



WEST CHICAGO FIRE PROTECTION DISTRICT

Pension Board

200 Fremont Street, West Chicago, Illinois 60185 (630) 231-2123 Fax (630) 231-2122

**Minutes of the Regular Meeting
of the West Chicago Fire Protection Districts'
Pension Fund Board held on July 20, 2020
Meeting held via teleconference in accordance with Section 7(e) of
the Open Meetings Act and the State's disaster declaration regarding the COVID-19
pandemic and the Board President's determination
that an in-person meeting is not practical or prudent**

Call meeting to order: The meeting was called to order at 9:00 a.m. by President Andy Maxwell.

Roll call showed Trustee Charles Bratcher, Trustee Bob Hodge, Trustee Andy Maxwell, Trustee Pat Murphy and Trustee Justin Ukleja present.

Also present were John Falduto and Ed Lavin from Sawyer Falduto Asset Management, LLC, attorney Carolyn Welch Clifford from Ottosen DiNolfo Hasenbalg & Castaldo, Ltd., Allison Barret from Lauterbach & Amen and Administrative Assistant Joy Edminson.

Others Attending: None

Public Comments: None

Minutes:

- A. **Minutes of the Regular Meeting via teleconference held on April 20, 2020** were reviewed. It was noted that Trustee Hodge's name was misspelled in roll call votes.

Trustee Murphy made a motion to accept minutes of the April 20, 2020 Regular Teleconference meeting as corrected; the motion was seconded by Trustee Ukleja.

The motion passed by the following roll call vote:

Trustee Murphy - Aye	Trustee Ukleja - Aye	Trustee Maxwell - Aye
Trustee Bratcher - Aye	Trustee Hodge - Aye	

- B. **Six Month Review of Closed Session Minutes:** Updated list provided to the Board. Legal Counsel recommended keeping listed minutes closed, as the need for confidentiality still exists.

Trustee Murphy made a motion to keep closed session minutes from February 15, 2012, January 20, 2014 and April 16, 2018 closed, seconded by Trustee Hodge.

The motion passed by the following roll call vote:

Trustee Murphy - Aye	Trustee Hodge – Aye	Trustee Maxwell - Aye
Trustee Bratcher - Aye	Trustee Ukleja – Aye	

Accounting/Investment Reports:

A. Accounting Report: Allison Barret from Lauterbach & Amen led a review of the Financial Activity Summary for the month ended June 30, 2020. Report included the following for the first month of the fiscal year:

- a) Net Position Held in Trust for Pension Benefits - \$37,054,884.97
- b) Total Additions - \$1,162,726.02
- c) Total Deductions - \$150,523.70
- d) Change in Position – \$1,012,202.32
- e) Cash and Investments –
 - Mutual Funds 65%
 - Fixed Income 34%
 - Money Market Mutual Funds 1%
 - Cash & Cash Equivalents 0%
- f) Total Contributions - \$538,433.56
- g) Total Investment Income - \$624,292.46
- h) Total Pensions and Benefits Expenses – \$141,045.64
- i) Total Administrative Expenses - \$9,478.06
- j) Total Expenses \$150,523.70
- k) Member Contribution Report

Question and discussion on the investment advisor fees and the legal fees.

A motion to approve the Accounting Report as presented was made by Trustee Hodge and seconded by Trustee Bratcher.

The motion passed by the following roll call vote:

Trustee Hodge - Aye	Trustee Bratcher – Aye	Trustee Maxwell - Aye
Trustee Murphy - Aye	Trustee Ukleja – Aye	

B. Approve/Ratify payment of bills:

The Vendor Check Report compiled by Lauterbach & Amen shows payments of \$71,242.49 for April 21, 2020 through July 20, 2020. The amount includes monthly direct deposits to the IRS for withholding and to the WCFPD for insurance.

Motion to ratify the payment of bills paid by Lauterbach & Amen on behalf of the Pension Fund for total of \$71,242.49 for April 21, 2020 through July 20, 2020 was made by Trustee Hodge and seconded by Trustee Murphy.

The motion passed by the following roll call vote:

Trustee Hodge - Aye Trustee Murphy – Aye Trustee Maxwell - Aye
Trustee Bratcher - Aye Trustee Ukleja – Aye

C. Review/Approval – Municipal Compliance Report FYE May 31, 2019:

Attorney Clifford advised the Board to sign the updated MCR which now includes the DOI actuarial information and give a copy to the District and Ms. Clifford.

Motion to approve the revised Municipal Compliance Report FYE May 31, 2019 was made by Trustee Murphy and seconded by Trustee Hodge.

The motion passed by the following roll call vote:

Trustee Murphy - Aye Trustee Hodge – Aye Trustee Maxwell - Aye
Trustee Bratcher - Aye Trustee Ukleja – Aye

D. Status of DOI Annual Statement FYE May 31, 2019:

Allison Barret shared that Lauterbach & Amen are in the process of completing the DOI Annual Report and should have a draft at the October meeting.

E. Investment Report: John Falduto and Ed Lavin from Falduto Sawyer Asset Management LLC led a review of the Quarterly Investment Report Performance for June 30, 2020.

Beginning Market Value	\$32,393,566
Ending Market Value	\$37,046,592
Total Additions	\$ 614,722
Total Expenses	\$ 447,633
Investment Return	\$ 4,485,937

Portfolio Allocations: Equities 65.5%; Fixed Income 33.7%; Cash Equivalent 0.8%.
Total Account Return (gross) 13.87% for Quarter 2 (compared to benchmark at 14.40%)

Ed Lavin shared some observations: sharp equity market recovery reflected economic optimism; stimulus measures helped cushion the blow from the economic shut down; the Federal Reserve has signaled interest rates will likely remain low through 2022; unemployment surged; the pandemic continues to drive market volatility as medical developments evolve and momentum is building for a “U” shaped recovery anchored in 2021

Ed also reported that consistent asset allocation remains key: Portfolio diversification provides the foundation for long-term returns and risk management; Fixed income provides a good balance to the more volatile equity markets; “Investment Quilt” highlights investment performance for the equity and fixed income benchmarks;

On the market performance, Ed reported the equity indices rebounded sharply as market optimism was supported by a combination of economic stimulus measures, Federal Reserve actions and a gradual re-opening of local economies; S&P 500 2nd quarter total return of 20.54% is the best quarterly return since 4th quarter 1998; and U.S. large cap stocks have significantly

outperformed U.S. small cap and international stocks on a year-to-date basis. For fixed income: minimal change in U.S. Treasury yields during 2nd quarter; U.S. agencies add to strong 1st quarter performance with positive results in 2nd quarter; taxable municipal bonds generated positive performance and continue to offer good value; corporate bonds posted strong performance results as economic optimism grew and investors continue to search for yield; and securities rated “BBB” were the best performing corporate bonds.

A motion to approve the Investment Report as presented, was made by Trustee Ukleja and seconded by Trustee Bratcher.

The motion passed by the following roll call vote:

Trustee Ukleja - Aye	Trustee Bratcher – Aye	Trustee Maxwell - Aye
Trustee Hodge - Aye	Trustee Murphy – Aye	

Review and possible action on Investment Policy: Revisions in the Investment Policy which included language for the Illinois Sustainable Investing Act and fixed income benchmark changes were approved at the April meeting.. Ed Lavin will send revised policy for Board signatures and to file with IDOI.

Communications and special reports: Copies of “The Siren” were handed out from April 10, 2020; regarding Recommendations for trustee elections, trustee training, annual or other meetings of trustees, and from June 12, 2020; regarding firefighters’ pension investment fund’s board of trustee announced the 2020 trustee election,

Applicants for admissions, withdrawals and/or benefits from fund: None.

Unfinished Business:

- A. Updates on consolidation:** Attorney Clifford shared that the Consolidation Board is working on the election procedures. Information is on the website www.ifpif.org for election nominations. Consolidation Board also sent out massive communications to the individual Article 4 pension boards. Carolyn will prepare a letter to all active and retired members regarding elections. Consolidation on-line trainings can also be found on the consolidation fund website. Clifford informed the Board that there is a litigation being considered against the consolidation coming from a law firm in Geneva. There was discussion on the timing of investments being moved to the consolidation fund.
- B. Review/Update/Approval of Rules and Regulations:** Tabled till October meeting.
- C. Status of Ukleja Disability - Withdrawal:** An email was sent to Joy Edminson from Ukleja withdrawing his application for disability. Copy of email will be put in pension file.

D. Status of Urban tax issue: There has been no communication from John Urban concerning a letter sent on May 7, 2020 from Carolyn Clifford regarding request for revisions to 1099R. Clifford agrees with Lauterbach & Amen’s findings, that a portion of Urban’s benefit is retirement based and thus subject to taxation. Mr. Urban had mentioned that there had been litigation against Lauterbach & Amen in the past, Ms. Barrett clarified that no litigation has been brought against her firm on this issue.

New Business:

- A. **James Hamlin service purchase:** Records are incomplete for James Hamlin’s service purchase for 13 years of volunteer service. Since there is not enough documentation to prove or disprove that the service purchase was correct, Lauterbach & Amen recommends leaving years of service purchased as is, and Attorney Clifford agreed.
- B. **Approval of Administrative Assistant’s raise:** The District approved a raise for the shared administrative assistant beginning June 1, 2020.

Motion to approve the administrative assistant’s raise given by the District as of June 1, 2020 was made by Trustee Hodge and seconded by Trustee Bratcher.

The motion passed by the following roll call vote:

Trustee Hodge - Aye	Trustee Bratcher – Aye	Trustee Maxwell - Aye
Trustee Murphy - Aye	Trustee Ukleja – Aye	

- C. **Annual reports FYE May 31 – Audit and Actuarial Valuation:** No requests for documents have been received from Sikich for the audit. Trustee Maxwell will give Sikich a call. Lauterbach & Amen have been working on the Actuarial Valuation and will have a draft ready by the October meeting.
- D. **Annual affidavits of eligibility:** Attorney Clifford questioned whether annual affidavits of eligibility for retirees have gone out. Administrative assistant, Joy Edminson, explained that affidavits have not been done in the past. Lauterbach & Amen will facilitate the affidavits to send in the fall.

Trustee Training:

- A. **Upcoming training opportunities:** Attorney Clifford shared information on upcoming trainings on-line.

Updates on State and National Pension Issues:

Updates on State and National pension issues:

Pension Insights Handout: Attorney Clifford shared the Pension Insights Third Quarter 2020. Highlights included:

1. New legislation creates COVID-19 rebuttable presumptions:
 - a. House Bill 2455 into law as P.A. 101-0633, effective June 5, 2020
 - b. Rebuttable presumption for “front line workers” who contract COVID-19
 - c. Any injuries, illnesses or exposure while on duty at secondary employer requires that the fire chief report to the primary employer’s pension fund within 96 hours
2. Workers’ Compensation Changes:
 - a. Rebuttable presumption or workers’ compensation claims for front line workers.
 - b. Rebuttably presumed that they contacted COVID-19 on the job
 - c. Only cases of COVID-19 diagnosed between March 9, 2020 and December 31, 2020
 - d. Employee’s illness must be confirmed through a medical diagnosis
 - e. Cases before June 15, 2020, employees must provide medical diagnosis by licensed medical practitioner, or a positive laboratory test
 - f. COVID-19 diagnosis after June 15, 2020 must be diagnosed through a positive laboratory test for COVID-19 or COVID-19 antibodies
3. Chicago Pension Changes withhold

Legal Updates Handout: From remote meetings to potential consolidation challenges: a summary of the latest issues affecting Article 3 and 4 pension funds.

1. Changes to the Open Meetings Act allowing for remote meetings became law effective June 12, 2020
 - a. Head of public body must determine an in-person meeting is not practical or prudent because of the disaster
 - b. Board members on the remote meeting audio or video conference must be verified and capable of hearing all discussion and/or testimony during remote meeting
 - c. For open sessions of remote meeting, the public must have access to hear all discussion, testimony, and votes of all members of the Board
 - d. One member of the public body, chief legal counsel, or chief administrative officer must be physically present at the regular meeting location, unless this is unfeasible
 - e. All votes taken at remote meeting must be conducted by roll call vote
 - f. Notice of remote meetings must be given to the board members and any media who has requested notice, and posted on the public body’s website
 - g. A verbatim audio or video recording must be made of the open session remote meeting
2. Disability matters are proceeding with IME examination processes and remote hearings

3. IDOI issues rules regarding mistakes in benefits (now 1%)
4. FPIF are setting up operations and preparing for election of permanent boards
5. Law firm conducting investigation regarding possible litigation to challenge the consolidation law

Closed Executive Session: None

Possible Action on Closed Session: No actions taken.

Adjournment:

There was discussion on the October meeting being in person versus teleconference. Consensus was to wait until two weeks before to make that decision, based on the current state of the COVID-19 pandemic.

Trustee Hodge made a motion to adjourn, seconded by Trustee Murphy.
The motion passed by the following roll call vote:


Trustee Hodge - Aye	Trustee Murphy - Aye	Trustee Maxwell - Aye
Trustee Bratcher - Aye	Trustee Ukleja - Aye	

Meeting Adjourned at 10:17 a.m.

Next regular meeting:

The next regular meeting will be held on Monday, October 19, 2020 at 9:00 a.m. at Station #6, 200 Fremont Street, West Chicago, IL or via tele-conference

Respectfully submitted;



Justin Ukleja
Pension Fund Secretary
Minutes prepared by Joy Edminson

Date Approved by Board