

**ROUND LAKE BEACH POLICE PENSION FUND**  
**1947 Municipal Way, Round Lake Beach, IL 60073**  
**QUARTERLY BOARD MEETING**  
**VIA ZOOM**  
**April 27, 2021 - 9:00 a.m.**

**1. MEETING CALLED TO ORDER**

Vice-President Jerry Mattingly called the meeting to order at 09:03 a.m.

Due to the COVID pandemic, the Board President deemed it feasible and prudent to meet remotely. Everyone attending via the zoom application was able to see and communicate with each other. All votes will be taken via roll call vote during this meeting.

**2. ROLL CALL**

Roll Call: Paul Henken, James Simoncelli, and Jerry Mattingly. Ryan Rodriguez is absent due to COVID, and Bill Murphy is absent due to work scheduling conflicts. Also present: Attorney Jeff Goodloe, Derek Flessner and Richard Lamb of Lauterbach & Amen, Tom Sawyer of Sawyer Falduto Asset Management, Interim Village Finance Director Chuck Howard, and Administrative Secretary Carol McMullen. John Falduto of Sawyer Falduto Asset Management joined the meeting at 9:27 a.m.

**3. READING & APPROVAL OF MINUTES**

A motion was made by James Simoncelli to approve the minutes of the Regular Meeting of 01-26-2021, as presented; second by Paul Henken. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

A motion was made by James Simoncelli to approve the Executive session minutes from the Administrative Hearing of Roger Callese dated 02-24-2021 and retain them as closed from the public at this time; second by Paul Henken. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

A motion was made by James Simoncelli to approve the open session meeting minutes from the Administrative Hearing of Roger Callese dated 02-24-2021; second by Paul Henken. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

The transcripts from the Callese Administrative Hearings are on file.

**4. PUBLIC COMMENTS - None at this time.**

**5. TREASURER/ACCOUNTANT REPORTS**

Derek Flessner reviewed the Lauterbach & Amen Financial Report as of 03-31-2021. There was \$29,919,221.41 net position held in trust for pension benefits. Total bills for January 1 through March 31, 2021 were \$67,045.78.

A motion was made by James Simoncelli to approve the 03-31-2021 Financial Report as prepared by Lauterbach & Amen; second by Paul Henken. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

A motion was made by James Simoncelli to approve the payment of the bills and disbursements as shown on the Lauterbach & Amen report as of 03-31-2021 and to pay the bills as they become due; second by Paul Henken. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

A motion was made by James Simoncelli to accept the Lauterbach & Amen Engagement Letter for accounting services for fiscal years ending April 30, 2022, 2023 and 2024; second by Paul Henken. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

Cash Flow Needs - No action needs to be taken at this time.

## **6. INVESTMENT ACTIVITY**

Tom Sawyer reviewed the Investment Policy and Asset Allocation Guidelines for equities and fixed income. He reviewed the Quarterly Investment Portfolio as of 03-31-2021; ending market value was \$29,884,021, with an investment return of \$609,851 for the first quarter of 2021.

A motion was made by Paul Henken to accept the 03-31-2021 Quarterly Investment Performance Report as presented; second by James Simoncelli. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

Annual Portfolio Rebalancing - Tom Sawyer stated that we are within our regulatory guidelines and are in compliance with the code.

Corporate Resolution - Documents were prepared for signature. This is needed to remove Ryan Rodriguez and Matt Rossi as signors on the Schwab account.

No changes need to be made to the Investment Policy at this time.

## **7. ATTORNEY REPORT**

Attorney Jeff Goodloe gave a brief update on the Consolidation. The Consolidated Police Board has been attempting to hire a general investment consultant. There were 7 submissions with two contenders; they took a vote and were at a 5-4 standstill; they needed 6 votes. They met last week, broke the deadlock and hired Verus Investments as their general investment consultants. This firm will work to put a plan together in terms of getting assets transferred over, what happens when the assets gets transferred over, who the board should hire as it's individual investment advisors to start managing that money, as well as to put a plan in place for the transition of assets and the audit of each pension fund. They discussed starting the transfer of assets by October of this year.

Since the last board meeting a lawsuit challenging the consolidation was filed in Kane County at the end of February 2021. There are 18 downstate police and fire pension funds who are the plaintiffs, and there are participants and beneficiaries from each of those funds who are also named as plaintiffs. Sixteen are police pension funds; two are firefighter pension funds. They have three claims, which come under the Illinois State Constitution. 1. That prior to consolidation you had an enforceable and contractual right to manage your money, to decide who you wanted to hire as an investment advisor and how you wanted to invest your money. 2. That prior to consolidation you had voting rights that were not diluted by consolidation; after consolidation you are one of thousands of votes, therefore your voting rights have been diluted. 3. You have to pay for it because the consolidated fund is authorized to take a loan of up to \$7.5 million from the Illinois Finance Entity and you have to pay that loan with interest; therefore that violates the constitution as well. The plaintiffs were still trying to get service on all of the defendants and this is set for a Status Hearing in front of Judge Busch in the middle of June. At that time it is expected that the plaintiffs will file a motion for a Temporary Restraining Order, trying to get the Judge to enter that order to put a halt to the consolidation until the case works its way through the court system.

If the judge grants the TRO, then everything is on hold subject to an appellate court or that court lifting the Stay. If the court denies the TRO, the consolidation just continues to move forward. If the plaintiffs win and the court says it is unconstitutional then the law is struck down and it doesn't get implemented, subject to the Supreme Court of Illinois having to take the case up and reverse the Trial Court. If the plaintiffs lose, then it's over and the consolidation moves forward.

Attorney Goodloe stated that there is proposed legislation involving downstate firefighter pension funds, not so much with respect to police pension funds. SB2107 has passed the Senate and is now in the House; this essentially makes the consolidated fire and consolidated police pension funds participating instrumentalities in the Illinois Municipal Retirement Fund. So, therefore, if the consolidated police or fire fund hires you as an employee, (i.e. Executive Director, Secretary, Chief Investment Officer), those people would be entered into the IMRF and would be entitled to an IMRF pension. The employer to that pension would obviously be paid out of the assets that get transitioned over through consolidation.

## **8. OLD BUSINESS**

Pension Trustee Election Results - Nomination letters were distributed for one active police officer and one annuitant police officer position. Chris Cordes, Gardiner Wade and Ryan Rodriguez were nominated for the active officer position. Gardiner Wade and Ryan Rodriguez declined the nomination. Chris Cordes is elected by acclamation and will serve for the term 05-01-2021 through 04-30-2023. James Simoncelli and Debbie Lundgren were nominated for the annuitant officer position. Debbie Lundgren declined the nomination. James Simoncelli is elected by acclamation and will serve for the term 05-01-2021 through 04-30-2023.

A motion was made by Paul Henken to certify the election results as presented; second by Jerry Mattingly. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

2021 Affidavits of Eligibility - It was the consensus of the Board to send the 2021 Affidavits of Eligibility on October 15, with a December 1 response deadline.

Fiduciary Liability Insurance - The Fiduciary Liability Insurance policy has been renewed.

Trustee Training Status - Jerry Mattingly and Chris Cordes have been registered for the online Certified Trustee Training and the online 4 hour transition training. The IPPFA Annual Spring Conference is being held the first week of May in Lincolnshire; it is being held remotely and in-person. The IPPFA Fall Conference is being held Sep 29 - Oct 1 in Oakbrook.

## **9. APPLICATION FOR MEMBERSHIP**

There are two new police officers, Gilbert Sanchez and Michael Nierman. No paperwork has been received; the approval of their pension applications is tabled.

## **10. NEW BUSINESS**

Quarterly Meeting Time - Trustee William Murphy has a work schedule conflict and he will no longer be able to attend meetings scheduled between 8:00 a.m. and 5:00 p.m. Paul Henken stated currently he works from 8:30 a.m. to 4:30 p.m. and later meetings would affect his work hours, but he could be flexible. James Simoncelli stated he would try to be accommodating in order to have the full Board meet. Paul stated that Officer Chris Cordes works the afternoon shift which is 3:00 p.m. to 11:00 p.m, and he is not sure if he would easily be able to attend a meeting while on shift, but he will discuss this with him. Jerry Mattingly stated he was retired and if the meeting time were changed to evenings, he could attend. Jerry Mattingly will contact the Mayor to see what he would like to do at this point; he will also contact William Murphy to see if he is still interested in being on the Board.

Pre-approval of DOI Annual Compliance Fee - A motion was made by Paul Henken to pre-approve the DOI Annual Compliance Fee upon receipt not to exceed the State maximum of \$8,000; second by James Simoncelli. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

Status as to FYE preparation of DOI Annual Statement, Actuarial Valuation & Annual Audit Reports - We are not at fiscal year-end yet, but Derek Flessner stated that Lauterbach & Amen has begun reaching out with requests for material that is needed to complete the reports. Drafts will be ready later this summer. The DOI did change the Interrogatory section of the report this year, with 25-30 new questions.

## **11. MEMBERSHIP BENEFITS**

Blake DeWelde - Filled out a deferred pension benefit application. His date of hire was 04-01-2001, last day worked 04-26-2021, and date of birth 1979, effective date of pension will be 06-04-2029. His application will be sent to L&A in order for them to prepare his benefit calculations. This is tabled for approval for the July meeting.

Ryan Kennedy - He has resigned and requested a full pension contribution refund. His date of hire was 09-11-2017, last day worked 01-25-2021.

A motion was made by Paul Henken to approve the pension refund application of Ryan Kennedy in the amount of \$20,925.86; second by James Simoncelli. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

Jose Nunez - He has resigned and requested a full pension contribution refund. His date of hire was 06-22-2020, last day worked 12-11-2020.

A motion was made by Paul Henken to approve the pension refund application of Jose Nunez in the amount of \$3,240.62; second by James Simoncelli. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

John Bertholomey - He has resigned and requested a full pension contribution refund. His date of hire was 09-11-2017, last day worked 02-24-2021.

A motion was made by Paul Henken to approve the pension refund application of John Bertholomey in the amount of \$25,029.38; second by James Simoncelli. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

Teresa Suchy AitHa - Has resigned. Date of hire was 06-24-2020, last day worked 01-13-2021. No paperwork received. Tabled for July.

Lucia Dorado - Has resigned. Date of hire was 09-09-2020, last day worked 02-05-2021. No paperwork received. Tabled for July.

Evelyn Gaitan - Has resigned. Date of hire was 09-09-2020, last day worked 12-12-2020. No paperwork received. Tabled for July.

Timothy Cramer - Has resigned. Date of hire was 08-25-2017, last day worked 04-08-2021. The amount of his pension contributions has not yet been determined. This is tabled for July.

Robert Gannon - Lauterbach & Amen calculated his transfer of creditable service time, Attorney Laura Goodloe reviewed the calculations. Fox Lake Police Pension Fund has scheduled a special meeting for May 5, 2021 to review and approve the calculations. This is tabled for July.

Roger Callese disability update - The Intervention Deliberation Hearing is scheduled for May 3, 2021 at 6:00 p.m.

## **12. ADJOURNMENT**

The next meeting is scheduled for July 27, 2021. With no further business, a motion was made by Paul Henken to adjourn the meeting at 10:03 a.m., second by James Simoncelli. Roll call vote taken. Jerry Mattingly - Aye. James Simoncelli - Aye. Paul Henken - Aye. Ryan Rodriguez - Absent. William Murphy - Absent. Motion approved.

Respectfully submitted,

**Jerry Mattingly**  
Vice-President

**BY: Carol McMullen**  
Recording Secretary