

**BOARD OF TRUSTEES  
DOWNERS GROVE FIREFIGHTERS PENSION FUND MEETING  
Downers Grove Fire Department Station 2, 5420 Main, Training Room  
May 12, 2016, 1630 hrs.**

**Members Present**

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

**Members Absent:**

None

**Guests**

Dave [WarnkeWernecke](#), Financial Consultant – MarquetteAssociates  
J. Weber, Acct. - Lauterbach & Amen, LLP  
Eric Endriukaitis, Acct. – Lauterbach & Amen, LLP  
Jessica Fain, Actuary – Lauterbach & Amen, LLP  
Tim Bowen, Senior VP – Mesirow Financial  
Richard Reimer, Attorney of Reimer & Karlson LLC

Trustee Campbell called the meeting to order at 1633 hrs. in the Training Room of the Downers Grove Fire Department Station 2, 5420 Main, Downers Grove, IL.

**MINUTES**

**MOTION:** A motion was made by Trustee Cavenaile and seconded by Trustee Carroll to approve the February 18, 2016 Quarterly Meeting Minutes with minor changes made by Trustee Carroll.

**Motion carried by a vote of 5-0.**

**Agenda Item - 3**

**Report from MarquetteAssociates**

**Handout**

MarquetteAssociates DGF Pension Fund  
March 31, 2016 Quarterly Executive Summary Booklet

D. [WarnkeWernecke](#) reviewed [MarquetteAssociatesMarquette Associates](#)' Executive Summary Booklet of the various funds managed for the Pension Fund. He also reviewed and answered questions regarding the various investment managers and gave insight into the thinking regarding investments in the various markets.

D [WarnkeWernecke](#) reviewed Harbor International's performance (in particular because of the

Alert status) and advised they were doing better this quarter. As Harbor ~~International~~International is still on Alert, Marquette will keep a watch on them for the next two to three quarters before a decision is made.

D. ~~Warnke~~Wernecke reviewed investment manager Franklin Templeton and due to poor performance (over the past two and half years) recommended watching them for another quarter (not yet placing them on Alert). He will follow up in the fourth quarter of 2016 to advise of his findings and a decision can be made if they need to be placed on Alert at that time.

~~Turste~~Trustee Kuchta requested that in the next meeting or two he would like an annual update on overall projections for asset classes and a comparison to our current allocations. D. ~~Warnke~~Wernecke advised that he would bring a study in response to this request.

Trustee Campbell inquired about sale or ~~puchases~~purchases of investments. D. ~~Warnke~~Wernecke advised that the cash reserve is at \$1.2M-K. J. Buttney advised that they would need at least \$600K until June 1 to pay benefits. The standing motion regarding excess cash was reviewed.

**MOTION:** A motion was made by Trustee Lang that an existing \$300,000 from cash be invested per policy, by ~~MarquetteAssœiates~~Marquette Associates to Harbor International and excess monies when received from tax deposit be invested per policy. Trustee Kuchta seconded the motion.

**Roll call was taken:**

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

**MOTION:** A motion was made by Trustee Campbell to accept the report from MarquetteAssociates. Seconded by Trustee Cavenaile.

**Motion carried by a vote of 5-0**

**Agenda Item 4 - A**

**Report from Lauterbach & Amen, LLP**

**ATTACHMENT I**  
Monthly Financial Report  
For the Month Ended April 30, 2016

Mr. Weber of Lauterbach & Amen reviewed the Monthly Financial Report ending ~~Arpil~~April 30, 2016 reviewing each statement regarding expenses, contributions and payments. Page 11-1 of this report contains the three month rolling Vendor Checks Report with all expense checks noted from February 1 through April 30, 2016.

Mr. Weber advised that the DOI requested that each Fund update their Security Administrator

which will need to be done. A Security Administrator needs to have access to Fund files.

**MOTION:** A motion was made by Trustee Cavenaile to designate Judy Buttney as the DG Fire Pension Security Administrator for DOI. Seconded by [Trustee Trustee](#) Lang.

**Motion carried by a vote of 5-0**

**MOTION:** A motion was made by Trustee Campbell to accept the report from Lauterbach & Amen. Seconded by Trustee Cavenaile.

**Motion carried by a vote of 5-0**

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

**ATTACHMENT II**  
Actuarial Assumption Summary

Ms. Jessica Fain from Lauterbach & Amen reviewed the Actuarial Assumption Summary utilizing data as of 12-31-15 with valuation from 1-1 thru 12-31-16 which is based on a comprehensive study for Firefighters in Illinois that was completed in January of 2016. An explanation of each printed report was given as to the reason for the report as well as [it's relevance](#) to the assumptions.

Ms. Fain then went over the Actuarial Valuation report as of 1-1-16. She advised that the State of Illinois statutes for pension funds contain parameters that should be used to determine the minimum amount of contribution to a public pension fund. Those parameters and the resulting minimum contribution can be found in the "Illinois Statutory Minimum Contribution" section of the presented report. Ms. Fain reviewed the various summaries in the report. She advised that the tables that had been currently used by our previous actuary since 2000 were updated by L&A through 2016.

Ms. Fain noted that important changes are now being recognized in that people are now working longer past retirement age causing [less fewer](#) years for this fund to pay out pension benefits causing decreases in liability and decreases in recommended contributions. But, mortality rates also changed due to people living longer. This is a more costly change to pension funds because it means more years predicted in paying pension benefits (either to them or their surviving spouses). Increases are being seen because of this new [mortality](#) trend which is larger than the decrease for retirement trends. Overall, these factors caused an increase in contributions.

Tax levy report was then reviewed. Discussion regarding the upcoming levy which must be adopted by the next meeting. Ms. Fain went into detail regarding how the various assumptions were decided upon. It is customized to the DGFDF contract and the history of their contracts. The following points were reviewed to help in the decision of the new levy [amount](#) to be voted on.

COLA – CPIU – L&A did lower this. Historical 30 [yryr.](#) average has been 2.5% to 3% range. Mainly impacting Tier 2 employees. Previously the Fund was at the upper end in the 3% range. This was [lowered](#) to the 2.5% range. L&A is now seeing a lowering of that average and therefore the reduction.

The newly revised tables in the report now show that the mortality rate has changed significantly and therefore the increase. Ms. Fain advised that L&A does have the complete study of how they arrived at the recommended rate. She offered to provide a copy for review so that the Board is confident in their decision when voting for a new levy.

### ATTACHMENT III

Actuarial Valuation as of January 1, 2016

Ms. Fain then moved on to the Actuarial Valuation as of January 1, 2016 report beginning the discussion with the Contribution Recommendation explaining why the contributed amount has increased. Page 8 with the Actuarial Contribution Recommendation – Reconciliation was then referenced and explained. Ms. Fain advised that these assumptions will be reviewed on a 3 to 5 year cycle to keep the figures current. Page 12 – Valuation of Fund Assets (Asset Performance) was discussed.

### ATTACHMENT IV

GASB 67/68 Reporting

The GASB report was then discussed. GASB is different than the tax levy. 5 year history of the Fund of the ~~contributions~~ contributions received which shows the current good funding with no issues and matches the tax levy.

~~As all of the information presented were was presented as DRAFT~~ All information was presented as DRAFT and it was purely ~~informative~~ informational and. ~~No decisions needed~~ to be made at this point. The Board will review this information and the facts. A new tax levy amount will be voted on at the next DGF Pension Board quarterly meeting.

## NEW BUSINESS

### Agenda Item 7 – A – Statements of Economic Interest

Ms. Buttney advised that the Statements of ~~Economic~~ Economic Interest were filed with the DOI.

### Agenda Item 7 – B – Annual DOI report preparation

Mr. Warner advised ~~that~~ that the report was prepared and submitted.

### Agenda Item 7 – C – Increase Pay Two day Balance

Lauterbach & Amen requested and increase in funding from Marquette to keep the Harris balance at \$15,000 to pay ongoing invoices, etc. Ms. Buttney advised this will reduce transaction fees from constantly having to fund the Harris account to pay payroll and expenses.

**MOTION:** A motion was made by Trustee Campbell to increase the Pay Two Day balance to \$15,000. Seconded by Trustee Kuchta.  
**Motion carried by a vote of 5-0.**

**Roll call was taken:**

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

Trustee Carroll left the DGF Pension Board meeting due to a previous appointment. The Pension Board meeting continued with a majority still in attendance.

**Treasurer's Report**

**ATTACHMENT V**

Lauterbach & Amen, LLP Monthly Financial Report  
~~April~~ April 30, 2016  
Vendor Checks Report – Page 11-1

**Agenda item 5 - A**

There was a discussion regarding various bills presented. J. Buttny asked for approval of the account payable invoices totaling \$63,418.96.

**MOTION:** A motion was made by Trustee Campbell was to pay the currently listed bills in the amount of \$63,418.96 and seconded by Trustee Lang.

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

**Roll call was taken:**

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

**MOTION:** A motion was made by Trustee Campbell to pay the required Statutory DOI Compliance Fee in the amount of \$8,000 upon receipt. Seconded by Trustee Lang.

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

**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**

Trustee Campbell advised there is one retirement

George Drobney entered the fund on January 12, 1987 and who will retire effective May 21, 2016 with the effective date of his pension May 22, 2016 at the age of 54 years old with a total of 29 years and 4 months of creditable service and is entitled to 739.33% with the final salary for pension purposes of \$106,119.00 and the amount of the originally granted monthly pension is \$6,485.05.

**MOTION:** A motion was made by Trustee Campbell to grant to George Drobney a retirement pension as stated. 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

## **OLD BUSINESS**

### Agenda Items 6 – B – Election results for retiree position

Election results for retirees. Trustee Campbell advised that the election for the Retiree Trustee position was done via U.S. mail to all retirees receiving benefits with the candidates listed as Joe Difatta, Phil Lazzara, Bob Lang and Joe Conway (who did not accept the nomination). Forty total responses were received with J. Difatta 10 – Phil Lazzara 8 and Bob Lang 22.

**MOTION:** A motion was made by Trustee ~~Campbell~~ Campbell to certify the election of Bob Lang for a 3 year term ending April 30, 2019. Seconded by Trustee Kuchta.

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

### Agenda Items 6 – C – Approval of IME

Atty. Reimer advised a letter was sent to retirees B. Berlinguette and J. Paul to advise them to set an appointment with Dr. Moisaen within the next 30 days for their annual physicals as required. J. Schultz will have to be seen by INSPYINSPE. Atty. Reimer will need to send all records to INSPYINSPE.

J. Paul contacted Trustee Campbell to advise he just turned 50 and therefore would no longer have to go for an annual physical.

Atty. Reimer will send a letter to retiree E. Lambert to make an appointment with Dr. Moisaen for an annual physical.

**MOTION:** A motion was made by Trustee Campbell to authorize Atty. Reimer to retain INSPYINSPE to have an annual exam at the lowest flat rate by an orthopedic surgeon. 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

Agenda Item 6 – A

It was decided by the Board that they would not go into Executive Session and instead Atty. Reimer would give a summary of the Reiter case in open session being aware that the Board could not ask Atty. Reimer his legal opinion. Atty. Reimer than gave an update on status of litigation of the Reiter case.

Atty. Reimer did make a request through ~~Fravellers~~[Travelers](#) – submitting a claim. ~~Fravellers~~[Travelers](#) acknowledged the claim and said they would provide coverage of defense costs to the Board under ~~a~~[Reservationa Reservation](#) of Rights. Atty. Reimer had a conversation with the Chief Claims attorney and asked that based on the Board’s request a non-panel council be assigned, for him to stay on the case. Atty. Reimer submitted all documents and invoices to the Claims ~~attorney~~[attorney](#). Atty. Reimer did receive a notice that Henshaw was assigned to the matter. Atty. Reimer sent all documents to Henshaw and has an appointment with the attorney from Henshaw. Henshaw will file a motion for ~~withdrawl~~[withdrawal](#) and substitution of attorneys. Atty. Reimer will then be removed from the case. The Board will be the contact with Henshaw. There is a Status Call on June 15, 2016.

**PUBLIC COMMENT**

None

**ADJOURN**

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

The meeting adjourned at 1825 hrs.  
Respectfully submitted.

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Firefighter/Paramedic Scott Cavenaile, Secretary

SC:pp All Files/Pension/2016 – 5-12-16 Quarterly Meeting Minutes (2)