

Addison FPD Firefighters' Pension Fund

10 S. Addison Road, Addison, IL 60101-3870

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PENSION TRUSTEES: Timothy Scott, President • Scott Walker, Secretary • John Rice, Trustee
Michael Super, Trustee • Charles Schlicher, Trustee • Bernadette LaRocca, Treasurer

ADDISON FPD FIREFIGHTERS' PENSION FUND BOARD OF TRUSTEES MINUTES OF A REGULAR MEETING WEDNESDAY, AUGUST 8, 2018 – 10:00 A.M.

A regular meeting of the Addison FPD Firefighters' Pension Fund Board of Trustees was held on **Wednesday, August 8, 2018 at 10:00 a.m.** at the Addison Fire Protection District #1 Headquarters, 10 S. Addison Road, Addison, Illinois, for the purpose of conducting regular business.

CALL TO ORDER: The meeting was called to order by Secretary Walker at 10:00 a.m.

ROLL CALL:

PRESENT: President Timothy Scott, Secretary Scott Walker and Trustee Michael Super
ABSENT: Trustees John Rice and Charles Schlicher
ALSO PRESENT: Bernadette LaRocca, Treasurer; Attorney Rick Reimer, Reimer & Dobrovolsky, PC; Tom Sawyer and John Falduto, Sawyer Falduto Asset Management, LLC; Derek Flessner, Jessica Fain and Barb Utterback, Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MEETING MINUTES: *Regular Meeting Minutes – May 8, 2018:* The minutes of the May 8, 2018 regular meeting were reviewed by the Board. A motion was made by Trustee Super and seconded by Trustee Walker to approve the minutes from the May 8, 2018 regular meeting as written. Motion carried unanimously by voice vote.

INVESTMENT REPORT – SAWYER FALDUTO ASSET MANAGEMENT, LLC: *Quarterly Investment Performance Report:* Mr. Sawyer presented the Quarterly Investment Performance Report for the period ending June 30, 2018. As of 06/30/18, the ending market value of the Fund is \$49,825,524 with an investment return for the quarter of 1.75% net of fees, underperforming the policy benchmark of 2.17%. The current portfolio allocation is 54.9% in Equities, 44.4% in Fixed Income and 0.7% in Cash and Equivalents. Since the inception date of 01/31/16, the investment return is 9.61%, outperforming the policy benchmark of 8.98%. The Investment Policy Guidelines, Cash Flow and Performance Review, Portfolio Value vs. Cumulative Net Investment Report, Market Commentary, Equity Portfolio and Fixed Income Portfolio were reviewed with the Board. Mr. Sawyer stated that the Homestead Small Company Stock Fund was replaced with the Goldman Sachs Small Cap Fund, and the Hennessey Focus Fund was replaced with the Victory Sycamore Fund. A motion was made by Trustee Super and seconded by Trustee Walker to accept the Quarterly Investment Performance Report as presented. Motion carried unanimously by voice vote.

Review/Update Investment Policy: The Board reviewed the current Investment Policy. No changes are necessary at this time.

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report:* Mr. Flessner presented the Monthly Financial Report for the period ended June 30, 2018. As of 06/30/18, the net position held in trust for pension benefits is \$49,823,768.38, with a change in position for the one-month period of \$965,567.95. The Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report and Payroll Journal were reviewed with the Board. All questions were answered by Mr. Flessner. A motion was made by Trustee Super and seconded by Trustee Walker to accept the financial report as presented. Motion carried by voice vote.

Presentation and Approval of Bills: The Board reviewed the Vendor Check Report for the period 04/01/18 through 06/30/18, showing total disbursements in the amount of \$176,011.07. A motion was made by Trustee Super and seconded by Trustee Walker to approve the disbursements shown on the Vendor Check Report in the amount of \$176,011.07. Motion carried by roll call vote.

AYES: Trustees Scott, Walker and Super
NAYS: None
ABSENT: Trustees Rice and Schlicher

Additional Bills, if any: There were no additional bills to review at this time.

Status Update – Illinois Department of Insurance Annual Statement: Mr. Flessner reviewed the new interrogatories with the Board and noted that the draft copy of the IDOI Annual Statement will be sent to the Board upon its completion. Further discussion will be held at the next regular meeting.

BMO Harris Signature Cards and Resolution Update: Mr. Flessner stated that new BMO Harris signature cards will be sent to the Board in the near future that will remove L&A as signers on the account, and will allow electronic signatures from pension fund trustees and the Treasurer. Updated paperwork will be completed and sent to the trustees prior to the next meeting. A motion was made by Trustee Walker and seconded by Trustee Scott to authorize the necessary officers to sign the new BMO/Harris signature cards and Resolution once available. Motion carried by voice vote.

AYES: Trustees Scott, Walker and Super
NAYS: None
ABSENT: Trustees Rice and Schlicher

Review/Approve – Revised Engagement Letter: The Board reviewed the revised L&A Engagement Letter that added a provision to include cyber security coverage. The letter will need to be revised again to delete the language that L&A will be signers on the account. A motion was made by Trustee Walker and seconded by Trustee Walker to authorize the president or secretary to sign the second revised engagement letter once changes are made and reviewed by the attorney. Motion carried by roll call vote.

AYES: Trustees Scott, Walker and Super
NAYS: None
ABSENT: Trustees Rice and Schlicher

COMMUNICATIONS OR REPORTS: *Annual Affidavits of Continued Eligibility:* The Board directed L&A to mail a second request Affidavit to all the outstanding pensioners and QILDRO recipients who have not yet submitted a signed Affidavit. Status updates will be provided to the Board as they become available. Further discussion will be presented at the next regular meeting.

Active Member File Maintenance: The Board directed L&A to prepare the Active Member File Maintenance letters for distribution to all active members requesting any missing pension documents as required by the IDOI.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM FUND: There were none at this time.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: *Application for Retirement Benefits – James C. Skala:* The Board reviewed the retirement benefit calculation for James C. Skala as prepared by L&A. A motion was made by Trustee Scott and seconded by Trustee Walker to approve the retirement benefits for James C. Skala with an entry date of 06/30/1982, retirement date of 06/30/18, effective date of pension of 07/01/18, 62 years old at the date of retirement, 36 years of creditable service, applicable salary of \$95,286.88, applicable pension percentage of 75%, amount of originally granted annual pension of \$71,465.16 and amount of originally granted monthly pension of \$5,955.43. Motion carried by roll call vote.

AYES: Trustees Scott, Walker and Super
NAYS: None
ABSENT: Trustees Rice and Schlicher

Application for Disability Benefits – Joel C. Arnier Jr.: Attorney Reimer informed the Board that he has received the application for disability benefits for Joel C. Arnier. Attorney Reimer is seeking Board approval to schedule Mr. Arnier's independent medical examinations. Attorney Reimer stated that the Pension Fund's revised Rules and Regulations were adopted at the last meeting, and Mr. Arnier filed his application after that date, so the new rules will apply regarding the process of the application for disability for Mr. Arnier. A motion was made by Trustee Super and seconded by Trustee Walker acknowledging receipt of the application for disability benefits and authorizing Attorney Reimer to engage INSPE for medical examinations. Motion carried by roll call vote.

AYES: Trustees Scott, Walker and Super
NAYS: None
ABSENT: Trustees Rice and Schlicher

OLD BUSINESS: *Trustee Training Update:* The Board reviewed the Trustee Training Summary and discussed upcoming training opportunities. Trustees were reminded to submit all training certificates to L&A for recordkeeping.

NEW BUSINESS: *Review Preliminary Actuarial Valuation:* Ms. Fain distributed copies of the L&A preliminary actuarial valuation, and reviewed the recommended contribution, actuarial liability and assumptions used to prepare the draft report. No changes to the assumed rate of investment return were made at this time. Ms. Fain stated that once audited assets are received, the final actuarial valuation will be presented to the Board for final approval.

Status Update – Daniel R. Midell Reciprocity: L&A informed the Board that former Firefighter Daniel Midell has now moved from the Berwyn Fire Department to the Cicero Fire Department. L&A informed the Board that his transfer to the Cicero Fire Department does not affect his creditable service purchase that he competed with the Addison Firefighters' Pension Fund and Berwyn Firefighters' Pension Fund. No Board action is needed.

ATTORNEY'S REPORT – REIMER & DOBROVOLNY PC: *Legal Updates:* Attorney Reimer distributed copies of the quarterly *Legal and Legislative Update* newsletter highlighting recent court decisions and pension news. All questions were answered by Attorney Reimer.

Discussion/Possible Action – Destruction of Audio Recordings from Disability Hearings: The Board discussed the process and requirements needed to destroy old audio recordings from closed session meetings held during disability hearings. A motion was made by Trustee Super and seconded by

Trustee Walker to destroy the electronic audio copy and recordings for the closed session meetings held on 11/01/16 and 11/09/16 regarding Donald E. Markowski's disability as well as the electronic audio copy and recordings for the closed session meetings for Robert D. Burg and Kim L. Edwards, once confirmation has been received that written transcripts/meeting minutes are on file and 18 months have passed. Motion carried by roll call vote.

AYES: Trustees Scott, Walker and Super

NAYS: None

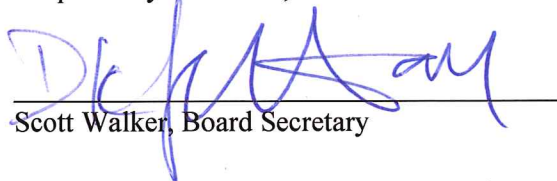
ABSENT: Trustees Rice and Schlicher

CLOSED SESSION, IF NEEDED: There was no need for closed session.

ADJOURNMENT: A motion was made by Trustee Super and seconded by Trustee Walker to adjourn the meeting at 11:02 a.m. Motion carried unanimously by voice vote.

The next regular meeting of the Addison FPD Firefighters' Pension Fund will be held on **Wednesday, November 14, 2018 at 10:00 a.m.** at the Addison Fire Protection District #1 Headquarters, 10 S. Addison Road, Addison, Illinois.

Respectfully submitted,



Scott Walker, Board Secretary

Date 11/14/18

Minutes prepared by Barb Utterback, Pension Services Administrator, Lauterbach & Amen, LLP