

**MINUTES OF THE ALGONQUIN POLICE PENSION BOARD
KANE & McHENRY COUNTIES
WILLIAM J. GANEK MUNICIPAL CENTER
2200 HARNISH DRIVE, ALGONQUIN, IL**

WEDNESDAY, JANUARY 26, 2022

CALL TO ORDER:

President Helgerson called the meeting to order at 5:02 p.m.

ROLL CALL:

Present: President Stan Helgerson, Vice President Brian Smith (via Zoom), Trustee Andrew Doles, Trustee Andrew Dykstra, and Trustee Art Weber. Village Treasurer Michael Kumbera, Susan Skillman, and Recording Secretary Adam Carson were also present. Jim Wargo, Board Attorney was also present. Mary Tomanek, Graystone Consulting attended via Zoom. A quorum was established. A motion was made by Weber and seconded by Doles to allow Smith to attend the meeting via zoom. A voice vote was taken with all ayes and no nays - motion carried.

ADOPT AGENDA:

A motion was made by Doles and seconded by Weber to adopt the agenda as presented. A voice vote was taken with all ayes and no nays. Motion carried.

PUBLIC COMMENTS:

None at this time.

APPROVAL OF MINUTES:

The meeting minutes of the meeting held October 27, 2021, were presented for approval. A motion was made by Doles and seconded by Weber to approve the minutes. A voice vote was taken with all ayes and no nays - motion carried.

APPOINTMENTS:

None at this time, however Smith's term is up later this year.

CONSULTANT REPORT:

Mary Tomanek then provided the 2021 fourth quarter summary. She advised the 2021 inflation related areas did well, and the other areas performed poorly. She continued and advised that the diversification that was implemented caused less volatility in the fund and allowed for gains.

She advised the stimulus effects are starting to wear off, but the YTD returns are 14.5% growth, and since inception in 2008 an 8.22% return. Helgerson asked Mary to confirm the US Bank contact for the consolidation process as the fund is scheduled to start consolidation and transfer on March 1, 2022. There was discussion on the cash assets being held at US Bank and Segall Bryant. The Board was advised that these funds are not getting transferred, and were given guidance to remove the remaining cash from these accounts within three months of the transfer of funds. A motion was made by Weber and seconded by Doles to accept the fourth quarter review of the consultant's report as presented. A roll call voice vote was taken with all ayes and no nays - motion carried.

VILLAGE TREASURER'S REPORT:

Kumbera advised the total fund assets ending December 31, 2021 was \$48,776,621.22. A motion was made by Doles and seconded by Weber to approve the treasurer's report through December 31, 2021. There was no further discussion. A voice vote was taken with all ayes and no nays - motion carried.

APPROVAL OF BILLS:

The total pensions check register payments October 2021 through December 2021 is \$390,377.29. The total vendor check registers for the same time are \$67,428.37 with the total amount being \$457,805.66. A motion was made by Dykstra and seconded by Doles to approve the payment of bills. A roll call voice vote was taken with all ayes and no nays – motion carried.

REQUEST FOR BENEFITS:

The approval of the annual cost of living adjustments for pensioners in 2022 was discussed. President Helgerson advised this increase is per state statute, and the increase figures were provided by L&A. A motion was made by Dykstra and seconded by Doles to approve the 2022 annual annuitant increases, effective January 1, 2022. A roll call voice vote was taken with all ayes and no nays – motion carried.

CLOSED SESSION:

None at this time.

NEW BUSINESS:

Two new applications to the police pension fund were reviewed. Sarah Peters, and Daniel Scerbicke were both hired January 11, 2022 as Tier II pensioners. A motion was made by Weber and seconded by Doles to accept both into the fund as a Tier II pensioner as of January 11, 2022. A voice vote was taken with all ayes and no nays – motion carried.

The fiscal year 2022-23 budget was presented to the board for review, as compiled by Susan Skillman. A motion was made by Doles and seconded by Dykstra to approve the budget as presented. A roll call voice vote was taken with all ayes and no nays – motion carried.

The tax levy request was next presented. The board received confirmation that the village accepted at the same level as last year, which overfunds the request. The levy amount was \$2,280,000.00. The board formally acknowledged the confirmation.

The Board was advised of the new economic interest statements. Board members were advised that the form has changed and is much more detailed and is now requiring much more information. The Board Attorney advised they are still reviewing the form and are looking for some clarification on disclosures. Board members were advised they will have until May 1 to complete and submit.

The renewal of the Mesirow Financial Liability Insurance policy was presented to the Board for approval. Helgerson advised of a minimal increase, and advised the board of the importance of still having protection from being sued. The approximate amount was \$4000.00. Helgerson advised to make the payment and place the final amount on the agenda for next meeting for approval.

The actuarial services for the pension board were next discussed. Helgerson advised this is a four-year proposal, again with a minimal increase that is split with the village equally. A motion was made by Weber and seconded by Doles to approve the actuarial services agreement with L&A. A roll call voice vote was taken with all ayes and no nays – motion carried.

The engagement letter from Ottosen DiNolfo, Board Attorney, was presented to the Board for review. Helgerson advised a slight increase in fees for this year. A motion was made by Dykstra and seconded by Doles to accept and approve the engagement letter with Ottosen DiNolfo. A roll call voice vote was taken with all ayes and no nays – motion carried.

A discussion of trustee term expirations and election procedures was next discussed. Smith's position is up for renewal this year for a two-year term, along with Dykstra. Both trustees advised they were interested in continuing to serve on the pension board.

The status of the annual servicer certifications was provided by the Board, advising they were distributed.

The approval of a cash management policy was next presented to the Board for discussion. Helgerson advised he drafted a policy for cash management based on a policy for a fire pension board, but was not sure if it would work the same way. Helgerson continued and advised that once the transfer and consolidation is complete, the investment policy can be terminated, but in its place would be the cash management policy. This would be to ensure a minimal cash flow to continue operations to pay beneficiaries, retirees, and vendors. He suggested to maintain six months-worth of cash on hand, initially, and then monitor to reduce it down to three months-worth of cash on hand. A motion was made by Weber and seconded by Doles to accept the draft cash management policy. A roll call voice vote was taken with all ayes and no nays – motion carried.

An update to the Illinois Police Officers' Pension Investment Fund was also provided. The scheduled transfer date is set for March 1, 2022.

A change in wording required some action for naming authorized agents. Kumbera and Skillman were previously named authorized users, and will now be named authorized agents. A motion was made by Doles and seconded by Dykstra to accept the resolution of appointing authorized agents of Kumbera and Skillman. A roll call voice vote was taken with all ayes and no nays – motion carried.

The review and approval of the transfer notice letter to investment advisor and custodian, exhibit B, was next presented. This notice needs to be sent to US Bank and Segall Bryant to make notification of the transfer. A motion was made by Doles and seconded by Weber to accept and approve transfer notice letter. A roll call voice vote was taken with all ayes and no nays – motion carried.

A review of the cash flow projections was next presented. Helgerson said he came up with a rough estimate of \$615,000 - \$700,000 for six months. Kumbera advised he believed it to be between \$600,000 - \$750,000. A motion was made by Helgerson and seconded by Doles to retain \$750,000 in cash for six-months to cover the cash flow needs of the fund. A roll call voice vote was taken with all ayes and no nays – motion carried.

The identification of local account(s) for cash retention for the police pension fund account was next discussed. Up to \$250,000 is covered from FDIC at the bank. The cash account is under an agreement with the village, and the funds can be moved as necessary.

The amendment to future termination of investment professional and custodial agreements was next presented. Helgerson advised that once the funds are transferred the agreement with GrayStone will automatically be terminated. Helgerson continued and advised that US Bank will likely ask for a termination agreement. A motion was made by Dykstra and seconded by Doles to authorize the village treasurer to send a termination agreement once all funds are moved. A roll call voice vote was taken with all ayes and no nays – motion carried.

A status update of Arlington Heights PPF v Pritzker was provided by the Board Attorney. He advised there is currently no ruling or opinion at this time.

OLD BUSINESS:

The transfer of creditable service for Officer Stephen Camarda from the Algonquin Police Pension Fund to the Joliet Police Pension fund was reviewed. The transfer has been made, and the true-up costs associated with it were completed and final. No board action is required.

The transfer of creditable service from IMRF for Daniel Dennis was reviewed. Officer Dennis was provided all the documentation, and did not make any transfer after reviewing the options he was presented with. No board action is required.

TRAINING:

President Helgerson reminded the Board of the required eight-hours of training that is required and advised the Board of some upcoming trainings that were available.

NEXT QUARTERLY MEETING:

The next scheduled meeting is set for April 27, 2022, all at 5:00 p.m.

ADJOURNMENT:

There being no further business, it was moved by Dykstra and seconded by Doles to adjourn. A roll call vote was taken with all ayes – motion carried.

The meeting adjourned at 6:15 p.m.

Respectfully submitted,

Andrew Doles, Secretary
Algonquin Police Pension Fund

Stan Helgerson, President
Algonquin Police Pension Fund

Minutes prepared by Adam Carson, Recording Secretary.

Approved by the Board of Trustees at its meeting held on April 27, 2022.