

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON APRIL 18, 2018, AT 3:00 PM, AT THE WILLOWBROOK POLICE DEPARTMENT, 7760 S QUINCY STREET, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

1. CALL TO ORDER

The meeting was called to order at the hour of 3:04 p.m. by President Davi.

2. ROLL CALL

Those present at roll call were President Umberto Davi, Trustee Scott Eisenbeis, Trustee Timothy Kobler, Trustee Joseph Pec, and Trustee Carrie Dittman. Also present: John Falduto and David Harrington of Sawyer & Falduto, Recording Secretaries Debbie Hahn and Nancy Turville.

3. VISITOR BUSINESS

None presented.

4. DISCUSSION/CONFERENCE CALL - UPDATE ON DUTY DISABILITY FOR SERGEANT CHRISTOPHER DRAKE

A conference call was initiated to Attorney Charles Atwell. Mr. Atwell updated the Board on the current status of the duty disability pension application received for Sergeant Christopher Drake who is being represented by counsel. Mr. Atwell has sent out subpoenas to twelve agencies including the Village of Willowbrook. He has received Trustee Dittman's email indicating a flash drive of the requested information for the subpoena has been sent via mail. Mr. Atwell is still waiting for information from Midland Orthopedics, PT Solutions, and LaGrange Hospital. The subpoenaed records have a due date of April 30, 2018. Once received, Mr. Atwell will review and redact any information that needs to be redacted. He will contact INSPE Associates for a list of recommended doctors. The Board will be sent the names of the doctors and approve them. Once we have three independent physicians, Mr. Atwell will send a letter to INSPE and request INSPE send all the documentation to the three physicians to examine and give an opinion and causation. No timeline has been set until all records are received and reviewed.

Trustee Pec asked if the Board is obligated to obtain three physicians or is it the petitioner's responsibility? Mr. Atwell advised that it is a Police Pension State Statute (Section 115) for the Board to obtain three physicians for independent examination. Mr. Atwell requested that Trustee Dittman provide any pre-employment physicals with the subpoenaed information.

Mr. Atwell believes once the physicians are selected, the examinations will probably be completed within 30 days from date requested. This will have to be done with the cooperation of the petitioner.

Medical reports usually are completed within a 30-day period. Once Mr. Atwell receives these documents, a hearing can be scheduled. Trustee Pec inquired if the injury is a "repairable" injury, i.e. can the petitioner be forced to get it repaired. Mr. Atwell said no if it is an invasive procedure. Anything that is a potential risk to the petitioner, the courts usually rule in the petitioner's favor. The Board could request the applicant to attend physical therapy but not mandate he get another surgery. Prior to the age of 50, every disabled petitioner must get a physical each year until the age of 50.

Once a hearing is scheduled, a meeting notice will be prepared and posted (as per the Open Meetings Act) and a stenographer will be present to take the minutes of the hearing. These minutes will then be transcribed for the record. During the meeting, Mr. Atwell will be appointed the Hearing Officer to develop the facts of the case and then both parties will rest. A motion to go into executive session will be made. Executive session minutes will be recorded but not transcribed. If a decision has been made, the Board will come out of executive session to deliver the decision in an open meeting. If no decision is made, the hearing can be continued for deliberations or if the Board needs any additional information.

Trustee Dittman asked Mr. Atwell for a timeline on when this case will be concluded by. President Davi also asked if the Board has a statutory time requirement? Mr. Atwell said no to President Davi. He is unsure what the timeline will be because it depends on several issues - causation, if it's a pre-existing condition, etc. He believes once the subpoenaed information comes in and all the redactions are made, it should go quickly unless there are issues the Board is not aware of, from this point probably six months to two years but he did not believe it would go that long. In order to be an on-duty disability claim it must be caused by an act of duty injury. Mr. Atwell advised the Board to keep in mind that under State Statute the injury does not have to be the sole cause of the accident but an aggravating cause.

Trustee Pec advised that the Board will be discussing next year's budget and asked if Mr. Atwell had an idea of what this will cost the Pension Board. Mr. Atwell stated it could cost approximately \$6,000 - 8,000 for IME fees. No additional attorney should be needed for a hearing officer, Mr. Atwell will act in that capacity since this case should not be adversarial. Mr. Atwell will send the Board a copy of the Statute explaining on-duty injuries. He would also like a copy of the Rules and Regulations of the Pension Board.

Trustee Kobler inquired what to do if our current Rules and Regulations are out-of-date. Mr. Atwell explained that the Board is bound by the Rules and Regulations as long as it is current and consistent with the Statute and follows the rules of due process.

The telephone call with Mr. Atwell concluded at 3:44 p.m.

The Board continued the discussion. Trustee Eisenbeis was confused on why we would have to redact information from the reports. Redacted information would be the officer's personal/private information.

Trustee Eisenbeis also inquired if the Board can get access to case law on this topic to prepare the Board with additional information. Trustee Dittman advised the Board that the IPPFA website archives mock sessions on disability hearings that can be viewed to help understand the process.

5. APPROVAL - MINUTES OF THE REGULAR MEETING - January 17, 2018

The Board reviewed the minutes from the January 17, 2018 meeting.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the minutes of the regular meeting of the Willowbrook Police Pension Fund Board of Trustees held on January 17, 2018.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. APPROVAL - QUARTERLY EXPENSES INCURRED JANUARY THROUGH MARCH 2018

Trustee Dittman reviewed the quarterly expense report for the period January through March 2018. Expenses include Mesirow Financial Insurance: \$3,083.00, quarterly financial advisory fees: \$4,522.00, IPPFA conference fees for 2017: \$1,035.62. The retirement pension benefits for January, February, and March totaled \$310,628.38; widow's benefit was \$9,628.11; and disability benefits totaled \$17,406.21, as detailed out by pensioner in the attached schedule.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Pec, to approve the quarterly expense report for January through March 2018.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. REPORT - POLICE PENSION BALANCES THROUGH MARCH 31, 2018

Trustee Dittman advised total assets as of March 31, 2017 were \$20,130,884.33 vs March 31, 2018 of \$21,808,504.63.

Revenues year to date as of 03/31/17 were \$2,096,927.95 vs. \$2,583,341.53 as of 3/31/18.

Total expenditures as of 3/31/17 were \$987,251.38 vs. 03/31/18 were \$1,171,335.73 and the budgeted expenditure amount for FY 17/18 is \$1,136,105.00.

The Board accepted the report as presented by Trustee Dittman.

8. APPROVAL - REFUND OF CONTRIBUTIONS TO OFFICER JOEL RUDNICK

Trustee Dittman advised that former Willowbrook police officer Joel Rudnick separated from employment with the Village on August 20, 2014. On March 8, 2018, we received a request from Officer Rudnick for a 100% refund of his accumulated pension contributions, followed by rollover request paperwork from his current retirement plan on April 2, 2018. Officer Rudnick has contributed \$5,081.01 into the pension fund. His contributions do not earn any interest.

After the pension board approves the refund of Officer Rudnick's accumulated contributions, the Village will send the accumulated contributions to his retirement plan.

The Board reviewed the information and made the following motion:

MOTION: Motion to transfer Officer Rudnick's Willowbrook pension contributions of \$5,081.00 to his current pension plan, was made by Trustee Kobler, seconded by Trustee Pec.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

9. APPROVAL - PROPOSED BUDGET FY 2018-19

Trustee Dittman reviewed the Proposed Budget for FY 2018/19 for the Police Pension Fund. The contribution amount from the Village is \$871,084 based on the actuary's recommendation and the police officer contributions are \$198,690 for a total contribution for the year of \$1,069,774. Estimated interest income is \$500,000 which brings the total revenues to \$1,569,774. Expenses for FY 2018/19 will be pension benefits at \$1,364,180, contractual services at \$42,740, and supplies and materials at \$8,790 for total expenses of \$1,415,710.

After some discussion, the Board requested that Trustee Dittman add additional funds to the following line items to cover the anticipated costs of Sgt. Drake's disability application: \$7,500 for medical examinations, \$2,500 in additional legal fees, and \$500 for a stenographer for the disability hearing.

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

MOTION: Made by Trustee Pec, seconded by Trustee Eisenbeis to approve the proposed budget for FY 2018/19 as presented, with the above addendum.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

10. APPROVAL - REIMBURSEMENT TO VILLAGE GENERAL FUND \$100,000

Trustee Dittman noted that the Police Pension Fund is paying out more in monthly benefit payments than is coming in from officer and Village contributions; the Village fronts this money as the Village pays the monthly benefit payments for the police pension beneficiaries through payroll and is then reimbursed from the pension fund. As of April 12, 2018, the Police Pension Fund owes the Village \$26,227.

The monthly recurring deficit is about \$23,334 beginning May 2018. The deficit will grow to about \$100,000 by June 30, 2018. Thus, as detailed in the attached schedule, a reimbursement of funds from the police pension account at Charles Schwab to the Village's General Fund in the amount of \$100,000 is necessary to cover the current and estimated shortfalls over the next 3 months.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve Sawyer & Falduto to transfer \$100,000 to cover the shortfall to the Village.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

11. REPORT - CHARLES SCHWAB FORM 5500 SCHEDULE C

Trustee Dittman advised this disclosure is for informational purposes only from Charles Schwab. Charles Schwab must disclose the brokerage fee amount they collect. John Falduto noted that this form is required to be filed every year for corporate retirement funds, as part of the disclosure process, however the Willowbrook Police Pension Fund is not required to file as we are not a for-profit entity.

12. REPORT - SAWYER FALDUTO FORM ADV PART 2A AND PART 2A-APPENDIX WRAP FEE PROGRAM BROCHURE

John Falduto advised that this form is an annual requirement Sawyer Falduto has in place to maintain safeguards that comply with federal standards to protect their client's nonpublic personal information.

Trustee Dittman advised that she reviewed the fee disclosure and highlighted the language that has changed for ease of the Board's review. The investment advisor agreement the Board approved last year differed from Sawyer Falduto's wrap fee brochure that was in place at that time.

13. APPROVAL - INVESTMENT POLICY

Trustee Dittman stated there are two attachments under this item: 13a is the proposed Investment Policy that Sawyer Falduto drafted and 13b is our current policy that was drafted by MB Financial. There are a lot of changes and she asked Sawyer Falduto to explain in summary the changes for the Board.

Trustee Dittman highlighted the differences in the two policies. In the new policy, under Investment Instruments, #8 was added - Direct obligations of the State of Israel. Mr. Falduto explained that this was from the State Statute and that the Willowbrook Pension Fund does not have any. The Board agreed that since it is in the State Statute, they will keep this verbiage in the policy.

Also in the new policy, on page 3, at the bottom it states "*..the Pension Fund's total investment...shall not exceed 50% effective July 1, 2011 and 55% effective July 1, 2012*". Trustee Dittman noted that our current policy has 60% and 65%, respectively, for those items. Mr. Falduto explained that this language was from the State Statute and is subject to interpretation. The Board agreed to keep the target at 60% and 65% maximum. The following paragraph will also be changed to reflect 65%.

Pages 4-5 talk about benchmarks and ranges in allocations. It appears different than before and Trustee Dittman believes this is due to using benchmarks and the allocations in accordance with Sawyer Falduto's methodology. This is correct.

Trustee Dittman advised that under Definitions - Sawyer Falduto does not have Commercial paper or Illinois funds defined. Mr. Falduto advised we could—add these definitions although the Board does not currently have any of those types of investments.

Under the current investment policy -, there are several items that are highlighted that are missing from the new investment policy and the Long Term Expected Rates of Return table as required by GASB 67 was omitted completely. John Falduto advised that the new policy is a standard template they use for their clients. Trustee Dittman was not comfortable adopting the new policy with the omissions. The board discussed having the Police Pension Fund's auditor review the new policy first and give their recommendations.

After a brief discussion, the Board tabled this discussion until the next meeting for further review.

- **NOTE - BOARD REQUESTED TO MOVE TO ITEM #15 ON AGENDA**

15. INFORMATION - ELECTION OF ACTIVE AND RETIREE MEMBERS OF THE POLICE PENSION FUND BOARD OF DIRECTORS

Recording Secretary Hahn advised that ballots for two active member positions and one retiree position were sent to members at the end of March and were requested to return the ballots by April 10, 2018. Of the 21 active members, 18 ballots were returned. The results were 16 votes for Officer Eisenbeis, 12 votes for Sgt. Kobler, 5 votes for Officer Volek and 2 votes for Officer Huntley. Officer Eisenbeis and Sgt. Kobler will retain their positions.

There were 18 active retirees, 9 ballots were returned for the one beneficiary member to serve on the board. It was unanimous that Joseph Pec be the beneficiary member.

Officer positions will be appointed at the July meeting.

16. INFORMATION - NOTICE OF MAYORAL APPOINTMENT - CAROLINE DITTMAN

President Davi advised that at the March 26, 2018 Village Board meeting, Mayor Trilla re-appointed Caroline Dittman to fill the position on the Police Pension Board.

17. NEW BUSINESS

A. Pension Actuary

Trustee Dittman advised that she received an email from Arthur Tepfer, the Police Pension Fund's Actuary, regarding his fees for fiscal year 2018/19. Mr. Tepfer's fees will remain at \$4,400 with no increase. There was no discussion so the Board will use Mr. Tepfer as the Police Pension Actuary for the next valuation.

B. Officer Mestre Resignation

Trustee Dittman advised that Officer Mestre resigned as a probationary police officer with the Village of Willowbrook.

- **Trustee Dittman left the meeting at 4:30 p.m.**

18. OLD BUSINESS

A. Police Pension File Audit

Recording Secretary Hahn advised that during the past month, Trustee Eisenbeis and herself conducted an audit of the police pension files. There were three items missing from the files of members. Those members were contacted via email notifying them of the missing items. A copy of the email was placed in their file as well. Recording Secretaries Hahn and Turville will make sure the missing documents are turned in and placed in the file by the end of June.

B. Annual Affidavit for Pensioners

Recording Secretary Hahn advised that the annual affidavit for pensioners went out to all current retirees and beneficiaries. All forms were returned as directed.

14. APPROVAL - INVESTMENTS MADE JANUARY THRU MARCH 2018 QUARTERLY INVESTMENT REPORT - SAWYER & FALDUTO

Mr. Falduto reviewed the Investment Guidelines under tab 1.

Tab 2 - Cash Flow and Performance Review: Investment returns for the 1st quarter of 2018 was -\$122,884 over the 3-month period. There were no comparisons for performance and long-term performance for Sawyer & Falduto to review compared to the last year.

Tab 3 - Tax Reform - Mr. Harrington explained the volatility in the equity markets.

Economic growth in the US continues to be solid with the Gross Domestic Product increasing 3%.

Federal reserve raised its benchmark interest rate by 0.25% bringing the target range 1.5% to 1.75%. The future increases will likely be warranted through reinforcing prior guidance that the pace will continue to be gradual.

Tab 4 - Portfolio Statement - Mr. Falduto advised the portfolio allocations are on target with Equities at 60.1%, Fixed Income at 39.2%, and Cash Equivalent at 0.7%.

Tab 6 - Fixed Income Portfolio - Mr. Falduto went over the investment allocation of fixed income securities. The benchmark for current yield is 2.19%, and the actual yield was 3.69%.

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

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

19. COMMUNICATIONS

None presented.

20. 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 4:51 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

Date

President

Minutes transcribed by Debbie Hahn.