

**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 11, 2022 – 1700 hrs.**

**Agenda Item – 1**

Trustee Campbell called the meeting to order at 1704 hrs.

**Agenda Item – 2**

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 11, 2022 Quarterly Pension Board meeting electronically. Seconded by Trustee Bacidore.

Roll Call vote:

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

**Motion carried by a vote of 4-0.**

Trustee Campbell made a motion requesting consent by each participant in the meeting to be recorded during the August 11, 2022 Downers Grove Firefighter Pension Board Quarterly meeting. Seconded by Trustee Bacidore.

**Members**

Trustee Kuchta	Consents (in person)
Trustee Moy	Consents
Trustee Bacidore	Consents (in person)
Trustee Campbell	Consents (in person)

**Member Absent**

Ellen Ludwig

**Guests**

Robin Lahey – VDG Director of Finance	Consents
Derrick Flossmer, Accountant - Lauterbach & Amen, LLP (in person)	Consents
Kevin Cavanaugh, Actuary – Lauterbach & Amen, LLP (in person)	Consents
Atty Vincent Mancinni - Reimer & Karlson LLC (electronically)	Consents

**Agenda Item – 3**  
**Approval of Minutes**

Trustee Campbell would like approval of the minutes for both the Quarterly meeting minutes from 5-18-22 and the Special Meeting on July 11, 2022.

**MOTION:** A motion was made by Trustee Campbell to approve the Quarterly Meeting Minutes of May 18, 2022 and the Special Meeting Minutes of July 11, 2022. Seconded by Trustee Kuchta.

**Motion carried by a vote of 4-0.**

**Agenda Item 4 - A**  
**Report from Lauterbach & Amen, LLP**

**ATTACHMENT**  
Lauterbach & Amen, LLP  
Monthly Financial Report  
For the Month Ended May 31, 2022

Mr. Flossmer reviewed the May Monthly Financial Report. He advised the Pension Board representatives should have received the Consolidated Board's email advising the June statement would be delayed until mid-August due to their end of year process. Mr. Flossmer advised that as soon as they receive the June report they will have the June financials to the Pension Board.

Total cash and cash equivalent as of May 31, 2022 is just over \$2.4 million; investments including Money Markets just over \$5,000, and the pooled investments \$65,957,000. Taking into account accruals, the net position as of the end of May is \$68,357,000 for the Pension Fund.

Net position for the 5 months of the year so far: Municipal contributions \$591,000 and member contributions \$291,000. Taking out the net down \$7.5 million with total additions for the year so far down \$6,613,000. Expenditures have included \$20,000 in administration expenses, \$2,419,000 in benefit payments. Take the expenses out, the Fund has changed position of just over \$9 million. At the start of the fiscal year the Fund was at \$77,411,000. At the end of May with 7 months left to report, the net position is \$68,357,000.

Pages 11-1 and 11-2 show expenses paid from the Fund from March 31, 2022 Through May 31, 2022 were just under \$198,022.68.

Mr. Flossmer concluded his overview of the entire report – page by page.

Trustee Campbell advised that this report on page 10-13 showed that Mike Baldwin's widow received a retro check and a monthly payment during this period.

Mr. Flossmer provided a one page statement from the Consolidated Board with information since the end of May showing the Pension Fund May activity and YTD. These figures were contained in

Lauterbach & Amen's current report just reviewed.

Trustee Campbell reviewed for the Board that the Pension Fund's monthly benefits are approximately \$500,000 per month. We are currently sitting on \$2.4 million in cash as of the end of May. Ms. Lahey advised that the Fund is currently at almost \$3.6 million as of today due to tax income into the Fund. Trustee Campbell asked the Board if the Fund is currently at \$3.6 million sitting as cash and that we should consider transferring some of the funds to IFPIFP. To date the Pension Board has not yet requested any funds from the Consolidated Board. Discussion regarding how much to keep either 2 or 3 months. It was pointed out that both June and September are big income months for the Fund due to tax revenue and as an example that \$1.7 million was received last September.

**MOTION:** A motion was made by Trustee Campbell to transfer any cash in excess of \$1 million to the IFPIFP Consolidated Fund for investment purposes. Seconded by Trustee Kuchta.

**Motion carried by a vote of 4-0.**

**Roll call was taken:**

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

Mr. Flossmer asked if the current cash management policy should be updated to reflect that last motion and Trustee Campbell agreed. Trustee Campbell would like the policy updated and if necessary could amend the policy at any quarterly meeting. Trustee Kuchta asked if this would be monthly or quarterly. As the signed agreement was not returned to Lauterbach but he does not have the number being held for expenses during the transition period.

Mr. Flossmer advised that he would send the same policy back to the Board with an amendment showing 2 months or \$1 million in cash to be held as the threshold amount for expenses. He advised that this would protect the Board's Fiduciary obligation to invest, gives justification to having that much cash on hand and is something the Board's lawyer recommends to have in place. He will bring an amended policy to the Pension Board. An officer and secretary signature will be needed.

## **TREASURER'S REPORT**

### **Agenda Item 5 - A** **Payment of Bills**

Finance Director Lahey requested that the DGFDP Pension Fund Board approve as reported by

Lauterbach & Amen on Pages 11-1 and 11-2 the Vendor Check Report for the period of April 1, 2022 through May 31, 2022 in the amount of \$127,357.87. Everything on this list is related to either Payroll or previously approved by the Board. Noted was that in the report from Lauterbach there is some roll-over so that is why it does not match their figures exactly due to the report being March 1 through May 31 but the Treasurer had already reported January through March at the last meeting.

**MOTION:** A motion was made by Trustee Campbell to approve the Vendor Check Report of April 1, 2022 through May 31, 2022 in the amount of \$127,357.87. Seconded by Trustee Bacidore.

**Motion carried by a vote of 4-0.**

**Roll call was taken:**

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

### **Agenda Item 5 – B**

#### **New Employee's / Retirees / Issuance of a refund**

Trustee Campbell advised the Fund has not received a request for inclusion into the Fund by the two newest members who have just started on August 8, 2022, and have not yet completed the paperwork which will be brought to the next quarterly meeting.

One member did request a refund but then rescinded his request.

Two members have requested retirement benefits and that was dealt with at the Special Meeting.

## **NEW BUSINESS**

### **Agenda Item 6 - A**

#### **Approve Annual Tax Levy**

Mr. Cavanaugh (from Lauterbach & Amend) advised that deferred member Mr. Baldwin, who had passed away so the valuation has been updated to reflect the death of that member and the commence of his benefit payment for his spouse. Due to this last quarter they came out with a recommendation that was a little less than what is in the report but with the change and the commencement of the survivor benefit the recommended contribution based on everything else staying the same is \$4,467,226 which is a 7% rate of return (the same as last year). He then

reviewed alternative rates that were also shown in the report. 6.75% with a recommendation of \$4,792,692. Or, alternatively, 7.125% (an increase to the rate of return assumption) \$4,308,661.

Mr. Cavanaugh commented on the 6.75%. Note: even with the reduction of the rate of return we are still looking at a year over year decrease of about \$110,000. in that recommended contribution. Looking at a year over year decrease of almost \$600,000.

Trustee Campbell revisited the amount of recommended contribution before the Baldwin payment which was \$4,467,226 which is a 7% rate of return. After the payment it was \$19,000 less. The full report on page 15 which shows the change for Baldwin the exhibit shows demographic changes after fiscal year end which is the impact of the change for Baldwin. The net impact is an increase of \$19,121. Recommended contribution prior to that update was 4.448 which is now 4.467. All else equal that is the impact.

Mr. Cavanaugh has separate reports showing the Tax Levy options at 6.75%, 7% or 7.125% showing the increased liability incurred by approving Mr. Baldwin's wife and children.

Trustee Campbell reviewed that the current rate of return and Lauterbach's recommendation for expected rate of return would be 7%. Mr. Cavanaugh advised that Lauterbach is not at this meeting to make a recommendation. He did say that most of their Funds above \$10 million are somewhere between 6.25% and 7%.

Trustee Campbell reviewed that the Actuarial report that was drafted shows an expected rate of return at 7%. The IFPIFP Consolidated Fund advised that their expected rate of return (with some actuarial assumptions different than what was used in our report) is 7.125%. Lauterbach also presented with an option of reducing the expected rate of return to 6.75%.

Trustee Campbell looked to the Board for further discussion.

Trustee Kuchta reiterated his comments from the last meeting stating that this Pension Board no longer has investment authority. The group that does is using 7.125% assumption. If we were to use something lower and go to 6.75% we would have to have justification as to why it is required. He believes that if the Board requests something different they would need very good proof as to their decision.

Trustee Campbell voiced that the Consolidated Board's different stated assumptions, with them transition from short term to longer term equity exposure investment, that as a Board it would be prudent for this Board to hold the line where we currently are at 7%.: IFPIFP is recommending 7.125% the Department of Insurance is recommending 6.5%. The current fund is smoothing over 5 year assets.

Mr. Flossmer volunteered information for the Board's reference: 1) when DUI developed the 6.5% for this Fund that it was their standard assumption for funds over 10 million. 2) When you

compared IFPIFP doing their assumption study they are talking about those assets being invested and expected for them to get 7.125%. Due to a small amount of politics involved IFPIFP advised that based on discussions with the Board ultimately came forward with the recommendation of 7.125%. Also, the DGFD Fund has a substantial amount in being held in cash.

Trustee Campbell requested that Mr. Cavanaugh reiterate the talking points of the main driver to the reduction. Mr. Cavanaugh advised that Page 15 of the report gives the full version of the funding report. Information includes the expected change with no new data – the expected increase of 159,354 – following with the actual amounts affecting the contributions. Salary increases greater than expected - \$9,032 increase. The actuarial experience is demographic of the Fund for the year including any updates to evaluation of \$447,224 reduction. The Baldwin death and reflecting the new surviving spouse is \$19,121 increase. Asset returns greater than expected on 12/31/21- \$181,405 induction. Finally, contributions less than expected from the Municipal side lead to a net increase of \$51,050 for this year. The Fund is over the decrease of \$595,326 coupled with the \$159,354 expected increase brings it to the final recommendation of \$4,467,226.

Trustee Campbell asked what the return on investment was both actual and smooth. Mr. Cavanaugh advised that the actual return on investments for the fiscal year was 13.01% net of all administrative expenses not just investment related. With the smoothing it was 10.4% net of administrative expenses.

**MOTION:** A motion was made by Trustee Campbell to approve the Annual Tax Levy of the Downers Grove Firefighters Pension Fund in the amount of \$4,467,226. Seconded by Trustee Kuchta.

**Motion carried by a vote of 4-0.**

**Roll call was taken:**

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

Atty. Mancinni will prepare a memo to the Municipality with the Levy request. Needed is a copy of the Actuarial report with the dollar figure approved as support of this request. He currently does not have that in his records received.

Trustee Campbell reviewed for the Board that if someone is terminated that reduces the future pension liability. One member was terminated but then reinstated, at that member did restore the contributions for time earned that was refunded to him. Liability lost but was regained and regained his contributions as well in full.

**OLD BUSINESS**

**Agenda Item 7 - A**

## **RFP for Professional Services**

As discussed during the previous Board Meeting, the Board feels that their due diligence would be to do a RFP semi-annually for professional services. With the upcoming meeting having actuarial and accounting services the Board did not send out an RFP but did approve it at the last meeting. Beginning with the first quarter of 2023 there will be an RFP for these services.

## **Agenda Item 7 – B** **Baldwin Survivor Benefit**

Trustee Campbell reviewed from last meeting that the Board approved a survivor spouse and children benefit for FF/PM Mike Baldwin as reflected in the report from Lauterbach & Amen FF Baldwin's spouse has received her retro pay as well the continuing monthly benefit. The Board directed Fund Council to notify the mothers of the surviving children of the requirement to establish a fund in care of the surviving children before we would distribute any payments. Trustee Campbell asked Atty. Marcinni if there was any update regarding this matter. Atty. Marcinni advised that he did hear from two of the mothers, Laurie and Diana but has not yet heard from Abbey. Both Laurie and Diana indicated they were willing or wanted to pursue the benefits for their daughters. Diana's daughter will turn 18 on November 21, 2022. But she would be entitled to a retro benefit for the five to six months since the death of Mike Baldwin. Diana is pursuing setting up a trust as dictated by the Fund. Laurie is also ready to pursue setting up a trust for her daughter Mia. Until the mothers submit their claim to the Pension Fund there is very little the Pension Fund can do because they cannot issue monies to a minor directly.

Trustee Campbell asked if Madison when she turns 18 if should could submit her own claim. Atty. Mancinni advised that it would be prudent to send correspondence to Madison after the November Quarterly Board Meeting advising her to submit her claim as an adult. There is a time limit to claim once the child reaches the age of majority.

Atty. Mancinni advised that it would be prudent for the Pension Board to keep this issue on the Agenda until it is resolved so that there is no misconception of impropriety by the Board. He advised the first letter sent to the mothers of the minors regarding the benefit due the minor and the Pension Board's rules that a trust must be set up to receive the funds. Was June 1, 2022.

**MOTION:** A motion was made by Trustee Campbell to direct Pension Fund Council to draft an additional letter to the guardians of FF Bladwin's surviving children reminding them of the requirement to establish a Trust prior to benefits being distributed.

Seconded by Trustee Bacidore.

**Motion carried by a vote of 4-0.**

**Roll call was taken:**

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

**PUBLIC COMMENT**

None

The next quarterly meeting will be November 10, 2022 at 5 p.m.

**ADJOURN**

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

**Motion carried 4-0.**

**Roll call was taken:**

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

The meeting adjourned at 1954 hrs.

Respectfully submitted.

---

Firefighter/Paramedic Anthony Bacidore, Secretary

AB: pp All Files/Pension/2022 – 8-11-22 Quarterly Meeting Minutes