

BOARD OF TRUSTEES
DOWNERS GROVE FIREFIGHTERS PENSION FUND MEETING
Downers Grove Fire Department Station 2, 5420 Main,
Fire Station 102 (Primary) and Electronic Conference
May 18, 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 May 18, 2022 Quarterly Pension Board meeting electronically. Seconded by Trustee Kuchta.

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 May 18, 2022 Downers Grove Firefighter Pension Board Quarterly meeting. Seconded by Trustee Bacidore.

Members

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

Member Absent

None

Guests

Robin Lahey – VDG Director of Finance	Consents
Allison Barrett - Lauterbach & Amen, LLP (electronically)	Consents
Stephanie (in person)	Consents
Atty Vincent Mancinni - Reimer & Karlson LLC (electronically)	Consents

Agenda Item – 3

Approval of Minutes

Trustee Moy requested that the meeting minutes reflect that he was late but did attend the 2-17-22 Quarterly meeting.

MOTION: A motion was made by Trustee Moy to approve as amended - for spelling and grammatical errors and with the addition that he was late but did attend the 2-17-22 quarterly meeting - Quarterly Meeting Minutes of February 17, 2022. Seconded by Trustee Bacidore.

Roll Call vote: Trustee Bacidore Aye
 Trustee Kuchta Aye
 Trustee Moy Aye
 Trustee Campbell Aye
 Trustee Ludwig Aye
Motion carried by a vote of 5-0.

Agenda Item 4 - A

Report from Lauterbach & Amen, LLP

ATTACHMENT
 Lauterbach & Amen, LLP
 Monthly Financial Report
 For the Month Ended March 30, 2022

Allison Barrett from Lauterbach & Amen, reviewed the Monthly Financial Reports through the end of March. Total cash and cash equivalent at \$2.6 million; investments \$72. million, \$20,000 due for expenses and income as of March 31, 2022 with a balance of \$72,582,846.91 .

Income statement contributions from Downers Grove have a loss of investments of \$3.3 mil due to investment change and \$1.4 million to administration costs and benefits. Cash and cash equivalents now changed due to money that is now pooled investment.

Pages 11-1 and 11-2 show expenses paid from the Fund from December 31, 2021 through March 31, 2022 were just under \$194,000..

Trustee Kuchta inquired as to when exactly the money moved into the “consolidated fund”. He would also like to confirm what statements are received, who it is coming from, and who is receiving them for the Pension Fund to track the money.

Trustee Campbell advised that the Pension Fund has been receiving from FPIF a monthly newsletter but not statements specific to our Fund.

Ms. Barrett advised Lauterbach does have a Statement of Resolve that was provided by FPIF that shows the money before February from our State. She will make sure a copy is sent to the Pension Fund.

Agenda Item 4 - B

Retiree Election Results

Trustee Campbell advised that at the last quarterly meeting the Board directed Lauterbach & Amen to host a retiree election. He does not believe that election was completed. Therefore, Lauterbach & Amen is going to be complete that election for the Board, and sending out election nominations soon and will waive their fee for conducting that election.

Ms. Barrett advised that there is an apology and they will take care of the election at no cost to the Board. Everything has now been sent out.

Trustee Campbell inquired as to an estimated date as to when the Board will have those results.

Ms. Barrett advised she will email Trustee Campbell with the answer.

Trustee Campbell advised there is an anticipated upcoming Special Meeting and would like to include the results.

Ms. Barrett advised that the anticipated date of completion of election by Lauterbach is May 18.

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 January 1, 2022 through March 31, 2022 in the amount of \$193,917.91. Everything on this list is related to either Payroll or previously approved by the Board.

MOTION: A motion was made by Trustee Campbell to approve the Vendor Check Report of January 1, 2022 through March 31, 2022 in the amount of \$193,917.91. Seconded by Trustee Kuchta.

Motion carried by a vote of 5-0.

Roll call was taken:

Trustee Campbell Aye

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

Trustee Kuchta did inquire as to what are the payments to FPIF other fees and expenses. Ms. Barrett will research and email Trustee Campbell

Agenda Item 5 – B

New Employee's / Retirees / Issuance of a refund

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

- 1) New employee Dylan Hughes has now completed and submitted all of his paperwork.
- 2) Mowery and Tasso still have not filed paperwork.

Agenda Item 6

Firefighter Pension Investment Fund Update

Trustee Campbell highly recommends that all Board members subscribe to the FPIF newsletter they send out. They did send out a March performance for the Fund. There are also updates on elections as well as investment strategy. Moving forward we will meet at the quarterly meetings to review specific statements that are being sent to Lauterbach so that we can judge the performance of the new fund.

Trustee Campbell inquired of Atty. Mancini for the FPIF lawsuit we have previously discussed is that we should be getting some type of ruling by the end of the month. Either way, both sides have been indicating that they would appeal to the Supreme Court.

OLD BUSINESS

Agenda Item 7 - A

Michael Baldwin Refund/Survivor Benefit

In review, at the last Board meeting Trustee Campbell advised the Board discussed the surviving spouse and children of Michael Baldwin who passed away having served as a vested member of the Pension Fund, however, was not currently an active member of the Fire Department. The Board had Atty. Reimer look over the situation and the legal advice was that his surviving spouse and the children are in fact entitled to survivor benefits. The other option the family would have would be to take a cash withdrawal of Michael's contributions. Mike's surviving spouse has indicated that she would rather take the benefit than the cash payout. The Pension Board has advised Lauterbach & Amen to prepare a Calculation Order that the Board could have Atty. Reimer provide to the surviving spouse.

There has been a small delay in the Calculation Order because of ruling in the Appellate Court where an employer had filed to intervene in a similar police situation. The police situation had a pensioner who had a surviving spouse. The Court found that in the police Article 3 Pension that the benefit could not exceed the benefit that the pensioner would have received during retirement. This

finding would make this situation more difficult so Atty. Reimer is reviewing this ruling as well. He advised that specific ruling would only relate to Article 3 of the Police Pension Fund and that Article 4 Fire Pension Fund had different surviving spouse language and that she was, in fact, entitled to the benefit.

Lauterbach & Amen has completed Calculation Orders for Michael's surviving spouse, as well as his four children.

As a review, according to Atty. Reimer that according to the Statuette the surviving spouse is entitled to 54% of Michael's final salary with no COLAs payable for the rest of her life. Each child is entitled to 21% (up to 5.25% per child) of Michael's final salary up until the age of 18. Benefit calculated evenly across all four children and then as each child turns 18, the benefit levels will be recalculated for the surviving children under 18. The total amount paid by this Pension Fund cannot exceed 75% of Michael's final salary. By law, what we are directed to do as far as paying benefits to this family.

Atty. Mancini reiterated the payout percentages according to the statuette provides. From a legal standpoint his only concern is that payment cannot go to a minor directly. The children will need a minor's trust or estate of some sort created for their benefit because obviously the money must go to the children. A parent or relative cannot use the money other than for the benefit of the children.

Also, due to the situation of different children having different mothers, the Fund should give notice to the children and their respective mothers of possibly a hearing because a child could essentially contest paternity. They have to have a due process as part of the whole process. We have birth certificates that show FF Baldwin is the father of each of these children but we do not have any actual evidence that he was the father of these children as he was not married to some of them. It is up to the Court's discretion. The Fund must establish some sort of record to establish there is no dispute that these are his children and are entitled to the benefits. That could be as simple as some sort of letter or introducing the birth certificates into evidence. This is Atty. Manacini's main concern at this point as the children need to be represented by an adult for their rights to this money and for it to be protected for them. No concerns regarding the spouse or 54% given.

Trustee Kuchta inquired as to if the other mothers of the children are aware that this benefit is out there to their children, and how do we get to that point. And, two, who is cutting these checks? Is FPIF or Lauterbach? Who needs to be made aware until everything is in place the Fund should not be cutting a check to anyone.

Per Ms. Barrett, when the Pension Board's attorney is satisfied Lauterbach will be cutting the checks.

Trustee Campbell advised that currently we are not cutting any checks. The funds are being held by the Pension Fund. The Board is trying to be careful that it is providing the correct benefit and a court ruling has not changed that information. The Board currently has not directly contacted any of the guardians of the children. We have Calculation Orders for them in a Draft form as advisory for the Board. The Board also has a separate Calculation Order for Michael's surviving spouse.

Trustee Campbell requested that the Pension Board review and approve the Surviving Spouse benefit as it is unchanged and is not relative to the children's benefit.

He also suggested that the Atty. send a letter to each legal-guardians of the minors, inform them the Board feels the minors may be entitled to a benefit; inform them of the terms needed for them to prove as a stake holder other than the birth certificate and other documentation we already have. And, ask them to formally apply to the Pension Fund after establishing the Trust for the minor/minors. Hopefully by the next Quarterly meeting (if not sooner) the Board should be able to review the minors' formal application.

Mention was made of a previous case where Trusts for minors were required and it was a long and drawn out process. It was suggested that tonight we should at least work on approving the benefit of the surviving spouse.

Trustee Campbell requested that when the attorney sends out notification to the guardians it goes back to the previous minors' Trust or minors' estate guidelines to stay consistent with past practice.

MOTION: A motion was made by Trustee Campbell to table the benefit for the surviving minors pending notification to their guardian of the availability of the benefit, and the requirements from the Board in the form of a trust or an estate. Seconded by Trustee Kuchta

Motion carried by a vote of 5-0.

Roll call was taken:

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

Trustee Campbell reviewed information for Michael Baldwin with the DGFDD with a start date of January 14, 2008, end date of October 23, 2001 and death date of January 22, 2022 and a death certificate provided.

Benefits to his surviving spouse, Abbey, is calculated by Lauterbach & Amen as follows:

Ending salary \$104,613.00

By statuette entitled to 54% = \$4,707.59 per month

Per statuette payment to begin at date of death and to date no payments have been made

Per statuette, no interest would be due on retro benefit

Retro benefit owed her

January payment of \$1,366.72

February, March and April = \$14,122.77

For a total due her of \$15,489.49

The benefit of \$4,707.59 per month would continue after that.

MOTION: A motion was made by Trustee Campbell to approve the Surviving Spouse benefit for Firefighter Michael Baldwin to his surviving spouse, Abbey Baldwin, with an effective date of January 23, 2022 in the annual amount of \$56,491.02 which is a monthly benefit of \$4,707.59 which represents 54% of his applicable salary of \$104,613.00. Seconded by Trustee Kuchta.

Motion carried by a vote of 5-0.

Roll call was taken:

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

MOTION: A motion was made by Trustee Campbell to approve the retroactive benefits to FF Michael Baldwin's surviving spouse, Abbey Baldwin, in the amount of \$15,489.49. The retro benefit is back to the effective date of January 23, 2022 through the month of May.

Seconded by Trustee Moy.

Motion carried by a vote of 5-0.

Roll call was taken:

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

NEW BUSINESS

Agenda Item 8 - A

Professional Services Request for Proposals

Marquette & Associates is the Pension Fund's financial adviser. Currently the Fund does not control any investment. This relationship has not yet been contractually terminated and no fee has been charged since January. We still have a legal relationship with them and can reach out to them for any cash management concerns. It is recommended that review of the current contract be made and decision as to whether to cancel contract or keep the contract active, maybe with an hourly charge, be decided by at the next meeting.

Should RFPs for various services used by the Pension Fund be reviewed due to new needs of Board?

The Board agreed to review all contracts on a rotating basis starting with the Actuarial services contract. A previously used RFP template was available and could be a guide.

Agenda Item 8 - C

Review of the Actuarial Assumptions for Annual Tax Levy

Trustee Campbell asked Atty. Mancini if the Board should do their own due diligence and still get an actuarial report or is it no longer necessary.

Atty. Mancini advised that it is correct the Consolidated Board does have an actuarial report and from what he understands municipalities may get their own to debate whether the amount they have to fund as a result from the actuarial report. He is unsure if the Pension Fund will have to or has an incentive to do so on its own, but he will research and get back to the Board with an answer.

Trustee Campbell advised that the Village of Downers Grove has made it a practice to fund at 100% of their requirement. The calculation we will get from the Consolidated Board won't fund to 100% it will fund to 90%.

Ms advised typically when you are funding to the 90% level, that makes you insolvent to your GATSB 6768 Report. Which means you will not be able to pay benefit payments in full for an 80 year projection and causes additional liability to GATSB 6768 Report. You are no long solve vent and using the 7% of rate of return assumption you are now using the 7% rate of return assumption blended with the GL Bond issuance to get a blended discount rate which is then used to project out benefits. A reason why they would want to fund to 100%.

Trustee Campbell stated that they will begin with the RFP process for actuarial services and will engage the Village of Downers Grove standard RFP procedures to do so and will anticipate that it will be ready by the last Quarterly Pension Board meeting.

Agenda Item 8 - B
Meister QUILDRO

Trustee Campbell advised that when either a pensioner or active member obtain a divorce they are required to obtain a QUILDRO Calculation Order that will notify the Board of how the benefits should be paid to their now ex-spouse.

A QUILDRO Calculation Order has now been received for Mr. Meister as well as the processing fee that is required. Trustee Campbell will fax a copy to attorney if there is not one on file. Attorney advised he does have a copy and all that is needed is for the Board to approval and hold on file until needed.

MOTION: A motion was made by Trustee Campbell to approve the Brian Meister QUILDRO Calculation Order that has been received and approved by Fund's Council. Seconded by Trustee Bacidore.
Motion carried by a vote of 5-0

Roll call was taken:

Trustee Campbell	Aye
Trustee Moy	Aye
Trustee Kuchta	Aye

Trustee Bacidore Aye
Trustee Ludwig Aye

Agenda Item 8 - D
Review of Actuarial Assumptions and Tax Levy

Trustee Campbell reviewed for the Board members that this is a review of the assumptions utilized and the results of those assumptions with anticipated approval of the levy and final calculations at the August Quarterly meeting.

DRAFT Lauterbach & Amen Actuarial Funding Report
(Referencing page 8 of previously sent report)

This is the report showing the recommended contribution and funded status as of Fiscal Year End. Recommended contribution this year decreased by \$465,093 a 9.28% decrease to \$4,448,105.

Your fair value of assets increased by \$8,950,000; actuarial value of assets increased by \$6,790,000.

The difference between the Fair Value Assets and the Actuarial Value of Assets is a 5 year smoothing period.

Actual accrued liability decreased by \$910,000; unfunded accrued liability decreased by \$7,700,000.

.... Unfunded increased by 6.3% to 61.53% using 100% over a 19 year period.

Expected increases and contributions of \$159,354. This is 3-4% increase year after year.

Review of particulars for this Fund. With expected increases there is a recommended increase of \$9,032 due to promotions this year. There were also four retirements – two of which were true retirements from active status to retirees and two were deferred members we expect them to retire at age 50, and that increased the recommended contribution by \$35,700.

One member separated and this decreased the contribution \$40,700. Due to previous conversation at this meeting regarding Mr. Baldwin it might be beneficial even though this was after fiscal year end to consider this in this year's report.

One member terminated – Mr. Hossfeld. Ms. Barrett will research this. He was hired and fired in the same year so there was no liability to the Fund.

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.

Trustee Campbell inquired if Mr. Baldwin who had terminated but then passed away and then benefits claimed by his family, would he be included in the calculation that was approved in August.

Ms. Barrett advised that is why she brought this up so that if the Fund wanted to add him back in

because it is a known significant event as he was shown as terminated and expected to collect benefits once he would reach age 60 which would have been about 21 years later. Also, 13.25% of his salary because he was deferred but now his surviving spouse and survivors will receive a 75% benefit. The Board can decide if this should he should be put back before year end.

Assumption risk – currently at 7.7% of assumption – conversation is of reducing that rate to at least 6.75%. Consolidated Board is using 7.125% assumption. Their report does show a possible reduction to 6.75% rate of return. Ultimately it is up to this Board.

Trustee Campbell queried if we are currently at a decrease around 9%, if we decrease the expected rate of return to 6.75%.- would that be a 7% increase from last year's valuation – it would be a 7% increase from what is shown now. Is that correct?

Trustee Campbell queried if today Lauterbach & Amen had a number of the contribution including the 6.75% expected rate of return? Ms. Barrett responded that they have a rough number.

Trustee Kuchta would like the “rough” number at 7.25% also. He stated that when the Board makes the choice of what will be contributed relative to when the Consolidated Board advised of their minimum we would then have to numbers to look at. One decision has been removed as we no longer have control over the investments. His opinion is that we should state that we want to continue to fund to the 100%. That should be the only swing factor.

Ms. Barrett Indicated that the FPIF Board had overridden the actuary's recommendation and gone with the 7.125%. Ms. Then stated that between the actuaries and the investment people had indicated 7.125%.

Trustee Kuchta reiterated what she had said that both Marquette and the actuaries had indicated 6.75% and the FPIF Board had indicated that they were going to 7.125%?

Ms. Barrett stated that DG Pension Board had a different rate then DOI also. Ultimately it is the Pension Board's decision based the Board's knowledge of the FPIF.

Trustee Kuchta advised he would like to do more research as to where the 7.125% came from and how to determine what the State is recommending as a minimum

Discussion regarding the process by all.

Therefore for the report in order to retain benefit levels the Fund would need an expected rate of return of 7.10% - current level is 7% - FPIF is reported to be 7.125% and their calculation will replace the department of insurance minimum. And the 6.75% recommendation is Lauterbach & Admen's recommendation.

MOTION: A motion was made by Trustee Campbell to direct Lauterbach & Amen to update their actuarial report including the benefit levels of the Baldwin surviving spouse and children in demographics stages to include an explanation of the changes in the final report. And, to include calculations for consideration for expected rate of return for 6.75%, 7%, and 7.125%. Seconded by Trustee Kuchta.

Motion carried by a vote of 3-0.

Roll call was taken:

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

Trustee Campbell stated that this work is the usual work requested and that the answers will need to be received by the before the August meeting so that the issue can be discussed, debated, decided at the August Quarterly meeting as this will ultimately affect the final levy amount.

Agenda 8 – F

Review of Cash Management Policy

Lauterbach & Amen has provided a trial balance. In January 2022 it was decided there would be a three month black out period where the Pension Fund would not be able to raise cash. The funds were held in reserve and benefits were paid from those funds. Moving forward the Pension Fund will have to give direction to the custodian, Village and Lauterbach as to what the plan will be. Information from IPFP is that they could return cash, as requested, within 30 days. Therefore, if cash was needed for benefit payments we would have to wait 30 days to receive it. The Pension Board must decide how much cash they want to have on hand and what to do with it. Have it just in a facility account etc. As a reminder, as listed in our cash analysis, our benefits on a month-to-month basis are \$486,133.00. I believe during the three month period we held back \$1.5 million. We have come near the end of that in our cash pool and need to decide what to do moving forward. June property tax collected will be swept to the investment fund.

Finance Director Lahey advised that the Fund currently has a balance of \$2.2 mil. Trustee Campbell believes that for this quarter we should stay and then at the next quarterly meeting decide on if an automatic withdrawal when at a maximum of cash to investment account.

Trustee Campbell advised that Lauterbach has handled the elections in the past and asked **AJ.** for an approximate cost to have Lauterbach handle this. AJ advised it was around \$300.00.

MOTION: A motion was made by Trustee Campbell to authorize the Pension Fund Treasurer to transfer any property taxes received into the 5th/3rd account to the BMO Harris

account. Seconded by Trustee Kuchta.

Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Kuchta	Aye
Trustee Bacidore	Aye
Trustee Moy	Aye
Trustee Ludwig	Excused herself from meeting

MOTION: A motion was made by Trustee Campbell to authorize Lauterbach & Amen to transfer any funds in the BMO Harris account in excess of \$2.2 mil to the FPIF investment account. Seconded by Trustee Kuchta.

Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Kuchta	Aye
Trustee Bacidore	Aye
Trustee Moy	Aye
Trustee Ludwig	Excused herself from meeting

MOTION: A motion was made by Trustee Campbell to maintain the current \$2.2 mil in cash for benefit payments through the next period and direct the Village of Downers Grove to deposit property taxes received in mid-June 2022 into FPIF investment account. 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
Trustee Ludwig	Excused herself from meeting

Ms. Barrett advised she received an answer from her colleague to the question regarding fees on the statement from the FPIF statement. They are the operating expenses allocated the pension funds as percentage of the assets.

Trustee Campbell asked if this meant they are paying a fee to Marquette and other providers of services and that is the individual funds expenses.

Ms. Barrett confirmed this theory and advised that she was told that this is all of the expenses.

Agenda 8 – F

Date of Third Quarter Meeting

MOTION: A motion was made by Trustee Campbell to schedule August 11 as the next quarterly meeting. 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
Trustee Ludwig	Excused herself from meeting

PUBLIC COMMENT

None

ADJOURN

MOTION: Trustee Campbell made a motion to adjourn.

Trustee Moy seconded the motion.

Motion carried 5-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Kuchta	Aye
Trustee Bacidore	Aye
Trustee Moy	Aye
Trustee Ludwig	Excused herself from meeting

The meeting adjourned at 1933 hrs.

Respectfully submitted.

Firefighter/Paramedic Anthony Bacidore, Secretary

AB: pp All Files/Pension/2022 – 5-18-22 Quarterly Meeting Minutes