendance.

A motion was made by Sgt. Camacho, seconded by Mr. Lans to accept the quote of \$3,000.00, for the annual retainment of services from Richard Reimer & Associates, LLC, with review of continued need for legal counsel in one year.

Upon roll call, the vote was:

AYES: 4– Mr. Davison, Mr. Lans, Sgt. Hollinger, Sgt. Camacho NAYS: 0 ABSTAIN: 0

There being four affirmative votes, the motion carried.

The related documents were marked 10/19/11-j and added to the meeting minutes file.

Pension Participant Files:

Sgt. Camacho reported that he had two officers left that hadn't provided the required documents, Sgt. Dippel and Officer Ryan. Sgt. Dippel was working on one document and Officer Ryan had provided a memo detailing his personal reasons for not turning in any at the time it was requested. This was reportedly being corrected, but nothing had been received to date. Sgt. Camacho will review the issue with legal counsel to determine if further action is needed.

The related documents were marked 10/19/11-k and added to the meeting minutes file.

IPPFA Trustee Training:

Sgt. Camacho provided copies of completion for himself and Sgt. Hollinger for the CPTP, dated 08/2011, through NIU.

The certificates were marked 101911-L and added to the meeting minutes file.

NEW BUSINESS:

Letter of Resignation – Mr. Davison: Sgt. Hollinger reviewed the letter submitted by Mr. Davison to Mayor Adams, dated September 9, 2011. Mr. Davison reiterated his reasons for resigning and he was thanked for his many years of service by Sgt. Hollinger and fellow board members.

The letter was marked 10/19/11-m and added to the meeting minutes file.

Actuarial Services: Sgt. Camacho provided and reviewed the quote of services from Lauterbach & Amen, LLP. As discussed earlier, it was agreed that we would not obtain outside services for the actuarial report at this time.

The handout covering the quote and a description of provided services was marked 10/19/11-n and added to the meeting minutes file.

Investment Management Services – RFP: Sgt. Camacho provided a copy of the IPPFA sample RFP documents for Investment Consulting Services. The board discussed information presented in training that confirmed we were supposed to obtain quotes for services in this area every five years. It was agreed that Mr. Lans would start the process of creating our RFP after we determined if Attorney Reimer had a similar document already prepared.

The handout was marked 10/19/11- o and added to the meeting minutes file.

Annual Statement – DOI: Sgt. Camacho provided a copy of the fund's IDOI Annual Statement through 5/31/2010. He noted Mrs. Qumby's concern for personal identifiers in the report and confirmed that all such information had been blacked out. The board discussed the timeline and creation of the report. Mrs. Quimby stated that she created the report annually online through the IDOI website, normally prior to the November, 31st deadline. Mrs. Quimby will advise the board when the 2011 report is finalized pending the completion of the village audit.

The handout was marked 10/19/11- p and added to the meeting minutes file.

Written Request – Officer Matthew Janowski: Sgt. Camacho reviewed the letter provided to Officer Janowski by Sgt. Hollinger in regards to his voicemail request on August 29, 2011 to withdraw from the pension fund. Officer Janowski turned in his letter on October 12, 2011, that stated he no longer had interest in having future investment in the pension fund and had decided to make other important investments and arrangements that better suited his future and retirement. Content of his letter and solicited legal opinions were discussed. It was agreed that the two letters and one email in relation to the request be forwarded to Attorney Reimer for review and follow-up.

The related documents were marked 10/19/11-q and added to the meeting minutes file.

NEXT QUARTERLY MEETING:

The next regular Police Pension Board meeting will be held on Wednesday, January 18, 2012 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 5:55 PM.

Respectfully submitted,

Sergeant Dean A. Camacho
Secretary