

BOARD OF TRUSTEES
DOWNERS GROVE FIREFIGHTERS PENSION FUND MEETING
Downers Grove Fire Department Station 2, 5420 Main, Training Room
May 10, 2017, 1630 hrs.

Members Present

Trustee Matt Campbell, Trustee Scott Cavenaile, Trustee Jeff Kuchta, Trustee Robert Lang, Trustee Thomas Carroll and Non-voting Downers Grove Finance Director Judy Buttny

Members Absent:

None

Guests

D. Warnke, Financial Consultant – MarquetteAssociates
Jessica Fain, Acct. - Lauterbach & Amen, LLP
Eric Endriukaitis, Acct. – Lauterbach & Amen, LLP
Tim Bowen, Actuary – Mesirov Financial
Richard Reimer, Attorney - Reimer & Karlson LLC

Trustee Campbell called the meeting to order at 1704 hrs. in the first floor conference room of the Downers Grove Fire Department Station 2, 5420 Main, Downers Grove, IL.

MINUTES

Trustee Campbell advised that the February 2, 2017 Quarterly Meeting Minutes some minor grammatical changes were made.

MOTION: A motion was made by Trustee Kuchta and seconded by Trustee Lang to approve the Quarterly Meeting Minutes of February 2, 2017 as amended.

Motion carried by a vote of 5-0.

Agenda Item - 3

Report from Marquette Associates

Handout

Marquette Associates DGFDF Pension Fund
March 31, 2017 First Quarter - Quarterly Executive Summary Booklet

D. Warnke explained the current quarter's Marquette Associates' Executive Summary Booklet with an overview of the various funds managed for the Pension Fund. He also answered questions regarding the various investment managers and gave insight into the thinking regarding investments in the various markets.

Mr. Warnke reviewed the current market and how it is affecting the DGFDP Pension Funds and will continue to effect the various Pension Fund investments. He continued through the report giving explanation of the various investments and how the DGFDP Pension Funds are doing. Discussion regarding Harbor and Franklin Templeton over the past 3 months have started to move upward. They will be kept as a “watch” but it is felt that they are doing fairly well.

Mr. Warnke advised that real estate principal YTD was 6.2% up 1.8% for the quarter. Steady as was expected with no flags at this time. Principal slightly lowered their property allocation given it has been a good place to be and more sensitive to down turns.

MOTION: A motion was made by Trustee Kuchta to accept the 1st Quarter Report from Marquette Associates. Seconded by Trustee Cavenaile.

Motion carried by a vote of 4-0.

MOTION: A motion was made by Trustee Campbell that any cash balance in excess of \$1.5 million in the Pension Fund, will be rebalanced per policy. Seconded by Trustee Kuchta.

Roll call was taken:

Trustee Campbell	Aye
Trustee Kuchta	Aye
Trustee Cavenaile	Aye
Trustee Lang	Aye

MOTION: A motion by Trustee Cavenaile to amend the previous Motion to reflect that any cash balance in excess of \$1.2 million in the Pension Fund, will be rebalanced per policy. Seconded by Trustee Kuchta.

Roll call was taken:

Trustee Campbell	Aye
Trustee Kuchta	Aye
Trustee Lang	Aye
Trustee Cavenaile	Aye

Agenda Item 4 - A

Report from Lauterbach & Amen, LLP

ATTACHMENT II
Lauterbach & Amend, LLP
Monthly Financial Report
For the Month Ended March 31, 2017

Ms. Fain of Lauterbach & Amen presented the Quarterly Financial Report ending March 31, 2017 reviewing each report, statement, expenses, contributions and payments. Page 11-1, 11-2 of this report contains the three month rolling Quarterly Vendor Check Report with all expense checks noted from January 1, 2017 through March 31, 2017.

MOTION: A motion was made by Trustee Cavenaile to accept the March 31, 2017 Quarterly Report as presented from Lauterbach & Amen. Seconded by Trustee Lang.

Motion carried by a vote of 4-0.

MOTION: A motion was made by Trustee Kuchta to pay the Quarterly Vendor listed bills (Pages 11-1,11-2 and 11-3) in the amount of \$151,446.31 and seconded by Trustee Cavenaile.

Motion carried by a vote of 4-0.

Roll call was taken:

Trustee Campbell	Aye
Trustee Cavenaile	Aye
Trustee Kuchta	Aye
Trustee Lang	Aye

NEW BUSINESS

Agenda item 7 – A

Review of Proposed Pension Tax Levy

Attachment IV Lauterbach Report regarding tax levy

Ms. Fain presented information regarding what happened to the Fund and how it impacted the tax levy if the rate of return was not changed. Also, she will present what the recommended levy would be if they would lower the return assumption.

Ms. Fain reference the starting point as page 3 in the report. What happened to the Fund and how it impacted the tax levy if we weren't to change the rate of return assumption. It begins with a snapshot of last year's contribution of \$3 mil. with this year coming in about \$100,000 higher at around \$3.16 mil. Every single year the Fund's contributions are expected to increase 3-4%. The reason for that is because every year you are going to put in a little more money toward the unfunded liabilities and also contribute a small amount more to the active population because they are getting closer to retirement. The expected increase for the year was \$100,000. In otherwords the contributions to income is not too far different than what was expected. Basically contributions and expenses were a wash. Funded percentage was on a "smooth" assets basis we increased close to 1% as well as a market value basis. It is expected that the will be increasing. There would be an increase in assets if there was not a

Ms. Fain next referenced the information on page 8. Even though there were many changes in the Fund that washed each other out, the expected amount was achieved. Salary increases came in less than projected. Now projecting the population at retirement will have a little smaller salary than originally thought. Therefore the Fund does not need to put in as much money as anticipated. Due to the end of the Contract with the salary raise being only 1% the increase was not as much as the two previous years. Trustee Campbell shared that the organization is top heavy, with many people leaving at the top of their pay range.

Ms. Fain advised that there were quite a few retirements and therefore new hires which impacted the equation. Therefore the overall payroll looked smaller. There were some demographic changes that off-set those changes. There was an individual that terminated the Fund. Even if they get a refund in contributions, or even some vested benefit from this Fund, this is a lot less expensive than a full benefit would be. There was also an individual who passed away. And, even with a surviving spouse, the surviving spouse benefit is less than a retiree benefit. Those changes helped to off-set the increases from the new hires and the retirements. The overall increase was approximately \$12,000.

The one assumption detail they did release is that they released 3 additional years of mortality data. The impact to the Fund table would be about \$5,400.

Asset assumption is approximately 7.25% return. Right now the “smooth” return is 6.8%. Every time your “smooth” return is not what your assumption is you will see an increase in your contributions to make up for that shortfall. The Fund will see an increase of approximately \$25,000 related to just how the markets performed.

Ms. Fain then discussed contributions into the Fund looking at what you are recommending and what you are receiving. The problem with the tax levy process is the time line. Basically what is recommended and what you receive are off by 1 year – monies would be received the following year.

Ms. Fain then presented the 7% report beginning on page 3 to compare with the previous report she gave. Simply changing the 7.25% return – instead of having a \$100,000 increase there would be an increase of around \$340,000 which was caused by just adjust the one assumption. The other item she pointed out was funded percentage. This report looks like the funded percentage decrease with the reason being comparing assets to liabilities. Assets don’t change from one year to the next but now in this report there is a higher calculated liability – which in turn does not make you able to get as much and therefore needs to be made up. This shows that funded percentage is not the best indicator of Fund health.

Once Lauterbach receives the final Audited Assets figures they will enter them into their report. This will help to decide where they will have a 7.25% or 7% tax levy.

A new report was presented due to some questions regarding past history. Ms. Fain advised that on page 24 it showed a 5 year hypothetical stress test.

Discussion ensued regarding paying over 3 years. Pros and Cons were considered. She advised that contractually the Fund is not committed and could change if there are bad results over each year. Ms. Fain advised that they would review and revise for free if that occurred.

Talked about police increasing their levy, state income tax rates, sales tax revenue decrease to name a

few of the problems that have been happening this year. Discussion ensued regarding making decisions the correct decision regarding taking care that the Pension Fund is funded. Ms. Fain advised that the statutory minimum is 6.75%. J. Buttney would need the final decision by the 8/17 meeting. Ms. Fain advised that they need 24 hrs before the meeting to change the GASB report if they change the levy. Atty. Reimer advised that a special meeting could be called.

MOTION: A motion was made by Trustee Campbell to table this decision until the next meeting.

Agenda item 7 – B

Statements of Economic Interest – Trustee Campbell requested that completed letters be passed on to the Village Legal Department. All letters were to be submitted to the County.

Agenda item 7 – C

Preparation for DOI report - Notarized report to be given to J. Buttney before June 30, 2017.

MOTION: A motion was made by Trustee Kuchta to pay the statutory DOI complaints upon receipts. Seconded by Trustee Campbell.

Roll call was taken:

Trustee Campbell	Aye
Trustee Cavenaile	Aye
Trustee Kuchta	Aye
Trustee Lang	Aye

Agenda item 5 – B

New Employees/ Retirees / Issuance of refund

One new employee Anthony Bacidore – Tier II on 3-27-17 has requested to be in the Pension Fund.

MOTION: A motion was made by Trustee Campbell to admit Anthony Bacidore as of 3-27-17 as a Tier II employee into the DGFDP Pension Fund. Seconded by Trustee Lang.

Motion carried by a vote of 4-0.

Two retirees – Fred Pajak, Charlie Tatroe.

Fred Pajak retirement 5-20-17 at which time he will have a pension at 73.13% with an original monthly amount of \$6,466.62 on a base of \$106,119.00 with 29 3 months of creditable service and an effective date of 5-21-17.

MOTION: A motion to grant a regular retirement pension to Fred Pajak based upon the given information was made by Trustee Lang. Seconded by Trustee Cavenaile.

Motion carried by a vote of 4-0.

Charles Tatroe retirement 5-30-17 at which time he will have a pension at 75% with an original monthly amount of \$6,632.44 on a base of \$106,119.00 with 30 years 1 month of creditable service and an effective date of 5-31-17.

MOTION: A motion to grant a regular retirement to Charles Tatroe based upon the given information was made by Trustee Lang. Seconded by Trustee Cavenaile.

Motion carried by a vote of 4-0.

Per J. Buttney - There is a new contract pending which will adjust this amount stated. Per Atty. Reimer - The named retirees would receive a retro check and then pay the required pension contributions.

Kent Rexilius Reciprocity – Per J. Buttney the Pension Board must recognize the payment and recognize that it is paid in full in the amount of \$989.29 to Bloomingdale and \$275.14 paid to Downers Grove. (it is on page 2 of the March 31, 2017 financials).

MOTION: A motion to accept the full payment of reciprocity for Kent Rexilius. Reciprocity from Bloomingdale full payment in the amount of \$989.29 and \$275.14 to Downers Grove. And, on a continuing basis will continue to pay an additional 1%. was made by Trustee Kuchta. Seconded by Trustee Campbell.

Motion carried by a vote of 4-0.

OLD BUSINESS

Agenda item 6 – B

Atty. Reimer advised that the Board should submit to the DOI that Scott Cavenaile was elected to another 3 year term as a Secretary to the Pension Board.

MOTION: A motion was made by Trustee Campbell to accept the election results that Scott Cavenaile with votes with receiving votes was elected to a 3 year term as the Secretary to the Pension Board. Seconded by Trustee Kuchta.

Motion carried by a vote of 4-0.

MOTION: A motion was made to retain the current offices of President and Secretary by Trustee Lang. Seconded by Trustee Kuchta.

Motion carried by a vote of 4-0.

MOTION: A motion was made at 5:23 p.m. by Trustee Cavenaile to go into Executive/Closed Session under 2©(11) of the Open Meetings Act, with discussion of the pending litigation Reiter vs. Board of trustees Case No. 15CH1796. Seconded by Trustee

Lang.

Roll call was taken:

Trustee Cavenaile	Aye
Trustee Lange	Aye
Trustee Kuchta	Aye

MOTION: A motion was made at 5:36 p.m. by Trustee Campbell to end closed session and return to regular meeting. Seconded by Trustee Cavenaile.

Roll call was taken:

Trustee Campbell	Aye
Trustee Cavenaile	Aye
Trustee Lang	Aye
Trustee Kuchta	Aye

PUBLIC COMMENT

None

ADJOURN

MOTION: Trustee Campbell made a motion to adjourn.
Trustee Cavenaile seconded the motion.
Motion carried 4-0.

The meeting adjourned at 1733 hrs.
Respectfully submitted.

Firefighter/Paramedic Scott Cavenaile, Secretary

SC:pp All Files/Pension/2017 – 5-10-17 Quarterly Meeting Minutes (2)