



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 October 19, 2020  
at 200 Fremont St., West Chicago, IL  
in the Training Room**

**Call meeting to order:** The October 19, 2020 Regular 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 arrived at 9:03am.

Also present was Ed Lavin from Sawyer Falduto Asset Management, LLC, attorney Carolyn Welch Clifford from Ottosen DiNolfo Hasenbalg & Castaldo, Ltd., A.J. Weber, Kevin Cavanaugh and Liam Heneghan from Lauterbach & Amen, and Administrative Assistant Joy Edminson.

Others Attending: Lt. Jim Buenrostro, Firefighter Brian Jankowski, Firefighter Mike Newman and Chief Tanner

**Public Comments:** None

## **Minutes:**

**A. Minutes of the Regular Meeting held on October 19, 2020** were reviewed.

Trustee Hodge made a motion to accept minutes of the October 19, 2020 Regular meeting as written; the motion was seconded by Trustee Murphy. Upon a voice vote, the motion passed

## **Accounting/Investment Reports:**

**A. Accounting Report:** A.J. Weber from Lauterbach & Amen led a review of the Financial Activity Summary for the month ended September 30, 2020. Report included the following:

- a) Net Position Held in Trust for Pension Benefits - \$36,033,622.06
- b) Total Additions - \$3,843,340.17
- c) Total Deductions - \$583,437.00
- d) Change in Position – \$3,259,903.17
- e) Cash and Investments –

- Mutual Funds 65%
  - Fixed Income 34%
  - Money Market Mutual Funds 1%
  - Cash & Cash Equivalents 0%
- f) Total Contributions - \$1,125,864.81 (Received this year)
  - g) Total Investment Income - \$2,731,367.36 (Received this year)
  - h) Total Pensions and Benefits Expenses – \$564,912.94 (Expended this year)
  - i) Total Administrative Expenses - \$32,416.06 (Expended this year)
  - j) Total Expenses \$597,329.00 (Expended this year)
  - k) Member Contribution Report

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

The motion passed by the following roll call vote:

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

**B. Approve/Ratify payment of bills:**

The Vendor Check Report compiled by Lauterbach & Amen shows payments of \$60,450.34 for July 21, 2020 through October 19, 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 \$60,450.34 for July 21, 2020 through October 19, 2020, was made by Trustee Ukleja and seconded by Trustee Murphy.

The motion passed by the following roll call vote:

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

**C. Status of DOI Annual Statement:**

A.J. Weber explained to the Board that the completion of the DOI Annual Statement is pending the completion of the auditors Annual Audit FYE May 31, 2020.

Motion to approve the DOI Annual Statement FYE May 31, 2020 pending completion of the auditor’s (Sikich) Annual Audit FYE May 31, 2020, was made by Trustee Ukleja and seconded by Trustee Murphy.

The motion passed by the following roll call vote:

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

**D. Investment Report:** Ed Lavin from Falduto Sawyer Asset Management LLC led a review of the Quarter 3 Investment Report Performance as of September 30, 2020.

Beginning Market Value	\$37,046,592
Ending Market Value	\$39,288,390
Total Additions	\$ 587,431
Total Expenses	\$ 452,708
Investment Return	\$ 2,107,075

Portfolio Allocations: Equities 65.2%; Fixed Income 34.00%; Cash Equivalent 0.8%.  
Total Account Return (gross) 5.71% for Quarter 3 (compared to benchmark at 5.33%)

Ed Lavin shared some observations: U.S. economic activity shows signs of recovery based on future optimism: equity markets posted strong returns, but remain below peak levels from early September: Federal Reserve has extended their forecast for low interest rates through 2023; Additional stimulus measures continue to be debated by both political parties; headline risks include Covid-19, presidential election and China trade relations.

On the Equity market performance, Ed reported the equity indices continue to rebound and posted positive 3Q returns; accommodative Federal Reserve policies continue to support the equity markets in the form of low interest rates and ongoing willingness to provide liquidity into the financial markets; market volatility remains elevated; international equities posted positive quarterly returns despite Covid-19 concerns. Large capitalization growth stocks continue to lead the way for US domestic equity performance. Small capitalization value stocks continue a trend of multi-year underperformance.

On the Fixed Income market observations, Ed reported there was minimal movements in US Treasury yields as the curve steepened modestly during 3Q; corporate credit spreads decreased marginally as the markets anticipate less risk; US Treasury yields are forecast to remain near historically low levels.

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

**E. Review and possible action on Investment Policy:** None

**Communications and special reports:** None

**Applicants for admissions, withdrawals and/or benefits from fund:** The District received a letter of retirement on October 14, 2020 stating retirement to begin November 1, 2020. Letter is official after 7 (seven) days. Table approval until next meeting.

## Unfinished Business:

- A. Updates on Annual Audit:** No information from auditor. Trustee Maxwell has been in contact with the auditors from Sikich.
- B. Presentation of Actuarial Valuation FYE 5/31/2020:** Kevin Cavanaugh from Lauterbach & Amen presented a summary report for the contribution year ending May 31, 2021 for funding purposes for the fiscal year ending May 31, 2020 for financial Statement reporting with the following findings:
1. Contribution Recommendation & Funded Percentage:
    - Current Year Contribution recommendation \$1,590,000
    - Prior Year Contribution Recommendation \$1,443,000
    - Current Year Funded percentage (Actuarial Value of Assets) 79.01%
    - Prior Year Funded Percentage (Actuarial Value of Assets) 80.37%
    - Current Year Unfunded Actuarial Liability \$9,656,000
    - Prior Year Unfunded Actuarial Liability \$8,547,000
  2. Expected Benefit Payments:
    - Active Member Count 41
    - Inactive Member Count 19
    - Current Benefit Payments \$1,667,000
    - Expected Benefit Payments in 5 Years \$2,334,000
    - Expected Benefit Payments in 10 Years \$3,170,000
  3. Risk Management:
    - The ratio of benefit payments to the Market Value of Assets is 4.63%, compared to an Expected Rate of Return on Investments of 6.75%
    - Based on the number of active members in the Plan, there is a moderate demographic risk.
  4. Demographic Changes:
    - 1 member hired during the year; this increased the Recommended Contribution by approximately \$9,000
    - 1 member retired during the year; this decreased the Recommended Contribution by approximately \$29,000
    - 1 surviving spouse passed away during the year and 18 inactive members continued to collect benefits, this decreased the Recommended Contribution by approximately \$2,000
    - Other demographic changes experienced during the year were minimal
  5. Assumption Changes:
    - Inflation Rate (CPI-U)
    - Individual Pay Increases
    - Retirement Rates
    - Termination Rates
    - Disability Rates
    - Mortality Rates
    - Mortality Improvement Rates

6. Plan Changes:
  - Benefit changes under PA-101-0610 (SB 1300) in effect January 1, 2020. Changes reflect modifications to the Tier II Plan Provisions for:
    - Pensionable Salary Cap
    - Final Average Salary
    - Survivor Benefit Initial Calculations
7. Change in Contributions:
  - Expected Changes \$46,900
  - Salary Increase Greater/(Less) than Expected (\$47,500)
  - Demographic Changes (\$71,300)
  - Assumption Changes \$29,600
  - Plan Changes \$100,000
  - Asset Return (Greater)/Less than Expected \$46,200
  - Contributions (Greater)/Less than Expected \$42,700
  - Increase/(Decrease) in Recommended Contribution \$147,000
8. Change in Market Value of Assets:
  - Beginning Market Value of Assets \$33,490,000
  - Employer Contributions \$890,000
  - Member Contributions \$401,000
  - Return on Investments \$2,961,000
  - Benefits and Refunds (\$1,667,000)
  - Other Expenses (\$44,300)
  - Ending Market Value of Assets \$36,030,000
  - Change in Market Value \$2,541,000
9. Illinois Statutory Minimum Contribution:
  - Statutory Minimum Contribution \$1,111,000
  - Statutory Minimum Funded Percentage (Actuarial Value of Assets) 84.20%
  - Unfunded Actuarial Liability \$6,822,000
10. 5-Year Employer Contribution History (in GASB 67/68 Report):
  - 5/31/2020 - Employee Contribution \$890,195 - % of ADC 68.82%
  - 5/31/2019 - Employee Contribution \$739,036 - % of ADC 76.13%
  - 5/31/2018 - Employee Contribution \$651,021 - % of ADC 65.05%
  - 5/31/2017 - Employee Contribution \$614,128 - % of ADC 83.98%
  - 5/31/2016 - Employee Contribution \$728,104 - % of ADC 117.98%
  - 5-Year Average % of ADC = 83.39%
11. GASB Solvency Test:
  - The Plan's Projected Fiduciary Net Position is anticipated to cover Projected Benefit Payments in full for the current employees, through the year 2065

Questions and discussion had on statutory minimum contributions, District's 2018 transition plan for District contributions, 5-year history of solvency, formalizing a contributions plan for solvency test, updating the 2018 transition plan of contributions, and state laws after consolidation .

Motion made by Trustee Hodge to approve the Actuarial Valuation Funding Report for Contribution year June 1, 2020 and the GASB 67/68 Report as of June 1, 2019 pending the completion of the auditor's (Sikich) Annual Audit FYE May 31, 2020, seconded by Trustee Ukleja. Upon a voice vote, the motion passed.

- C. Annual Affidavits of Eligibility:** Lauterbach presented a proposal for preparing the Affidavits of Eligibility for the year ended May 31, 2021.

Motion made by Trustee Hodge to approve the proposal from Lauterbach & Amen to prepare the Affidavits of Eligibility FYE May 31, 2021 for a cost of \$200.00, seconded by Trustee Bratcher. Upon a voice vote, the motion passed. (Note: Trustee Ukleja left the meeting momentarily and did not vote.)

- D. Review/Update/Approval of Rules and Regulations:** Attorney Clifford presented an overview of changes and updated Rules and Regulations to the Board. Clifford recommends approving and making any changes as needed.

Motion made by Trustee Ukleja to approve the overview of changes and the draft copy of the WCFPD Pension Fund Rules and Regulations, seconded by Trustee Hodge. Upon a voice vote, the motion passed.

## **New Business:**

- A. Municipal Compliance Report for review:** The Municipal Compliance Report for the fiscal year ended May 31, 2020 was presented by A.J. Weber from Lauterbach & Amen. Recommends District contribution of \$1,589,934.

Motion made by Trustee Hodge to approve the Municipal Compliance Report for the fiscal year ended May 31, 202 pending receipt of the final annual audit by Sikich, seconded by Trustee Ukleja. Upon a voice vote, the motion passed.

- B. Recommendation of Tax Levy to District:** Attorney Clifford presented a letter for the District recommending the Tax Levy request of \$1,589,934 for year end May 31, 2020 pending the final Annual Audit by Sikick.

- C. Update of Youngberg Tax Issue:** Widower Youngberg has been receiving benefits for a line-of-duty disability, has had taxes withheld, and has been paying taxes. Taxes are not due on a disability benefit. Youngberg has been able to get a refund of taxes paid to IRS for the last 3-years only. The WCFPD pension fund is exploring resolutions and

Trustee Maxwell will continue to reach out to Illinois State government representatives for assistance in this matter.

**D. 2021 Meeting Dates:** The 2021 quarterly pension fund meetings will take place on the following Mondays at 9:00a.m.

**January 18, 2021**

**April 19, 2021**

**July 19, 2021**

**October 18, 2021**

Meetings held at WCFPD Station 6, 200 Fremont Street, West Chicago, IL 60184

### **Trustee Training:**

**A. Training Hours Status:** Report shared with 2020 trainings for the Board.

**B. Upcoming Training Opportunities:** Attorney Clifford shared information on upcoming trainings on-line.

All Board members must also take a 4-hour Consolidation Board training that is separate from the required annual 8 hours.

**Updates on State and National Pension Issues:** Attorney Clifford gave updates on the Consolidated elections; reported that the transition of assets deadline of July 2022, is looking to be completed in 2021 ahead of schedule; shared a memorandum of an overview of Final Firefighter Pension Fund Rules Updates for 2020; and shared a document on frequently asked questions about employer intervention in disability matters.

Trustee Pat Murphy shared with the Board that the October 19, 2020 meeting would be his last meeting as a WCFPD pension fund trustee. Trustee Murphy gave a verbal resignation beginning January 1, 2021. The pension Board thanked Trustee Murphy for his years serving the District and pension fund.

**Closed Executive Session:** None

**Possible Action on Closed Session:** None

**Adjournment:**

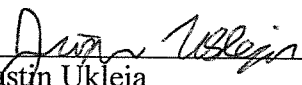
Trustee Hodge made a motion to adjourn, seconded by Trustee Bratcher.  
Upon a voice vote, the motion passed.

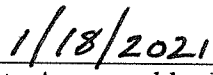
Meeting Adjourned at 10:40 a.m.

**Next regular meeting:**

The next regular meeting will be held on Monday, January 18, 2021 at 9:00 a.m. at Station #6,  
200 Fremont Street, West Chicago, IL or via tele-conference

Respectfully submitted;

  
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Justin Ukleja  
Pension Fund Secretary  
*Minutes prepared by Joy Edminson*

  
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Date Approved by Board