



# DARIEN-WOODRIDGE

## Firefighters' Pension Fund

7550 Lyman Avenue Darien, Illinois 60561 (630) 910-2200 Fax (630) 910-2203

### PENSION MEETING MINUTES

Meeting held at 7550 Lyman Avenue, Darien, Il.

Date: 11/15/2016

Time: 4:01 p.m.

#### Attendance:

##### Board Members:

- Wayne Messenger (President-District Appointee-April 30, 2018)
- Seth Dale- (Active-April 30, 2018)
- Jay Worden (Retired-Secretary) (April 30, 2019)
- Sharon Cattaneo (District Appointee-April 30, 2017)
- Brian Isley (Active-April 30, 2017)

##### Others Attending:

- Frank Burns, Treasurer (Non-Voting)
- Carolyn Welch Clifford, Attorney (Non-Voting)

##### Active Membership Attending:

None

##### Retired Membership Attending:

None

##### Disabled Membership Attending:

None

##### Pension Survivors Attending:

None

#### Public Comment Period:

None.

#### Reading of the Minutes of: 09/27/16 meeting.

**Motion:** To waive the reading of the minutes and to accept the minutes as presented.

Motion: Cattaneo 2<sup>nd</sup>: Dale 5-0 by roll call vote.

#### Treasurer's Report:

The Board reviewed the financial statement from Lauterbach and Amen through 09/30/2016. Copy attached.

**Motion:** To approve the financial statement through September 30, 2016 as presented. Motion: Dale 2nd: Messenger. Aye: Dale, Messenger, Cattaneo, Isley and Worden. Nay: None. Passed. 5-0

#### Bills and Disbursements:

**Motion:** To pay the pending bills: See attached. Motion: Worden 2<sup>nd</sup>: Cattaneo.

Aye: Worden, Cattaneo, Messenger, Dale and Isley. Nay: None. Passed. 5-0

#### Investments:

MB Financial made their presentation on the results thru 09/30/2016. We also discussed the financial outlook for the upcoming period. The overall portfolio had a return of 1.36% through September. This was slightly below the benchmark of 1.91%. The market has recovered since the beginning of the calendar year but still remains somewhat volatile. In the fixed income side of the portfolio it is becoming hard to find good yields since the majority of the government and treasuries are at such low levels. We were able to keep up the benchmark so far this year, but the return is quite low at 1.05%

We then entered into a long discussion on the overall structure of the portfolio. Spencer Klein from MB discussed our portfolio, its structure and the general condition as compared to other portfolios. Several of the members expressed some concerns that we are too heavily concentrated on the equity side of our portfolio. Spencer explained how they were using the Alternative Strategies portion of the portfolio to try to decrease the potential volatility on the equity side. Normally, we would retreat to the fixed income side, but the limited returns on that side and the potential rise in interest rates may cause issues in that area.

**Motion:** To instruct MB Financial to scale back our equity exposure to the following levels: 38% in fixed income, 4% in alternative strategies, and 58% in equities. Motion: Dale, 2<sup>nd</sup>: Cattaneo Aye: Dale, Cattaneo, Messenger, Isley and Worden Nay: None Passed 5-0.

#### **Old Business:**

1. The IDOI Annual Report has been filed with the Department of Insurance as of October 19, 2016. The signed certification form was electronically filed.
2. With the completion of the District's Annual Audit, the Actuarial Valuation Report and GASB 67/68 reports were finalized. There were no changes from the drafts that were reviewed in the September meeting. **Motion:** To accept the Actuarial Report and supporting GASB 67/68 reports as prepared by Lauterbach and Amen. Motion: Dale, 2<sup>nd</sup>: Messenger Aye: Dale, Messenger, Cattaneo, Isley and Worden. Nay: None Passed 5-0.

#### **Application for Membership:**

1. Andrew Pauley was appointed as a full-time member on October 24, 2016. He has submitted a proper application and has been medically cleared. He is single and does not have any previous Tier1 or 2 participation with any other Article 4 fund.

**Motion:** To accept Andrew Pauley as a member of the Darien-Woodridge Firefighter's Pension fund effective October 24, 2016. Motion: Dale, 2<sup>nd</sup>: Isley. Aye: Dale, Isley, Messenger, Cattaneo and Worden. Nay: None Passed: 5-0.

#### **Applications for Benefits/Refunds:**

1. David Lambright has applied for benefits based on his retirement from the Darien-Woodridge Fire District effective 01/06/2017. **Motion:** To accept his application for retirement benefits. Motion: Messenger 2<sup>Nd</sup>: Cattaneo. Aye: Messenger, Cattaneo, Dale, Isley and Worden. Passed. 5-0.
2. Based on his service of 29 years, 0 months and final salary of \$ 132,613.00, he is entitled to a monthly pension of 72.50%, which equals \$8,012.04 per month. \$362.28 per year will be non-taxable. **Motion:** To approve David Lambright's retirement pension payments based on the final calculations provided by Lauterbach and Amen, copy attached. His first month will be prorated to \$6,461.32. Motion: Messenger 2<sup>Nd</sup>: Cattaneo. Aye: Messenger, Cattaneo, Dale, Isley and Worden. Passed. 5-0.
3. John Maggio has applied for benefits based on his retirement from the Darien-Woodridge Fire District effective 11/30/2016. **Motion:** To accept his application for retirement benefits. Motion: Dale 2<sup>Nd</sup>: Isley. Aye: Dale, Isley, Messenger Cattaneo and Worden. Passed. 5-0.
4. Based on his service of 37 years, 3 months and final salary of \$ 113,198.82, he is entitled to a monthly pension of 75.00%, which equals \$7,074.93 per month. \$1,058.28 per year will be non-taxable. **Motion:** To approve John Maggio's retirement pension payments based on the final calculations provided by Lauterbach and Amen, copy attached. His first month will be prorated to \$235.83. Motion: Dale 2<sup>Nd</sup>: Isley. Aye: Dale, Isley, Messenger Cattaneo and Worden. Passed. 5-0.

#### **New Business:**

1. Based on the Actuarial Valuation prepared by Lauterbach and Amen (attached) we are requesting the District levy \$1,149,898.00 for the benefit of the Pension Fund. Of that amount, \$48,490 is exempt from the tax cap. A letter will be forwarded to the District for their review and action. **Motion:** To approve the Levy Request as determined by the Actuarial Valuation prepared by Lauterbach and Amen. Motion: Dale, 2<sup>nd</sup>: Isley. Aye: Dale, Isley, Messenger, Cattaneo and Worden. Nay: None Passed 5-0.
2. As required under HB 5088, the Pension Fund has prepared the Municipal Compliance Report (MCR) to be delivered to the District with the Levy Request by their December meeting.

The MCR has been prepared and shows the Pension fund is currently funded at a level of 63.50% which shows a significant reduction from last year's 69.06%. However, this is primary based on the changes in assumptions and other factors as laid out in the Actuarial Report. We also do not have the IDOI actuarial report at the time of this meeting. **Motion:** To approve the MCR and submit with appropriate documentation as required by statute. Motion: Dale, 2<sup>nd</sup>: Messenger Aye: Dale, Messenger, Cattaneo, Isley and Worden. Nay: none Passed 5-0.

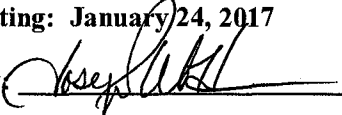
3. The meeting dates for 2017 were proposed and approved by a 5-0 voice vote.
4. Derek from Lauterbach and Amen brought the Pension Increases for 2017 for approval. **Motion:** To approved the Pension Increases for 2017. John Maggio's increase will be added since his retirement was approved after the increases were prepared. He will be due an increase of \$212.25 on 12/01/2017. Motion: Worden, 2<sup>nd</sup>: Dale Aye: Worden, Dale, Messenger, Cattaneo and Isley. Nay: None Passed: 5-0.
5. At the IPFA Conference Allison Barrett raised the issue of having Lauterbach and Amen taking over the Monthly Pension Payments for our pensioners. (see memo attached) We are already having them do the vendor payments and it would make sense to have them do all the payments. There are several benefits for us to move to them. It would simplify all the tax reporting requirements and would allow us to have all the payments under one vendor. There would be no increase in fees since we already pay for them to handle other payroll issues. It would also allow us to close the Chase accounts that we use for vendor payments. We would have to open an account at Harris bank as a pass-through account for the electronic payments to the beneficiaries, but that should not be a major issue. It would make sense to do this before January to make sure the tax years are complete. **Motion:** To move the Benefits payments to Lauterbach and Amen from MB Financial effective January 2017. Motion: Worden, 2<sup>nd</sup>: Messenger Aye: Worden, Messenger, Cattaneo, Dale and Isley. Nay: None Passed 5-0.
6. We will begin the process for Conner's IME in the next month or so.

**Education:**

1. Carolyn brought some materials for review.
2. A number of the Trustees will be attending the NIAFPD Conference in January, 2017.

**Adjournment:** Motion: Dale 2<sup>nd</sup>: Isley 5-0 by Voice Vote. Time: 5:55 PM

**Next Meeting:** January 24, 2017 Time: 1600

Signed by:  Joseph P. Worden, Secretary