

BOARD OF TRUSTEES
DOWNERS GROVE FIREFIGHTERS PENSION FUND MEETING
Downers Grove Fire Department Station 2, 5420 Main,
Fire Station 102 (Primary) and Electronic Conference
August 5, 2021 – 1700 hrs.

Agenda Item – 1

Trustee Campbell called the meeting to order at 1701 hrs.

Agenda Item – 2

Trustee Campbell made a motion requesting consent by each participant in the meeting to be recorded during the August 5, 2021 Downers Grove Firefighter Pension Board Quarterly meeting. Seconded by Trustee Bacidore.

Members

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

Member Absent

None

Guests

Paul Marchese – Marquette Associates (electronically)	Consents
Eric Endriukaitis - Lauterbach & Amend, LLP (electronically)	Consents
Brian Lambardi, Attorney - Reimer & Karlson LLC (electronically)	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 August 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 May 6, 2021.

MOTION: A motion was made by Trustee Moy to approve as amended Quarterly Meeting Minutes of May 6, 2021. Seconded by Trustee Bacidore.

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

Motion carried by a vote of 5-0.

Agenda Item – 4
Report from Marquette Associates
Handout

Marquette Associates DGFD Pension Fund
July 31, 2021 Second Quarter Report

Mr. Marchese reviewed and presented the June 30, 2021, 2021 report beginning with the broad market conditions being at near all-time highs. Performance of the Fund is still very strong. The Fund is at near \$74 mil at the end of June. Approximately \$73.5 mil. They have maintained an underweight to fixed income due to cash coming in due to the Levy. Similarly with appreciation to the Equity market, approximately now at 43.2% US Equities, 15.9% in non-US, 30.8% fixed income, 8.0% real estate and 2.1% cash.

Mr. Marchese did state that the Fund had received the notification of Consolidation and will be a January 4 tranche according to the notice.

Mr. Marchese looked either to Mr. Endruikaitis or Ms. Buttney as to what the Fund is expecting in terms of cash flow. There is approximately 3 months of cash flow on the books between a money market fund and a 5th/3rd bank account. He would like to know what the needs will be for the next couple of months as the Fund will have the opportunity at least before November when the consolidation occurs to move money around to give the 3+ month cushion while the transition occurs.

Mr. Endruikaitis advised that the next Levy payment should be in September of approximately 1.3 mil. Administratively Mr. Marchese feels that the amount of cash should stay heavy for now moving approximately \$500,000 for the month of July. The Levy payment should take the Fund to at least the consolidation point. This should not require any formal rebalancing for benefit payments. The Fund is approximate \$3 mil overweight of target to US Equities. Perhaps some of that could be trimmed back by approximately \$2 mil from the Vanguard Institutional Index and move it up the CS McKee. This is something for the Board to contemplate. Mr. Marchese this would be a way to de-risk the portfolio and would be happy to advise regarding this.

Ms. Buttney advised that the Fund should receive closer to \$2.3 mil from the Levy in September.

Trustee Campbell advised Atty Lambardi that the Fund is currently out-of-policy so the Fund needs to make an adjustment to return to the policy target.

Atty. Lambardi advised that the DOI looks at it as only the number reported to the DOI in December. If the Fund is up due to market appreciation the amount could ride until the end of the year.

Mr. Marchese advised that was what was done last year that at the end of the year the Fund was brought back into compliance.

MOTION: A motion was made by Trustee Campbell to liquate and transfer \$2 mil from the Vanguard Institutional Index Fund to CS McGee. Seconded by Trustee Moy.
Motion carried by a vote of 5-0.

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

Mr. Marchese advised that he would draft letters and sent to Ms. Buttny to facilitate for a.s.a.p.

Information continued with total fund composites with a 7.6% returns up for this fiscal year with most asset classes contributing to the positive returns. He voiced that Real Estate was still a good investment outpacing fixed income and will be viable in the future.

MOTION: A motion was made by Trustee Campbell to accept the quarterly report from Marquette Associates. Seconded by Trustee Bacidore.
Motion carried by a vote of 5-0.

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

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

Lauterbach & Amen, LLP
Monthly Financial Report
For the Month Ended June 30, 2021

Eric Endriukaitis, of Lauterbach & Amen, reviewed the Monthly Financial Report for month ended June 30, 2021. Total cash and investments for the Fund was \$73,400,453. with accrued interest of \$90,233; net position held in trust is \$73.5 mil.

He then reviewed the income statement at six months into the fiscal year. Between the Village and Active members \$2,687,387. and the investment growth is just above \$5,098,101; total additions, \$7.7

mil; deductions paid to date \$2.7 mil. Totals for the Fund is \$5,045,077 for the first 6 months of the year.

Mr. Endruikaitis reviewed the cash flow of the Fund's rolling 12 months between Harris, 5th Third and the U.S. Bank money market account balances of \$2.67 mil. He noted that there was a large tax deposit this month of approximately \$2 mil and as previously noted the Fund should be receiving \$2.3 mil in September. After that there will be approximately 6-7 months of no cash flow into the Fund besides active member contributions. Pension benefits are currently at \$460 strong and increase in January due to the COLA increases.

Trustee Campbell inquired about when the funds are transferred in January if it is correct the Pension Fund will not be able to raise cash for 60 days after the consolidation. Mr. Endruikaitis advised that was correct.

Trustee Campbell then asked Ms. Buttney for the safe number in cash \$500,000 for one month.

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 5-0.

Roll call was taken:

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

TREASURER'S REPORT

Agenda Item 6 - A
Payment of Bills

Finance Director Buttney requested that the DGFDP Pension Fund Board approve as reported by Marquette & Assoc. on Pages 11-1 and 11-2 the Vendor Check Report May 1, 2021 through July 31, 2021 in the amount of \$210,497.35. The charges are standard such as the ODOI payment for \$8,000.00 and all the typical other monthly payments.

MOTION: A motion was made by Trustee Campbell to approve the Vendor Check Report of May 1, 2021 through July 31, 2021 in the amount of \$210,497.35. Seconded by Trustee Bacidore.

Motion carried by a vote of 5-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Bacidore	Aye
Trustee Kuchta	Aye

Trustee Moy	Aye
Trustee Ludwig	Aye

New Employee's / Retirees / Issuance of a refund

Trustee Campbell advised the Fund has not received a request for issuance of a refund.

Agenda Item 6 – B

New Employee – Nicholas McKinney

Trustee Campbell advised of a new employee, Nicholas McKinney, birth date October 2, 1995, and his hire date is June 14, 2021. He will be a Tier II pension member

MOTION: A motion was made by Trustee Campbell to accept Nicholas McKinney into the Pension Fund. Seconded by Trustee Bacidore.

Motion carried by a vote of 5-0.

Roll call was taken:

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

Retiree – Fire Chief Jeffrey Pindelski

Trustee Campbell advised of a retiree, Fire Chief Jeffrey Pindelski, birth date June 25, 1971, joined the department on April 19, 1993, retired on July 23, 2021 with an effective pension date of July 24, 2021. He is 50 years old and his years of service will be 28 years and 3 months. His final applicable salary is \$157,408.00. The applicable percentage based on his years of service is 70.63% which will grant him an original pension benefit of \$9, 264.12.

MOTION: A motion was made by Trustee Campbell to approve the pension calculation for Jeffrey Pindelski. Seconded by Trustee Moy.

Motion carried by a vote of 5-0.

Roll call was taken:

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

OLD BUSINESS

Agenda Item 7 - A

NONE

NEW BUSINESS

Agenda Item 8 - A

Approval of Annual Tax Levy

Mr. End reviewed the Municipal Compliance Report showing the official tax levy request for the Fund. Report is as of December 31, 2020 the beginning of the Fund's fiscal year. The Fund ended the fiscal year at \$68,459,405. As of December 2019 ended with \$61,433,601.

Recommended number for L&A is \$4,903,198. This amount has not changed from the draft report.

2021 Department of Insurance IBY number is \$4,293,082.

Income received from investments return was 11.3%.

Active members is 73.

Demographics: 55 retirees, 19 disabled, 8 survivor/child benefit for a total of 82.

The Department of Insurance has the Fund percentage at 55%. The Fund's actuary report is 55.2%. Overall liability almost matches. Mr. End requested that the Fund President and Secretary sign the Final Reports of the Tax Levy and return to Atty. Lambardi.

Trustee Campbell advised that Lauterbach & Amen has previously presented a draft version of the levy. The Fund did not request any changes to the assumptions and therefore nothing in the report has been changed.

MOTION: A motion was made by Trustee Campbell to approve the recommended tax levy in the amount of \$4,903,198. Seconded by Trustee Bacidore.

Motion carried by a vote of 5-0.

Roll call was taken:

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

MOTION: A motion was made by Trustee Campbell to approve the Municipal Compliance report for the fiscal year ended December 31, 2020. Seconded by Trustee Bacidore.

Motion carried by a vote of 5-0.

Roll call was taken:

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

Agenda Item 8 – B

FPIF

Notice of Transition Date

Trustee Campbell advised that the Downer Grove FF Pension Fund has been notified of the Fund's transition of assets date which is January 4, 2022 and they will be the third group to transfer assets. Several communications have been received from FPIF.

A letter dated June 25, 2021 from the FPIF advised how the transition would happen and indicated that the Fund had certain obligations per Statuette.

1. The Board of Trustees must adopt a resolution in the form of attached Exhibit A no later than November 4, 2021.
2. That upon adoption, the Fund must submit a certified copy of the Resolution to FPIF and that certification must be in the form of the attached Exhibit B along with a copy of the minutes.
3. Upon adoption of that Resolution, the Fund's authorized agents must send a notice in the form of Exhibit C to all custodians and entities which have fiduciary control of any portion of the Fund's pension assets with a copy of each such notice delivered concurrently to FPIF.
4. Upon receipt of certified investments and assets list the Fund may not purchase assets or sell any assets included on the certified asset investment list.
5. Upon receipt of the non-transferrable asset list, the Fund shall take all responsible steps to assist FPIF in converting non-transferrable assets to transferrable assets.

Atty Lombardi advised the Fund that on Exhibit A there should be a signature line for the Resolution, Exhibit A, there should be a signature line for President and Secretary. He advised they could draw that in at the bottom of the form. This can be added but must have a Motion showing an authorization of two people

He reminded the Board that this is an authorization for the two people nominated from the Fund to execute subsequent documents that will come from the custodian and FPIF. It does not compel the Board to execute those documents. Atty Lombardi's advice is that any documents should be fully reviewed by the Board and if there are any questions please contact him before signing the documents.

Atty. Lombardi advised that FPIF has advised him the Resolution does not require the people the Board picks to be the authorized signers on the Fund's custodial account. It might be easiest if the two people nominated are your authorized signers. You are also not compelled to nominate those two people. This is not the document that will authorize the transfer of assets. A document will come from Northern Trust.

Trustee Campbell reiterated by passing this Resolution and signing this document is essentially, the Fund has already passed the ability to communicate with authorized agents presumably for those agents to be authorized signers regarding transfers.

Atty. Lombardi advised that, assuming the same people as the authorized signers for Northern Trust, the Fund will receive a letter from Northern Trust advising that they give you authorization to transfer all the assets in the Fund to them on January 4, 2022.

Trustee Kuchta asked who the Trust authorized signers are for the custodians, Northern Trust.

It was answered that Matt Campbell (Fund President) and Judy Buttny (Village of Downers Grove Finance Director) were the authorized signers.

To what extent will any of these needed documents come up between quarterly meetings? He would also like that the Board would have the chance to review these documents before they are signed.

Atty. Lombardi advised that there will be a great deal of information coming between meetings. In theory the authorization that is being executed tonight will preclude the need to have any sort of special meetings. But it does not mean the Board could not have one. If the documents are distributed among the whole Board and discussed as a group, keeping in mind the open meetings act, you could still do that. He also suggested while it is easiest for the authorized signers to go on the Resolution, it is a little more complicated in the fact that Ms. Buttny is a signed by not a Trustee. Therefore, is Ms. Buttny is authorized on the Exhibit A signers, you have given her the authority that she would not have as she is not a Trustee. Not that you can't do it, just so everyone is aware.

Trustee Kuchta expressed his thought that Campbell and Bacidore should be the signers on Exhibit A.

Atty. Lambardi advised that another authorized signer could be added to the U.S. Bank custodian account.

Trustee Kuchta adding Trustee Bacidore to the U.S. Bank as well as Exhibit A as an authorized signer.

Trustee Campbell requested that Atty. Lambardi review what the flexibility is of the Open Meetings Act as the Board receives communications.

Atty. Lambardi advised that the Open Meetings Act you can send out a mass email with the attachments that come. But Trustees cannot "Reply All" so that an electronic conversation is taking place which might violate the Open Meetings Act. When you have a majority of a quorum which is 3 for this Fund. If you will be sending these emails to the Board, and want to discuss as a group, send out a notice for a special meeting. The other point is to be sure to read everything before signing anything sent. Please contact him with any issues.

Trustee Ludwig queried if his recommendation was to ask for review of documents as needed or should Atty. Lambardi be reviewing anything sent to the Board on this transition?

Atty. Lambardi advised that this was up to the Fund. He can review anything that the Board would like reviewed.

Trustee Kuchta feels that even though Trustee Campbell has authority to sign these documents he would like to review. How can the Board ask questions regarding the various correspondence connected with this transition?

Trustee Campbell expressed that as documents are received that we should submit them through Counsel. Atty. Lambardi advised that he will not see these documents unless the Fund submits them to him. Trustee Campbell advised that they will go through the attorney. He will then include any comments from counsel out to the Board.

Trustee Campbell asked Atty. Lambardi if someone replies individually, not to the group, do we need a special meeting before we take any further action. Would we be in violation?

Trustee Campbell advised that if any Board member requests a special meeting, we will have a special meeting before any action is taken. He will be putting in time frames.

Trustee Campbell asked the Board: 1) do you think the solution of emails with attorney comments with the Board member being able to comment at any time or request a special meeting is appropriate? 2) What is the amount of time frame to review and respond?

Trustee Kuchta: fine with process. Conferring with the attorney and the full Board will help in ability to review any issues.

Atty. Lambardi did note that the authorized signers can act on behalf of the Fund, they are not compelled to do so. So his advice will be that if a special meeting is wanted to discuss some matter that Board has the right to do so.

Trustee Moy: fine with process.

Trustee Ludwig: agrees with process.

Trustee Bacidore: agrees.

Trustee Campbell asked if there were any other questions regarding the process itself.

Atty. Lambardi did mention to the Board that as they are aware from prior meetings that there is a lawsuit pending in Kane County. Also that his law firm is conflicted out because we represent some of the plaintiffs quarterly boards, as this one, and also represent the police consolidated board. He cannot give the Board analysis, legal opinion or anything of that nature on it because of that conflict. But, he can tell the Board what is going on with it. The State defendants have all filed motions to dismiss and are scheduled to be heard the first week of September. Apart from that there have not been any other orders or substance to come out of that case. But, it is still pending. He wanted to make the Board aware of that lawsuit if they were aware already before you approve of the Resolution.

Trustee Kuchta asked if Atty. Lambardi knew how many plaintiffs they had.

Atty. Lambardi answered 2 fire boards, 14 police boards and also nominal plaintiffs of one active member on the board and one retiree.

MOTION: A motion was made by Trustee Campbell to approve the FPIF Resolution designating authorized agents, Matthew Campbell and Anthony Bacidore as submitted. Seconded by Trustee Bacidore.

Motion carried by a vote of 5-0.

Roll call was taken:

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

Trustee Campbell advised that as part of the Resolution, PIPF has requested certification that the Board has, in fact, passed the Resolution by submitting a copy of the minutes.

Northern Trust Member Fund Questionnaire

Trustee Campbell asked Paul Marchese of Marquette Associates if he was familiar with the Northern Trust Member Fund Questionnaire.

Mr. Marchese advised that is difficult at best but the Fund had a straight line-up and so everything will be transferred in kind. Simply notify CS McGee of the coordination with the Certified Assets List and let them know there will be a 10 day window with that transition process where they are not allowed to trade. Just a matter of notifying them. Everything else is cash or a money market vehicle/ mutual fund. It should be fairly straight forward. He will help navigate that questionnaire to ensure all the correct information is given.

Trustee Campbell advised that Northern Trust is the new custodian of the Fund and sent a questionnaire basically asking what the assets are with dollar amounts; if they are held by the Fund or the municipality. We have not yet completed this as I wanted to review with Marquette. He also advised that the questionnaire was sent to all the Board members for review. The due date for funds assigned to transfer was after October 1 is September 1. He queried that Board if they need more time to review the questionnaire, questions or concerns or should he start working with Northern Trust.

Trustee Kuchta stated that the questionnaire is heavily investment related. He asked if he could nominate Marquette Associates to fill this form out for the Board. Mr. Marchese advised that he will assist Campbell and Bacidore in completing the form but ultimately they are the people who have to deliver that information.

Trustee Campbell asked if the Board wanted to review the completed questionnaire prior to him and Trustee Bacidore signing and submitting it. Or, because it is a questionnaire with no actual action are we comfortable with Marquette, signing and sending it in? Everyone agrees that with the later.

Authorized Agent Resolution

Trustee Campbell advised that this had been passed.

Registration and Custody Change Letter

Trustee Campbell advised that this was a letter received from PFIP which stated if there was a registration or custody issue with any of the Fund's assets that it would need to be changed over. He stated he did not believe the Fund was in that situation.

Agenda Item 8 – C

Review of the Cash Management Policy

Trustee Campbell advised that once the acceptance of the Certified Assets List that the Fund can no longer sell any of the assets. That once they transfer their assets we will not be able to raise cash for 60 days. Therefore, the Fund needs to be sure there is enough cash in the account in order to continue to operate. The Fund still has one more Quarterly Meeting prior. During this meeting Ms. Buttny advised a safe number is \$500,000 per month. Therefore, the Board will have to decide how much cash to hold prior to the transfer. Forgetting in September there will be a large influx of cash we will not have to take any other actions to raise cash. Is it safe to wait until the November meeting to decide if we are fine with cash or reallocate to investments.

Atty. Lambardi added a few notes to the discussion. Once your assets transfer you will not be able to call on for the first 60 days. The PFIP Board has said their recommendation is for local funds to keep 3 months of benefits and expenses on hand in cash or money markets. Roughly for this Fund \$1.5 mil. The issue with keeping some in cash or money market it must it will earn practically nothing which is a large amount of money to be earning practically nothing. If PFIP if is of the opinion that it can only be put in a cash or money market account, he does not agree with that opinion. One of the things the Fund's cash management policy will probably need to address which the Fund should adopt at the November quarterly meeting is not just the inflow and outflow of cash but when and where will it be put.

On an on-going basis, you can request money on a monthly basis that you request on the first of the month and it will arrive on the following first of the month. So if it is requested on July 1 you will August 1. Paying benefits at the end of the month will be the Fund will have a two month lag of when cash transfers for when benefit payments are made.

Both Lauterbach & Amen and Ms. Buttny can provide the Board with the cash flow. Lauterbach has informed Atty. Lambardi that they are working on some form of document that Funds can review and potentially use. But the DG Fund will need to tell PFIP what they want, this is how we want the cash to flow and this is where we want it to flow from. There may be some form of a template by the Fund's next meeting. By the next meeting the first transfer will have taken place and there will be some idea of how it will all work.

Trustee Campbell asked if the Fund decides to not just hold these funds as cash, would it have to be invested in our current investment policy.

Atty. Lambardi was not sure. He stated that if PFIP states that it can only be in cash or money market then the question becomes what you have to manage it in. This has not yet been determined.

Atty. Lambardi also stated that if you know your January 4, 2022 date, and you receive your certified asset list sometime in mid-December. Once this list is received, that is the stop trading you cannot obtain any money at that point. The Fund has time to act. It can take action in November but whatever is decided the money must be moved by mid-December.

Trustee Campbell stated he wanted everyone have this information so that decisions can be made in November.

Discussion ensued regarding Fiduciary responsibility regarding investments of the Plan with regard to the transition and consolidation.

Trustee Campbell summarized the discussion that information from counsel and any other sources available to confirm the fiduciary responsibility and cash management. The intent is to take action at the November quarterly meeting on how much cash is needed and where it will be stored waiting on the certified assets list which will be coming at the end of the year.

PUBLIC COMMENT

None

ADJOURN

MOTION: Trustee Campbell made a motion to adjourn.
Trustee Bacidore seconded the motion.

Motion carried 4-0.

Roll call was taken:

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

The meeting adjourned at 1822 hrs.

Respectfully submitted.

Firefighter/Paramedic Anthony Bacidore, Secretary

AB: pp All Files/Pension/2021 – 8-5-21 Quarterly Meeting Minutes