



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 April 15, 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 Justin Ukleja present. Trustee Pat Murphy was absent.

Also present was Ed Lavin from Sawyer Falduto Asset Management, LLC, attorney Carolyn Welch Clifford from Ottosen Britz Kelly Cooper Gilbert & DiNolfo, Ltd., Greg Kieswetter from Cook Castle Associates and Administrative Assistant Joy Edminson.

Accountant Ed McCormick from Mueller CPA joined the meeting at 9:13 a.m. and John Falduto from Sawyer Falduto Asset Management, LLC joined the meeting at 9:45 a.m.

Public Comments: None

Minutes:

- A. **Minutes of the Regular Meeting held on January 21, 2019** were reviewed. Correction made on page one, Item B under Minutes. It should read "*the motion was seconded by Trustee Murphy*" and not by Trustee Bratcher.

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

- B. **Six-month review of closed session minutes.**

After review of inventory of closed session minutes and consulting with legal counsel, Trustee Hodge made a motion to approve the destruction of recordings from the February 15, 2012 and the January 20, 2014 closed session meetings, and to continue to keep the written closed meeting minutes closed; motion was seconded by Trustee Bratcher. Upon a voice vote, the motion passed.

Accounting/Investment Reports:

- A. **Accounting Report:** Accountant Ed McCormick from Mueller CPA presented the accounting report for the ten (10) months ending March 31, 2019 FYE May 31, 2019. For the period of June 1, 2018 through March 31, 2019, the Total Income was \$2,012,527.20 Total Expenses were \$1,366,302.69; Total Net Income (Loss) was

\$646,224.51; and Net Assets at the end of the period were \$34,227,661.46. There were no questions on report.

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

B. Investment Report: Ed Lavin from Falduto Sawyer Asset Management LLC presented the quarterly Investment Report as of March 31, 2019. Lavin's 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 1 - 2019)
 - Cash Flow:
 - Beginning Market Value \$31,466,545
 - Ending Market Value \$34,178,766
 - Investment Return \$3,037.679
 - Performance Review 9.65% net of fees (compared to Total Account Benchmark 9.43%)
 - Long Term Performance 9.68% gross of fees (compared to Total Account Benchmark 9.43%)
 - Portfolio Value vs. Cumulative Net Investment Graph
- Quarterly Update – March 31, 2019:
 - Key Points
 - Equity Markets - solid gains both domestically and internationally, S&P had best start for year since 1998
 - Fixed Income – short term interest rates unchanged
 - Economy – expectations for economic growth have been lowered, growth continues to be positive, but at a slowing rate
 - Looking Forward – short-term interest rates holding target range of 2.25% – 2.50%
 - Bond Yields – a move to safety and curve inversion
- Portfolio Statement as of 03/31/2019
 - Allocations and Investments Held
 - Equities 66.2%, Fixed Income 33.2%, Cash Equivalent 0.7%
 - Ending Market Value \$34,178,766.06
- Equity Portfolio:
 - Portfolio Snapshot – March 31, 2019
 - 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 Ukleja and seconded by Trustee Hodge. Upon a voice vote, the motion passed.

C. Review and possible action on Investment Policy: Members of the Board had questions and discussion regarding the following: overlay in investment in companies on the equity side and the risks of high concentration in any one stock; benchmarks over long term; use of indexing or ETFs v. active management; adding mid cap targets to investment policy and benchmarks in small cap funds; exposure to REITs; and detail list of all fees. No actions on Investment Policy were taken at this time..

D. Approve/Ratify payment of bills:

The Vendor Check Report compiled by Lauterbach & Amen shows payments of \$64,623.91 for January 21, 2019 through April 12, 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 \$64,623.91 from January 21, 2019 – April 12, 2019 was made by Trustee Bratcher and seconded by Trustee Ukleja. The motion passed by the following roll call vote:

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

E. Approval to pay Compliance fee when received:

Trustee Ukleja made a motion to pay the Illinois Department of Insurance Compliance fee when received; seconded by Trustee Hodge. The motion passed by the following roll call vote:

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

Communications and special reports:

A. Death Audit Service: Attorney Clifford explained the Death Audit Service with Life Status 360, which is a free service offered by Lauterbach and Amen and IPPFA that will keep track of pensioner deaths on a daily basis. Clifford requested and received information from Lauterbach & Amen regarding protection of personal information. Lauterbach & Amen assured Clifford that Life Status 360 has insurance coverage regarding her concerns of potential breach of pensioners' personal information. Furthermore, the Fund's engagement letter with Lauterbach requires it to be in compliance with the Personal Identity Protection Act, which would also include sharing this information with an outside vendor by Lauterbach. Clifford gave her endorsement for WCFPD to go ahead with the service. Joy Edminson will contact Lauterbach & Amen for a copy of the Life Status 360 form for the WCFPD to request Death Audit Service.

A motion was made by Trustee Ukleja to approve joining the Death Audit Service through Lauterbach & Amen; seconded by Trustee Bratcher. Upon a voice vote, the motion passed.

B. February 1, 2019 and April 4, 2019 “The Siren”: The Board received copies of the most recent two Sirens:

1. February 1, 2019 – Annual Statement package changes:
 - Rank input required in Schedule P
 - New validation rules in Schedule P
 - Changes to Fund details page in PASS
2. April 4, 2019 – Nominated Beneficiary schedule, Modified Interrogatories:
 - Additional information needed on spouse

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

Unfinished Business:

A. Update on IRS Letter/Bill 2017 Taxes: Trustee Maxwell and Ed McCormick gave an update. There is now an IRS agent assigned to this case, who recently visited the fire station, and who should now have all documents needed to resolve the issue. Attorney Clifford asked that Ed McCormick send copies of all documents associated with the 2017 taxes be sent to her. Clifford will review documents and prepare a letter to the IRS agent in hopes of speeding up the process.

B. Certify 2019 Election Results: An election for an active member seat was held on Friday, April 12th, 2019 at station 6 from 8:00 a.m. to 4:30 p.m. With eleven (11) active member ballots counted, Justin Ukleja was elected as Trustee for a three-year term ending April 2022. Ballots were verified and counted by Joy Edminson and witnessed by Assistant Chief Tim Leidig.

A motion was made by Trustee Hodge to certify the election of Justin Ukleja as Trustee for a three-year term ending April 2022, seconded by Trustee Bratcher. The motion passed by the following roll call vote:

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

New Business:

A. Election of Officers: The Board held an election of Officers. The floor was opened for nominations. Trustee Hodge suggested keeping all officers the same.

Motion to re-elect Trustee Andy Maxwell to the office of President, Trustee Justin Ukleja to the office of Secretary and Trustee Pat Murphy to the office of Treasurer was made by Trustee Hodge and seconded by Trustee Bratcher. Upon a voice vote, the motion passed.

Trustee Andy Maxwell was elected as President by unanimity.
Trustee Justin Ukleja was elected as Secretary by unanimity.
Trustee Pat Murphy was elected as Treasure by unanimity.

B. Appointment of FOIA & OMA Officer/DOI Security Administrator: Trustee Maxwell recommended re-appointing Joy Edminson as FOIA & OMA officer and DOI Security Administrator.

Motion to re-appoint Joy Edminson as FOIA & OMA officer and DOI Security Administrator, was made by Trustee Bratcher and seconded by Trustee Hodge. Upon a voice vote, the motion passed.

C. Approval of Engagement Letters:

- i. **Accounting – Mueller CPA:** The Mueller engagement letter was reviewed by the Board and attorney. Clifford asked Ed McCormick to have PIPA (Personal Information Protection Act) added to letter of engagement. Approval tabled till July meeting.
- ii. **Legal – Ottosen Britz:** Board reviewed the Engagement letter from Ottosen Britz Kelly Cooper Gilbert & DiNolfo, Ltd.

Trustee Hodge made a motion to approve the 2019 Engagement Letter and Retainer from Ottosen Britz Kelly Cooper Gilbert & DiNolfo; seconded by Trustee Ukleja. The motion passed by the following roll call vote:

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

- D. **Fiduciary Liability Renewal:** Greg Kiesewetter from Cook Castle & Assoc. presented the proposed renewal of the Pension Board’s Fiduciary Liability Insurance coverage. The premium for the proposed 2019/2020 policy will be \$3,938.00 for \$1,000,000 limit of liability. There was discussion on raising the liability limit to \$2,000,000. The Board will re-address raising the liability limit to \$2,000,000 for 2020/2021 policy.

Motion was made by Trustee Hodge to approve application and execute contract with Cook Castle & Assoc. to start May 1, 2019 with \$1,000,000 Aggregate limit in coverage for Pension Fund Trustees and the Pension Fund’s Administrative Assistant, and to pay the policy cost of \$3,938.00, seconded by Trustee Ukleja. The motion passed by the following roll call vote:

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

- E. **Review/Update/Approval of Rules and Regulations:** Tabled until July meeting.

Trustee Training:

A. Upcoming training opportunities:

- IPFA 2019 Spring Seminar is May 3, 2019 in Addison.
- IPFA 2019 Fall Seminar is November 1st, 2019 in Addison

- B. **Updates on State and National pension issues:** Attorney Clifford provided information on “Setting Actuarial Assumptions: Understanding the Professional and Fiduciary Responsibilities” as presented at the Northern Illinois Alliance of Fire Protection Districts annual conference January 2019. Clifford also provided information from a panel presentation at the annual conference on the “Pros and Cons of Illinois

Pension Fund Consolidation". Clifford shared information on bills and proposals pending before the Illinois General Assembly regarding consolidation of Article 3 and 4 pension funds. Governor Pritzker has a committee studying pension reform and consolidation.

Attorney Clifford shared the Ottosen Britz Pension Practice Quarterly Insights for Pension Trustees (second quarter 2019): This quarterly weighed internal controls and preventing the worst-case scenario. Clifford had John Falduto explain procedures for transferring from the Fund's Charles Schwab to BMO Harris account that Lauterbach & Amen uses to pay monthly benefits and any expenses. John explained how this is overseen and the security protections put in place. The Quarterly Insights recommends five components for a sound financial internal control system to insure the safekeeping and transfer of assets.

1. Controlled Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

The Board asked questions and had discussion on the secondary employment bill as well as the double-dipping Bill.

Closed Executive Session: None

Possible Action on Closed Session: No actions taken.

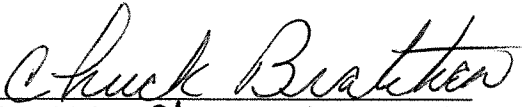
Adjournment:

Trustee Ukleja made a motion to adjourn, seconded by Trustee Hodge. Upon a voice vote, the motion passed. Meeting Adjourned at 11:04 a.m.

Next regular meeting:

The next regular meeting will be held on Monday, July 15, 2019 at 9:00 a.m. at Station #6, 200 Fremont Street, West Chicago, IL.

Respectfully submitted;


~~Justin Ukleja~~ **Chuck Bratcher**
Pension Fund Secretary

7/22/19
Date Approved by Board

Minutes prepared by Joy Edminson