



WEST CHICAGO FIRE PROTECTION DISTRICT

Pension Board

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

Minutes of the Special Meeting
of the West Chicago Fire Protection Districts'
Pension Fund Board held on July 22, 2019
at 200 Fremont St, West Chicago, IL

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 and Trustee Pat Murphy present. Trustee Justin Ukleja was absent.

Also present were John Falduto and Ed Lavin from Sawyer Falduto Asset Management, LLC, attorney Carolyn Welch Clifford from Ottosen Britz Kelly Cooper Gilbert & DiNolfo, Ltd., and Administrative Assistant Joy Edminson.

Public Comments: None

Minutes:

A. **Minutes of the Regular Meeting held on April 15, 2019** were reviewed.

Trustee Bratcher made a motion to accept minutes as written; the motion was seconded by Trustee Murphy. Upon a voice vote, the motion passed.

Accounting/Investment Reports:

A. **Accounting Report:** Accountant Ed McCormick from Mueller CPA was not present. McCormick sent an email to Trustee Maxwell on July 7, 2019 announcing withdrawal of services with the WCFPD Pension Fund as of May 31, 2019. Trustee Maxwell led a review of the Financial Activity Summary for the year ended May 31, 2019 as prepared by Ed McCormick. Report showed the following for the twelve months ending May 31, 2019:

- Net assets - \$33,492,811.43
- Total income - \$1,555,585.21
- Total expenses - \$1,644,210.73
- Net income (loss) – (\$88,625.52)

A motion to approve the Accounting Report as presented was made by Trustee Murphy and seconded by Trustee Hodge. Upon a voice vote, the motion passed.

B. Investment Report: John Falduto and Ed Lavin from Falduto Sawyer Asset Management LLC presented the quarterly Investment Report as of June 30, 2019. John Falduto pointed out that the six-month year-to-date investment return was \$4,118,678. Report included the following:

1. Quarterly Report:

- Investment Policy Guidelines:
 - Performance Measurements
 - Portfolio Allocations
 - Fixed Income Allocation
 - Equity Diversification
 - Illinois State Statutes
 - Proposed Fixed Income Allocation
- Cash Flow and Performance Review: (Quarter 2 - 2019)
 - Cash Flow:
 - Beginning Market Value \$34,178,766
 - Ending Market Value \$35,371,996
 - Investment Return \$1,080,998
 - Total Account Return (gross) 3.14% for Quarter 2 (compared to Total Account Benchmark 3.65%)
 - Total Account Return (gross) 13.12% Year-to-date (compared to Total Account Benchmark 13.42%)
 - Long Term Performance since inception 1/1/2019–
 - Total account return 13.12% (compared to Total Account Benchmark 13.42%)
 - Portfolio Value vs. Cumulative Net Investment Graph
- Quarterly Update – June 30, 2019:
 - Equity Markets – on-going trade war and tariffs continue to be primary driver of market volatility. Stocks delivered positive 2Q returns. Slowing earnings growth and increased recession risk could be headwinds
 - Fixed Income – Federal Reserve left rates unchanged. Market is currently pricing in multiple rate cuts in 2019. Yield curve remains inverted with intermediate bond yields below short and long-term
 - Economy – Expectations for economic growth remain tempered based on global trade concerns. Growth continues to be positive, but at a slowing rate
 - Looking Forward – Federal Reserve rate cut potentially as soon as July 2019. Valuations and earnings
 - Bond Yields – portfolio durations remain conservatively postured as compared to benchmarks
- Portfolio Statement as of 06/30/2019
 - Allocations and Investments Held
 - Equities 66.1%, Fixed Income 32.9%, Cash Equivalent 1.1%
 - Ending Market Value \$35,371,996
- Equity Portfolio:
 - Portfolio Snapshot – June 31, 2019
 - TIAA-CREF Small-Cap Blend Index Inst
 - Mutual Fund Performance and Fund Characteristics
- Fixed Income Portfolio
 - Fixed Income Allocations

- Portfolio Statistics
- Maturity Distribution
- Quality Distribution
- Transaction Ledger Report

A motion to approve the Investment Report as presented, was made by Trustee Hodge and seconded by Trustee Murphy. Upon a voice vote, the motion passed.

C. Review and possible action on Investment Policy: John Falduto highlighted the allocation range changes as well as some language changes in the revised investment policy as presented. Carolyn Clifford handed out the legal checklist from Ottosen Britz which showed the policy in compliance with state law as revised.

Trustee Hodge made a motion to approve the revised Investment Policy; seconded by Trustee Murphy. The motion passed by the following roll call vote:

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

D. Approve/Ratify payment of bills:

The Vendor Check Report compiled by Lauterbach & Amen shows payments of \$73,134.08 for April 16, 2019 through July 19, 2019. 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 \$73,134.08 from April 16, 2019 through July 19, 2019 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 - Absent	

Communications and special reports: None

Applicants for admissions, withdrawals and/or benefits from fund:

A. Passing of Virginia Hamlin May 1, 2019

Motion to terminate benefits for Virginia Hamlin as of May 2, 2019 was made by Trustee Bratcher and seconded by Trustee Murphy. The motion passed by the following roll call vote:

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

B. Retirement Benefits – BC Hugh Stott

The Board reviewed the retirement application and benefit calculation prepared by Lauterbach and Amen for BC Hugh Stott. BC Stott had an entry date of September 15, 1986, sixty-four years of age at date of retirement, retirement date of June 7, 2019, effective date of pension of June 8, 2019, 32 years and eight months of creditable service, applicable salary of \$129,846.00, applicable pension percentage of 75.00%, amount of initial prorated monthly pension of \$6,221.79, amount of originally granted monthly pension of \$8,115.38, and amount of originally granted annual pension of \$97,384.56. Motion to approve the Application for Retirement Benefits from BC Hugh Stott 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 – Absent	

C. New Hire Application – Ryan Olmstead

Motion to accept the Application for Membership from Ryan Olmstead as of July 8, 2019 as a Tier II member was made by Trustee Bratcher and seconded by Trustee Murphy. The motion passed by the following roll call vote:

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

Unfinished Business:

- A. Update on IRS Letter/Bill 2017 Taxes:** Trustee Maxwell gave an update. The IRS to-date has resolved the 2017 Tax payments and has removed all charges and late payments. However, the IRS now says the Fund owes interest on the late fees that have been waived. Trustee Maxwell is still working on this issue. Attorney Clifford suggested asking for assistance from Lauterbach & Amen. Trustee Maxwell further reported that as a result of this IRS inquiry, several pensioners have received a letter from the IRS saying they owe taxes from 2017. Ed McCormick was working to resolve this issue.

- B. Approval of Engagement Letter – Mueller CPA:** Engagement letter withdrawn as result of termination of services by Mueller CPA’s Ed McCormick. Discussion had on replacement of accountant. Carolyn Clifford suggested Lauterbach & Amen to take over the accounting services and to appoint the District’s auditors, Sikich, to also perform the pension’s independent annual audit instead of renewing the Lauterbach & Amen’s engagement on the Fund’s audit. President Maxwell will contact Lauterbach & Amen, Sikich and the WCFPD Chief.

- C. Review/Update/Approval of Rules and Regulations:** Carolyn Clifford handed out a draft copy of a revised Rules and Regulations for the Board to review and come back at a later date to go over line by line for approval.

New Business:

- A. **IDOI Report:** Due to the termination of accounting services, President Maxwell will call Lauterbach & Amen for a proposal to proceed with the IDOI Annual Statement for FYE May 31, 2019.
- B. **Annual Actuarial Report:** Lauterbach & Amen are in contact with the pension fund's administrative assistant and are receiving documents as they become available.
- C. **Annual Financial Audit Report:** Lauterbach & Amen have begun to gather documents from the pension fund's administrative assistant. President Maxwell will call Lauterbach to request that they cease work on the audit and will call Sikich to take over the annual audit.

D. Approve Admin Assistant Raise:

Motion to approve the \$.50 per hour raise for the Administrative Assistant beginning June 1, 2019 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 - Absent	

E. Reorganization of Board – Election of Officers:

The Board held an election for the office of Secretary. The floor was opened for nominations. Trustee Hodge nominated Trustee Bratcher. No other nominations.

Motion to elect Trustee Bratcher to the office of Secretary was made by Trustee Murphy and seconded by Trustee Hodge. Upon a voice vote, the motion passed.

F. Update signers on Schwab account:

John Falduto presented a document for Trustee Maxwell, Trustee Murphy, Trustee Bratcher and Trustee Hodge to sign for the Charles Schwab account. Discussion had on closing out the FNBC Bank and Trust checking account which is no longer used to pay bills. President Maxwell will close out account and transfer the remaining balance of \$36,687.10 to the pension fund's Charles Schwab account.

Motion to update signers on the Pension Fund's Charles Schwab account 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 - Absent	

G. Approval of Updated Resolution for Signatory Authority:

Clifford presented a resolution for signatory authority. The resolution provides for the delegation of the treasurer's signatory authority to the designated trustees. With approval from the Board, Clifford will make the necessary changes and present for signatures of the Board.

Motion to accept the Resolution for Signatory Authority 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 - Absent	

H. Approval of Engagement Letters – Lauterbach & Amen:

- i. **Services:** Tabled
- ii. **Annual Financial Audits FYE 5/31/19:** Tabled

Trustee Training:

A. Upcoming training opportunities:

- AFFI October 7 & 8 in Bloomington
- IPPFA October in Lake Geneva
- IPFA 2019 Fall Seminar is November 1st, 2019 in Addison

B. Updates on State and National pension issues: Attorney Clifford shared the Ottosen Britz Pension Practice Quarterly Insights for Pension Trustees (third quarter 2019): This quarterly discussed posting pension fund information online. If the pension fund does not have its own website, then there is no posting requirement. Voluntary online postings must be limited. If pension fund does not operate its own website with full-time staff, the board of trustees should consider how much, if anything, it wants to include on a city, village, or fire protection district website. The WCFPD pension fund posts the agenda and the approved minutes on the District's website.

Attorney Clifford also shared an article in the Spring 2019 Fire Call. The article titled Eight Questions was also written by Carolyn Clifford. The eight questions were developed to help focus the board's decision-making to the underlying fiduciary duties pension fund trustees must meet.

Closed Executive Session: None

Possible Action on Closed Session: No actions taken.

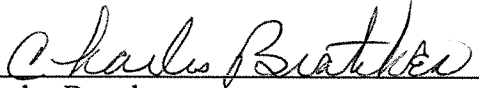
Adjournment:

Trustee Murphy made a motion to adjourn, seconded by Trustee Hodge. Upon a voice vote, the motion passed. Meeting Adjourned at 10:30 a.m.

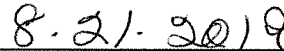
Next regular meeting:

The next regular meeting will be held on Monday, October 21, 2019 at 9:00 a.m. at Station #6,
200 Fremont Street, West Chicago, IL.

Respectfully submitted;



Charles Bratcher
Pension Fund Secretary



Date Approved by Board

Minutes prepared by Joy Edminson