



**MINUTES
VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD**

Village Hall Conference Room
675 Village Court
Friday, November 15, 2019 – 7:00 a.m.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:01 a.m.

2. ROLL CALL

The following were present:

Michael Neimark, Trustee
James Franke, Trustee
Peter Neville, Trustee

The following were also present:

Nikki Larson, Finance Director
Denise Joseph, Assistant Finance Director
Margie Ziegler, Management Analyst
Jason Franken, Foster & Foster Actuaries and Consultants

The following were not present:

Ed Birkenstein, Trustee
Hubert Dziekan, Trustee

3. PUBLIC COMMENT

None

4. REVIEW OF ACTUARIAL REPORT

Mr. Jason Franken, from Foster & Foster Actuaries and Consultants, began the discussion on the Police Pension Fund's Actuarial Valuation report as of March 1, 2019. Mr. Franken described Foster & Foster's process for developing the actuarial report, explaining that the results of the recommended annual contribution increased significantly for Stub Year 2020, due in large part to new assumptions used by Foster & Foster, including the incorporation of a new public safety mortality table, change in accounting for administrative fees, projected investment returns and changes in methodology. With these changes, Foster & Foster's recommended contribution increased from the previous \$1.84 to \$2.2 million (a 19.7% increase) and unfunded liability changed from \$22.1 to \$24.5 million. Mr. Franken

reminded the committee that the Village's financial policy has been to fund in excess of the State minimum requirement, opting for 100% instead of 90% funded by year 2040. The committee then discussed the cost method used in the calculations, Entry-Age Normal, which amortizes contribution payments in a level manner over the course of the term length, with annual payments reaching approximately \$3 million as year 2040 approaches.

He then explained that the unfunded liability will increase in Calendar Year (CY) 2020 because of the impact of negative amortization in which the annual payment does not offset the increase in liability. He commended the Board for their decision to fund quicker than what is required by the Illinois Pension Code, explaining that should payments be decreased or deferred, it is possible to extend the cycle of negative amortization. As a note, Mr. Franken explained that a slightly different plan valuation is included in the actuarial report, showing a recommended contribution and unfunded ratio based on Governmental Accounting Standards Board (GASB) assumptions and rules. Specifically, he noted that GASB rules do not allow actuaries to smooth gains and losses, which would make the poor performance in 2019 appear more impactful in the Village's financial statements.

5. CONSIDERATION OF MUNICIPAL COMPLIANCE REPORT

Director Larson highlighted the annual municipal compliance report for the year ending February 28, 2019. She indicated that pursuant to Public Act 95-950, the Act requires pension boards to provide an annual report on the financial condition of the pension fund. The Police Pension Fund report reflects an ending value of assets in the Police Pension Fund of \$35.8 million, which is a decrease over last year's ending balance of \$36.2 million.

6. OTHER BUSINESS

There were no other items for discussion.

7. ADJOURNMENT

There being no further business to come before the Police Pension Fund Board, Trustee Neville moved, seconded by Trustee Franke, to adjourn the meeting at 8:30a.m. The motion was approved unanimously.

Approved by:



Date:

22 Jan 20

Trustee Name:

Michael Neimark