



WESTCHESTER FIREFIGHTERS' PENSION FUND

10240 Roosevelt Road, Westchester, Illinois | 708-345-2873

Scot Stauber
President

Matthew LeMay
Secretary

Bill Ernst
Trustee

Tom Sullivan
Trustee

Mike Gerace
Trustee

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE WESTCHESTER FIREFIGHTERS' PENSION FUND MONDAY, NOVEMBER 12, 2018 – 4:00 P.M.

A regular meeting of the Board of Trustees of the Westchester Firefighters' Pension Fund was held on **Monday, November 12, 2018 at 4:00 p.m.** at the Westchester Fire Department, 10240 Roosevelt Road, Westchester, Illinois for the purpose of conducting regular business, pursuant to notice.

CALL TO ORDER: Trustee Stauber called the meeting to order at 4:10 p.m.

ROLL CALL:

PRESENT: Trustees Scot Stauber, Matt LeMay, Mike Gerace, Bill Ernst and Tom Sullivan

ABSENT: None

ALSO PRESENT: Barb Brandt, Village Treasurer; Tom McShane, Graystone Consulting; Jerry Marzullo, Puchalski Goodloe Marzullo, LLC (PGM); James Ritchie, Sam Meyer and Allie Rysell, Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MEETING MINUTES: *Regular Meeting – August 20, 2018:* The Board reviewed the minutes from the August 20, 2018 regular meeting. A motion was made by Trustee Ernst and seconded by Trustee Sullivan to approve the minutes from the August 20, 2018 regular meeting as written. Motion carried unanimously by voice vote.

TREASURER'S REPORT – BARB BRANDT: *Village Financial Report:* Ms. Brandt reviewed the Village Financial Report with the Board. As of 10/31/18, the balance of the Money Market Account is \$33,124.27 and the balance of the BMO Harris Bank NOW Account is \$51,032.50. Ms. Brandt informed the Board that cash reserves will be needed for future pension benefit payments. The Board will discuss rebalancing the portfolio with Mr. McShane to fund Ms. Brandt's request.

Review/Approve – Disbursement Log: The Board reviewed the Disbursement Log prepared by Ms. Brandt. All questions were answered by Ms. Brandt.

Discussion/Possible Action – Fiduciary Liability Insurance Renewal: The Board noted that their fiduciary liability insurance policy expired on November 1, 2018 and the renewal invoice has been received. A motion was made by Trustee Stauber and seconded by Trustee Ernst to renew the fiduciary liability insurance policy for the Westchester Firefighters' Pension Fund and to authorize payment of \$6,003 for the one-year policy premium effective November 1, 2018 through November 1, 2019. Motion carried by roll call vote.

AYES: Trustees Stauber, LeMay, Gerace, Sullivan and Ernst

NAYS: None

ABSENT: None

A motion was made by Trustee Stauber and seconded by Trustee LeMay to accept the Village Financial Report and to approve the Disbursement Log as presented. Motion carried by roll call vote.

AYES: Trustees Stauber, LeMay, Gerace, Sullivan and Ernst
NAYS: None
ABSENT: None

Ms. Brandt informed the Board that hotel accommodations have been reserved for the 2019 MidAmerican Pension Conference for all Trustees that are interested in attending.

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report:* L&A presented the Monthly Financial Report for the period ending September 30, 2018. As of 09/30/18, the net position held in trust for pension benefits is \$23,893,736.40 with a positive change in position for the five-month period of \$509,880.36. The Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report and Payroll Journal were reviewed with the Board.

Presentation and Approval of Bills: The Board reviewed the Vendor Check Report for the period 07/01/18 through 09/30/18 showing total disbursements in the amount of \$93,953.04.

Approval of Trustee Training Registration Fees and Reimbursable Expenses: There were none at this time.

Additional Bills, if any: There were none at this time.

Status Update – Fiscal Year-End Reports: Mr. Ritchie informed the Board of the following year-end updates:

- The Audit Report is still in process and an update will be provided to the Board once available.
- The April 30, 2018 Annual Statement and executed Certification Form was filed with the IDOI.
- The Municipal Compliance Report will be reviewed later in the meeting.

A motion was made by Trustee Stauber and seconded by Trustee LeMay to accept the Monthly Financial Report as presented and to approve the disbursements shown on the Vendor Check Report in the amount of \$93,953.04. Motion carried by roll call vote.

AYES: Trustees Stauber, LeMay, Gerace, Sullivan and Ernst
NAYS: None
ABSENT: None

ATTORNEY'S REPORT – PUCHALSKI GOODLOE MARZULLO, LLP: *Discussion/Possible Action – Pension Fund Administrative Rules and Regulations:* The Board reviewed the revised Administrative Rules and Regulations prepared by PGM. All questions were answered by Attorney Marzullo. A motion was made by Trustee LeMay and seconded by Trustee Sullivan to approve the revised Administrative Rules and Regulations as presented. Motion carried unanimously by voice vote.

Review IDOI Siren – Advisory Services under Article 1A: Attorney Marzullo reviewed the IDOI Siren dated November 1, 2018 concerning advisory services under Article 1A and noted that the IDOI will no longer reply to individual requests for advisory opinions.

Legal Updates: Attorney Marzullo discussed recent case law and legislation pertaining to Article 3 and 4 Pension Funds. Further cases and legislation will be watched closely and the Board will be updated. All questions were answered by Attorney Marzullo.

INVESTMENT REPORT – GRAYSTONE CONSULTING: *Quarterly Investment Report:* Mr. McShane presented the Quarterly Investment Report for the period ending October 31, 2018. As of 10/31/18, the market value of the portfolio is \$22,456,401, with an investment return for the quarter-to-date of (5.34%). The portfolio composition is 64.73% in Equities and 35.27% in Fixed Income. Current asset allocations within the

Equity and Fixed Income funds were reviewed as well as individual fund performance. All questions were answered by Mr. McShane.

Purchase/Sale of Investment Securities: Mr. McShane reviewed his recommendations for rebalancing the portfolio to fulfill Ms. Brandt's funding request for 4 months of pension benefit payments. All questions were answered by Mr. McShane and Ms. Brandt. A motion was made by Trustee Ernst and seconded by Trustee Gerace to approve the following:

1. Transfer \$325,000 from fixed income manager McDonnell and to deposit the proceeds into the Morgan Stanley Cash Management Account
2. Transfer \$325,000 from Small Cap Equity Index Fund and to deposit the proceeds into the Morgan Stanley Cash Management Account
3. Transfer \$300,000 from the Morgan Stanley Cash Management Account to the BMO Harris Bank Account for the purposes of pension payments
4. Authorize Ms. Brandt to request the transfer of additional cash reserves from the Morgan Stanley Cash Management Account to the BMO Harris Bank Account for the purposes of pension payments, as needed.

Motion carried by roll call vote.

AYES: Trustees Stauber, LeMay, Gerace, Sullivan and Ernst
NAYS: None
ABSENT: None

Mr. McShane distributed copies of the Westchester Firefighters' Pension Fund's "Opportunistic Strategy in Market Weakness" to the Board and reviewed the following orders:

- Order 1: Purchase 1,232 shares IVV at \$265 (5% of shares or approximately \$325,000)
- Order 2: Purchase 2,464 shares IVV at \$250 (10% of shares or approximately \$615,000)
- Order 3: Purchase 3,695 shares IVV at \$235 (15% of shares or approximately \$870,000)

All questions were answered by Mr. McShane. A motion was made by Trustee Stauber and seconded by Trustee Sullivan to approve the orders strategy based on Mr. McShane's recommendations. Motion carried by roll call vote.

AYES: Trustees Stauber, LeMay, Gerace, Sullivan and Ernst
NAYS: None
ABSENT: None

Mr. McShane distributed copies of the Westchester Firefighters' Pension Fund's "Opportunistic Strategy in Market Strength" to the Board and reviewed the following orders:

- Order 1: Sell 1,232 shares IVV at \$285 (5% of shares or approximately \$350,000)
- Order 2: Sell 2,454 shares IVV at \$295 (10% of shares or approximately \$725,000)
- Order 3: Sell 3,695 shares IVV at \$305 (15% of shares or approximately \$1,125,000)

All questions were answered by Mr. McShane. A motion was made by Trustee Ernst and seconded by Trustee Sullivan to approve the orders strategy based on Mr. McShane's recommendations. Motion carried by roll call vote.

AYES: Trustees Stauber, LeMay, Gerace, Sullivan and Ernst
NAYS: None
ABSENT: None

Review/Update Investment Policy: No changes were needed at this time.

A motion was made by Trustee Sullivan and seconded by Trustee Stauber to accept the Quarterly Investment Report as presented. Motion carried unanimously by voice vote.

COMMUNICATIONS AND REPORTS: *Annual Affidavits of Continued Eligibility:* The Board noted that the 2018 Affidavits of Continued Eligibility are complete. The originals were provided to the Board for their record keeping.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM THE FUND: *Application for Membership – Brennen Jacobs:* The Board reviewed the Application for Membership for Brennen Jacobs. Firefighter Jacobs had a date of hire of 10/15/18 as a Tier II participant.

Application for Membership – Daniel Honea: The Board reviewed the Application for Membership for Daniel Honea. Firefighter Honea had a date of hire of 10/22/18 as a Tier II participant.

Application for Membership – Brian Tierney: The Board reviewed the Application for Membership for Brian Tierney. Firefighter Tierney had a date of hire of 11/12/18 as a Tier II participant.

A motion was made by Trustee Stauber and seconded by Trustee Ernst to accept Brennen Jacobs, Daniel Honea and Brian Tierney into the Westchester Firefighters' Pension Fund effective their hiring dates and as Tier II participants. Motion carried unanimously by voice vote.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: *Withdrawal from the Fund – David Stefanik:* The Board noted that David Stefanik accepted a position at the Oak Park Fire Department and his last date worked was September 17, 2018.

NEW BUSINESS: *Potential Creditable Service Purchase – David Stefanik:* L&A noted that Firefighter Stefanik is interested in pursuing reciprocity and has submitted an application to L&A for processing. The Board will provide L&A with the required information to complete Firefighter Stefanik's creditable service purchase calculation. Further discussion will be held at the next regular meeting.

OLD BUSINESS: *Trustee Training Updates:* The Board reviewed the Trustee Training Summary and upcoming opportunities for continuing education. Trustees were reminded to send all certificates of completion to L&A for recordkeeping.

Appointed Member Term Expiration – Tom Sullivan: The Board reviewed Resolution #2018-625 and noted that Trustee Sullivan was reappointed to the Westchester Firefighters' Pension Fund Board of Trustees for a three-year term expiring April 30, 2021.

NEW BUSINESS (continued): *Review/Approve – Actuarial Valuation and Tax Levy Request:* The Board reviewed the finalized Actuarial Valuation, as prepared by L&A. Based on the data and assumptions, the recommended contribution amount is \$1,211,713 which is a \$50,823 increase from the prior year contribution. The statutory minimum contribution requirement is \$975,082. All questions were answered by Attorney Marzullo and Mr. Ritchie. A motion was made by Trustee Stauber and seconded by Trustee LeMay to accept the Actuarial Valuation as prepared and to request a tax levy in the amount of \$1,211,713 from the Village of Westchester based on the recommendation of L&A. Motion carried unanimously by voice vote.

Review/Adopt – Municipal Compliance Report: The Board reviewed the Municipal Compliance Report prepared by L&A. All questions were answered by Attorney Marzullo, Ms. Brandt and Mr. Ritchie. A motion was made by Trustee Stauber and seconded by Trustee LeMay to adopt the Municipal Compliance Report as prepared. Motion carried unanimously by voice vote.

The Board directed Attorney Marzullo to submit the tax levy request letter, Municipal Compliance Report and Actuarial Valuation to the Village of Westchester on behalf of the Westchester Firefighters' Pension Fund.

Establish 2019 Regular Board Meeting Dates: The Board established the 2019 regular Board meeting dates as February 11th, May 13th, August 12th and November 11th at 4:00 p.m. at the Westchester Fire Department, 10240 Roosevelt Road, Westchester, Illinois.

CLOSED SESSION, IF NEEDED: Closed session was not needed.

ADJOURNMENT: A motion was made by Trustee Sullivan and seconded by Trustee LeMay to adjourn the meeting at 5:31 p.m. Motion carried unanimously by voice vote.

The next regular meeting of the Westchester Firefighters' Pension Fund is scheduled for **Monday, February 11, 2019 at 4:00 p.m.** at the Westchester Fire Department, 10240 Roosevelt Road, Westchester, Illinois.

A handwritten signature in black ink, appearing to read 'Scot Stauber', is written over a horizontal line.

Scot Stauber, Board President

Minutes prepared by Allie Rysell, Pension Services Administrator, Lauterbach & Amen, LLP