

BOARD OF TRUSTEES
DOWNERS GROVE FIREFIGHTERS PENSION FUND MEETING
Downers Grove Fire Department Station 2, 5420 Main,
Fire Station 102 Lieutenant’s Office (Primary) and Electronic Conference
February 18, 2021 – 1700 hrs.

Agenda Item – 1

Trustee Campbell called the meeting to order at 1700 hrs. in the Lieutenant’s Office of Downers Grove Fire Department Fire Station 102, 5420 Main, Downers Grove, IL.

Agenda Item – 2

Trustee Campbell made a motion requesting consent by each participant in the meeting to be recorded during the February 18, 2021 Downers Grove Firefighter Pension Board Quarterly meeting.

Members

Trustee Kuchta	Consents
Trustee Bacidore,	Consents
Trustee Campbell	Consents
Trustee Moy	Consents
Non-voting Downers Grove Finance Director Judy Buttny	Consents

Member Absent

Trustee Ludwig

Guests

Paul Marchese – Marquette Associates (electronically)	Consents
Eric Endriukaitis - Lauterbach & Amend, LLP (electronically)	Consents
Brian Lambardi, Attorney - Reimer & Karlson LLC (electronically)	Consents
Bruno Amet -	Consents

Trustee Campbell made a recommendation that a motion be made to allow electronic attendance.

MOTION: A motion was made by Trustee Campbell to conduct the February 18, 2021 Quarterly Pension Board meeting electronically. Seconded by Trustee Bacidore.

Roll Call vote:

Trustee Kuchta	Aye
Trustee Bacidore,	Aye
Trustee Campbell	Aye
Trustee Moy	Aye

Motion carried by a vote of 4-0.

Agenda Item – 3

Approval of Minutes

Trustee Campbell advised that Trustee Bacidore had sent out an amended copy of the Quarterly Meeting Minutes of November 5, 2020.

MOTION: A motion was made by Trustee Moy to approve as amended Quarterly Meeting Minutes of November 5, 2020. Seconded by Trustee Kuchta.

Roll Call vote:	Trustee Moy	Aye
	Trustee Kuchta	Aye
	Trustee Bacidore	Aye
	Trustee Campbell	Aye

Motion carried by a vote of 4-0.

Eric Endriukaitis joined the meeting.

Eric Endriukaitis – Lauterbach&Amen consents to be recorded during this meeting.

Agenda Item 5 - A
Report from Lauterbach & Amen, LLP

ATTACHMENT
Lauterbach & Amen, LLP
Monthly Financial Report
For the Month Ended January 31, 2021

Eric Endriukaitis, of Lauterbach & Amen, reviewed the Monthly Financial Report for month ended January 31, 2021. Total cash and investments for the Fund was \$67,647,135.94 with accrued interest of \$94,764; net position held in trust as \$67,743,879.

He then reviewed the income statement at one month in to the new fiscal year. Between the Village and Active members \$66,967. and the investment growth is just above \$-325; total additions, \$-258; deductions paid to date \$444,873. Totals for 1 month the Fund is negative \$702,998.

Mr. Endriukaitis reviewed the cash flow of income report between Harris and 5th Third and money market account balances with the majority of funds at 5th Third of \$963,318. As previously discussed, it will be June before more tax money comes into these accounts. Pension benefits are currently at \$443 strong and does include the COLA increases.

Trustee Campbell asked for the total contribution by the Village to the Pension Fund to date. Mr. Endriukaitis advised that the contribution amount to date received by the Fund from the Village as indicated in the presented report is \$3,835,337 to date.

Mr. Endriukaitis reviewed the balance of his quarterly presented report showing income, contributions from Village and employees, expenses, pension expenses, payroll journal and transfers out of the Fund for expenses November 1 through January 31, 2021 totaling \$200,348.38.

Trustee Campbell asked about COLA adjustments. Are they approved automatically or approved retro? Mr. Endriukaitis advised that by Statute they are approved automatically. Whoever is entitled to a 3% increase will receive that increase. Trustee Campbell inquired if the amounts shown in the report is what the individual has already received. Mr. Endriukaitis advised that he sent a separate email on January 6, 2021 with the report with that information.

Discussion regarding Matt Daly calculation. Mr. Endriukaitis advised that the calculation sheet needed to be signed by the Board. Trustee Campbell advised that Mr. Daly has not yet notified the Board. He then asked Atty. Lambardi because Mr. Daly is a deferred pensioner does he need to notify us or is it automatic. Trustee Campbell advised that Mr. Daly has not yet applied for retirement. Atty. Lambardi advised that Mr. Daly would need to file an application with the Fund and then L&A would run the numbers and then the Board would need a meeting to approve the retirement benefits. But if Mr. Daly has not yet filed with the Fund there is nothing the Board needs to do now.

Trustee Campbell asked that if Mr. Daly has applied at age 48 for pension would it be automatic then or would he if fact have to notify the Board that he wants to start drawing his pension. Atty Lambardi advised it would not be automatic but would require Board approval. If he applied two years ago and the Baord approved it, it would then be automatic. If he applied and the Board never took action on it, a meeting would need to be held so the Board could approve it.

Ms. Buttney queried if Mr. Daly has a QILDRO. Trustee Campbell advised that he will follow up to find out.

Mr. Endriukaitis after reviewing his files advised that Mr. Daly did apply in 2016 with an appropriate effective date of 5-17-2021. Mr. Endriukaitis advised that he would send the Board the calculation.

Trustee Campbell said he would look back in the Fund Meeting Minutes to see if he could verify the question regarding Mr. Daly.

Mr. Endriukaitis asked if the Board had received his engagement letter for the Actuarial services advising that it would need approval if the Board will be taking action on that.

MOTION: A motion was made by Trustee Campbell to approve the annual COLA increases effective January 1, 2021 per Statute. Seconded by Trustee Bacidore,
Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Bacidore	Aye
Trustee Kuchta	Aye
Trustee Moy	Aye

Trustee Campbell advised that per Statute and due to no Tier 2 pensions it will be 3% across the board.

Mr. Endriukaitis asked for an approval on the engagement letter for Actuarial services. Atty. Lambardi advised that it was not on the Agenda. Members of the Board advised they had not yet seen the document so Trustee Campbell will send to the Board members and they will have a special meeting to approval and get back to him within a short time. Ms. Buttny advised that VDG Finance Department has been giving all data regarding the actuarial to L&B already. Mr. Endriukaitis advised that he would appreciate receiving approval for the engagement letter sooner rather than later as they have already begun doing the calculations Ms. Buttny advised that L&A needs to have complete this work in a timely matter so the Village can have the information for things like the Levy, Financials, etc.

Mr. Endriukaitis advised that he just sent to the Board members via email the Matt Daly calculations. Trustee Campbell advised that he will verify all information regarding this matter and get back to L&A.

MOTION: A motion was made by Trustee Campbell to approve the annual approve the report from Lauterbach & Amen. Seconded by Trustee Bacidore,
Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Bacidore	Aye
Trustee Kuchta	Aye
Trustee Moy	Aye

Agenda Item – 4

Report from Marquette Associates

Handout

Marquette Associates DGFD Pension Fund
January 31, 2021 Fourth Quarter Report

Mr. Marchese reviewed and presented the January 31, 2021 report beginning with large and small cap equity returns to date as related to the upcoming election. The pandemic has had a down effect on the market but anticipation of a vaccine to help end this pandemic have helped to keep the market somewhat steady. Marquette is relying on the Investment Policy Statement and staying close to those targets for the past couple of months so there should be no surprises in terms of what the results are. Mr. marchese advised that there is no official request or approval needs to move money as the case will be held for if /when Ms. Buttny needs to pull funds for payments. These funds will be pulled from the overweight equity funds being held.

Mr. Marchese reviewed the current cash flow over the YTD. The Fund as of January 31, 2020 was a little south of \$61 million whereas net negative JASCO around \$500,000 and the net investment changed by 5-month return was about \$7.2 million showing the impact of a rising equity market for the Fund. Market value has been steady growth. At the end of 2020 the Fund closed out the year 12.1% net of management fees which is a very strong return. The Fund achieved a 6.1% increase in 2020.

Mr. Marchese advised that there is no fund on a “watch status”. CS McKee at certain points last year with a purchase agreement with North Square. DFA as well as Templeton were removed from the funds so there is nothing currently on alert.

Mr. Marchese advised that for disclosure purposes per State Statute. A report with the annual consultant disclosure for Public Lack 1000542 looking for the number of searches they conducted in the last year that have included minority, female or disability owned businesses included the dollar amounts and the searches. Also included in the report is that Marquette did not receive any compensation or economic opportunity in the act related to these searches. 100% of the Marquette’s fees are derived from their clients so there are no perceived conflicts of interest in direct compensation.

Mr. Marchese advised they would hold on any rebalancing given the overweights to the equity component right now given the market place. They are waiting to hear from Ms. Buttney in the coming months as the current cash is drawn down and hold out until the levy arrives in June.

Atty. Lambardi questioned Mr. Marchese if the Fund would need to draw any funds from Cash before the next meeting or is it unknown? Trustee Campbell advised that there is a standing motion that whenever there is excess of \$1 million it can be rebalanced by Marquette.

Atty. Lambardi advised that a motion to vest discretionary authority to the Treasurer. Authority to give discretion to Ms. Buttney to instruct Marquette&Assoc. to sell assets for cash for three months cash on hand if needed. The authority could also be vested in a Trustee so that the two could work together and a meeting would not be needed. Ms. Buttney advised that approximately \$500,000 to cash would be needed to meet obligations until the next quarterly meeting.

MOTION: A motion was made by Trustee Kuchta to direct Marquette& Assoc. to raise cash of \$500,000. By splitting between small and mid-cap funds on April 1, 2021, with proceeds to go to Cash. Seconded by Trustee Campbell.

Motion carried by a vote of 4-0.

Roll Call vote:	Trustee Moy	Aye
	Trustee Kuchta	Aye
	Trustee Bacidore	Aye
	Trustee Campbell	Aye

Trustee Kuchta voiced how in the past 10 years the Fund has doubled itself due to cooperation from the Village with keeping up with their contributions to the Fund; the management of the Fund by Marquette & Assoc.; and, the vigilance of the Board. Trustee Kuchta also encouraged Marquette & Assoc. to be vigilante in keeping on this path and staying with the non-political especially now with the upcoming consolidation.

MOTION: A motion was made by Trustee Campbell to accept the 3rd Quarter Report from Marquette Associates. Seconded by Trustee Bacidore.

Motion carried by a vote of 4-0.

Roll Call vote:	Trustee Moy	Aye
	Trustee Kuchta	Aye
	Trustee Bacidore	Aye
	Trustee Campbell	Aye

TREASURER'S REPORT

Agenda Item 6 - A

Payment of Bills

Finance Director Buttny requested that the DGFDP Pension Fund Board approve as reported by Marquette & Assoc. on Pages 11-1 and 11-2 the Vendor Check Report November 1, 2020 through January 31, 2021 in the amount of \$200,348.38.

Trustee Campbell requested an explanation of the IRS payment of \$42,000 each month. Mr. Endruikaitis advised that the IRS payment is the Federal Withholding from the members. Strictly a pass-through account going from their paychecks and Lauterbach submits the funds to the IRS.

MOTION: A motion was made by Trustee Moy to approve the Vendor Check Report of November 1, 2020 through January 31, 2021 in the amount of \$200,348.38. Seconded by Trustee Campbell.

Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Bacidore	Aye
Trustee Kuchta	Aye
Trustee Moy	Aye

New Employee's / Retirees / Issuance of a refund

Agenda Item 6 – B

Gerald Bonsonto Reciprocity

Trustee Campbell asked Atty. Lambardi if he had received notice regarding the reciprocity for FF/PM Bonsonto from the Chicago Fire Department or notified the Downers Grove FD Fund. Mr. Marchese advised that Marquette & Assoc. even though they were promised info soon have not yet received any information from the City of Chicago. Atty. Lambardi advised they had not received any correspondence from the City of Chicago.

Agenda Item 6 -

Fiduciary Liability Policy

Bruno (last name) (via phone?)(company???) gave the following presentation.

This year the same previous quote from Chubb with the same terms and conditions was used with the term limit of \$1million and low-end retention the same deductible which was zero dollar for the plan claims. The premium is \$9,511.00 this year which represents a 4% increase. The increase is related to the industry as noted in slide 6 of the presentation. The increases are because of the COVID situation showing a much more restricted tolerance for risk. They did do a comparison and obtained a quote from Hudson-Euclid and with the same limit of \$1 million, however, there are two points that we would like to mention. 1) There is a a retention/deductible with Euclid which is \$10,000 meaning for each claim or loss, the initial \$10,000 would be the responsibility of the Fund. 2) Also, a failure to fund exclusion. Euclid adds the following exclusions: failure to fund the Plan with an applicable employee benefit law; failure to collect contributions; or any information, restructuring, particularly merging or consolidation plan. Chubb does not include these exclusions. You will see a lower premium from Hudson-Euclid but their recommendation is to remain with Chubb as Chubb has been a partner for more than five years and is an A++ carrier.

MOTION: A motion was made by Trustee Campbell to approve the presented Chubb Fiduciary Liability Policy. Seconded by Trustee Bacidore.

Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Bacidore	Aye
Trustee Kuchta	Aye
Trustee Moy	Aye

OLD BUSINESS

Agenda Item7 - A

NONE

NEW BUSINESS

Agenda Item 8 – A

Approval of 2021 COLAs

Agenda Item 8 – A

FPIF Vendor Authorization

Trustee Campbell advised that the new consolidated Fund contacted all of the Board Presidents as an introduction indicating best way to reach them. There will be a newsletter for the Board members which I recommend the Trustees take the time to read. You can sign up through their website for it.

The Consolidated Fund has sent out the first formal communication with the Vendor Authorization form. The form indicates that our vendors can share information with their newly selected vendors. The Consolidated Fund has not yet selected all of their vendors.

Atty. Lambardi advised that the form was sent out in late January and therefore probably was not yet reviewed by all of our Trustees. Atty. Lambardi does have some reservations regarding this form as it does not indicate everyone that this info will be released to or identify all the info that will be released. Atty. Lambardi believes it is a way to circumvent a number of FOIA requests. After discussing this with the Consolidated Board and other Boards, Atty. Lambardi believes that the Consolidated Board does not expect everyone to sign this immediately. A lot of his clients are putting this off until their second quarter meeting to discuss further and see what transpires between now and then.

Trustee Campbell feels it is not sufficiently detailed to know who exactly will be accessing the Pension Fund's information.

Atty. Lambardi did advise that even though Marquette & Assoc. has already been chosen it should be noted that a number of non-Marquette professionals have been at his meetings and expressed concerns saying that their custodian and their financial firm would not take any action based on how the authorization is drafted because it is so broad. Mr. Marchese has already left the meeting and it is unknown as to what Marquette would do.

MOTION: A motion was made by Trustee Campbell to Table this until the next Quarterly meeting.
Seconded by Trustee Bacidore.

Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Bacidore	Aye
Trustee Kuchta	Aye
Trustee Moy	Aye

Trustee Campbell advised that one other issue for new business had come up before the meeting but not on the Agenda. He did advise that when the Bargaining Unit ran its collective bargaining agreement it had retroactive pay to make first which required the Fund to make adjustments for people who had retired during that time period that would have been affected by the retroactive payments. There was also a member who retired who was not a member of the collective bargaining agreement – a battalion chief. The battalion chiefs that shared his rank subsequently received retroactive pay raises back to May 1 to make them whole with the bargaining union. The issue I have is that the battalion chiefs which there are currently four of them, and they do not share a pay scale. They do not all get paid the same. So they each received an adjustment on a percentage basis to their pay which was retroactive to May 1. Battalion Chief Beyer had retired in September. Since he was not in the collective bargaining unit, and each battalion chief had their own pay scale, Trustee Campbell would like some help from Atty. Lambardi regarding this as he will be formally requesting an adjustment to his pension based on the fact that the other battalion chiefs received retroactive pay rate increase.

Atty. Lambardi asked if Retired BC Beyer had received retro pay from the Village. Trustee Campbell advised the attorney that no retro was received by BC Beyer as he was already retired. The other battalion chiefs received in November their retro back to May. Atty. Lambardi advised that if he did not receive any retro pay from the Village then he would not receive an increase in his pension. If the money was never received it could not be considered as pensionable salary.

Trustee Campbell asked if the Pension Fund's answer to him should be, "If the Village did not give your retro pay, thus, did not withhold additional amounts and give to the Pension Board, then your salary was the salary the day you retired."

Trustee Campbell advised Atty. Lambardi that BC Beyer was going to try to work this out with the Village and would be addressed at the next meeting pending outcome.

Atty. Lambardi did advise that the Legal Newsletter his firm sends out did indicate that both Police and Fire elections have taken place in regard to the Consolidation Boards. The Fire Board has hired Marquette & Assoc. as their consultants. The Executive President of the Board has gone on record saying he would like to see assets begin to move later third quarter of 2021. It is still unknown in what form and in what order. This does not necessarily mean that DG assets will move by the end of the year. Drop dead date is July 2022. It is likely that assets will begin moving on the Fire side sooner than that.

PUBLIC COMMENT

None

ADJOURN

MOTION: Trustee Kuchta made a motion to adjourn.
Trustee Moy seconded the motion.

Motion carried 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Bacidore	Aye
Trustee Kuchta	Aye
Trustee Moy	Aye

The meeting adjourned at hrs. **No time given**

Respectfully submitted.

Firefighter/Paramedic Anthony Bacidore, Secretary

AB:pp All Files/Pension/2021 – 2-18-21 Quarterly Meeting Minutes