

Minutes of the Regular Meeting
St. Charles Firefighter's Pension Board
Monday, September 13, 2021
City Training Room, Lower Level
112 N. Riverside Ave.
St. Charles, IL.
8:30 a.m.

1. Call to Order

The meeting was called to order by Steve Siwy at 8:35 a.m. with 4 members present.

Present: Steve Siwy, Brad Wilton, Chief Swanson, Colleen Lavery

Absent: Leo Veseling

Also Present: Jon Willhite; UBS via Skype, Jason Franken; Foster & Foster via Zoom,
Carole Murphy; Recording Secretary

2. Minutes of the Meeting

• **Review/Approve Minutes of the June 2, 2021 Regular Meeting**

Steve Siwy reviewed the minutes of the June 2, 2021 regular meeting.

A motion was made by Brad Wilton and seconded by Steve Siwy to accept the minutes of the June 2, 2021 meeting as presented.

A roll call vote was taken; all approved.

Motion carried

• **Review/Approve Minutes of the July 16, 2021 Special Meeting**

Steve Siwy reviewed the minutes of the July 16, 2021 special meeting.

A motion was made by Chief Swanson and seconded by Brad Wilton to accept the minutes of the July 16, 2021 meeting as presented.

A roll call vote was taken; all approved.

Motion carried

3. Old Business

a. Review/Approve Cash Management Funds for use During Transfer

Steve Siwy stated at the July 16, 2021 special meeting, under the advisement of Charles Atwell; legal counsel, the Board discussed withdrawing money to be able to pay obligations while in transition to the state, as all funds will be frozen beginning November 1, 2021. It would be preferred to hold over 2 quarters of funds. If there are extra funds after meeting all obligations, the balance can be transferred to the state as needed.

Mr. Willhite suggested to discuss this topic further with the review of the rebalancing worksheet.

4. New Business

a. Review/Approve UBS Letter of Direction for FPIF

Steve Siwy read the letter he received from the Firefighters' Pension Investment Fund, (letter of direction). Mr. Siwy verified the formal name of the pension fund as, "St. Charles Fire Pension Fund" as listed on the report. They are also wanting the account numbers of the plan being held at UBS. Mr. Siwy will send the letter to Mr. Willhite to be completed and sent. Mr. Willhite will allow Northern Trust Bank 3rd party access to the accounts, (they will be able to view the accounts only). The Board agreed to have Mr. Willhite handle the letter of direction for FPIF as well as the access to the accounts for Northern Trust Bank.

b. Review/Approve Investments

Mr. Willhite presented the 2021, 2nd Quarter Investment Review. He first reviewed action items from last quarter. It was noted that Brad Wilton was added was added to the trustee list. Chris Minick is still listed and that will be updated as well. Those changes will take approximately 6 weeks for the transition. Steve Siwy added that Colleen Lavery needs to be added as the Interim Finance Director. With no other feedback from the committee, Mr. Willhite went on to review the account values that were represented dating back to 2009. He then went on to review 3- and 5-year comparisons against benchmarks. An evaluation of individual managers continued noting Carillon Scout is outperforming its benchmark. Mr. Willhite then asked for questions.

Ms. Lavery asked how the MFS International Diversification be lower in each timeframe presented but end the year higher since it's inception.

Mr. Willhite explained the question using the performance summary.

Moving on to rebalancing, it was explained with the November 1, 2021 transition date to the state and keeping 1.1 million in reserves, looking at the managers total cash accounts, there is enough money to pay beneficiary payments and expenses for the next couple months. There is also money coming in September for the tax levy that will be approximately 1 million dollars. Ms. Lavery said \$867,000.00 came in last week from Kane/DuPage. That brings the amount to \$1,285,000.00 in total cash. Mr. Willhite's recommendation to the Board is there would be no rebalancing at this time. There is 1.2 million in cash with \$405,000.00 of outgoing payments, the addition of Firefighter contributions coming in, leaving \$915,000.00. In summary, there is \$867,000.00 in tax levies, \$418,000.00 in the UBS Cash Account bringing the total to \$1,285,000.00 in cash. UBS will be transferring approximately \$370,000.00 out in the next couple of months, leaving \$915,000.00 after the transition date which will be \$200,000.00 short of the \$1.1 million reserve. As the state will not be taking any funds from the UBS Cash Account, they will be taking all funds from the money managers. \$200,000.00 can be taken from the cash balance of \$358,181.00 and moved into the UBS Cash Account. It is advised that no rebalancing is necessary.

Ms. Lavery said there will be more money coming from DuPage County and possibly a small amount from Kane County. She also asked about other expenses that were explained by Mr. Willhite.

Chief Swanson made a motion and seconded by Colleen Lavery to accept the UBS report as presented with no rebalancing needed and any additional tax levy stays at Harris Bank for our use until the transfer is completed.

A roll call vote was taken; all approved.

Motion Carried

Mr. Willhite added that Northern Trust Bank will be the new custodian of the St. Charles Firefighter's Pension Fund during the transition to the state.

Looking at Fixed Income, (CS McKee and Sage) are separate managed accounts. Mr. Willhite will work on a termination letter notifying both of those accounts for November 1, 2021. They have already been notified to stop trading 10 business days before the transition which will be the end of September.

The final performance report from UBS will end as of the end of September, the 3rd quarter of this year. A report will be prepared through November 15, 2021 which will be the termination date with UBS. Mr. Willhite will send the letter via email. All of this can be reviewed with the final report at the December meeting or a meeting in mid-November is optional.

Mr. Willhite exited the meeting at 9:25 am.

Jason Franken of Foster & Foster entered the meeting via Zoom at 9:27am.

c. Review/Approve Actuarial Report

Colleen Lavery said part of reviewing the actuarial report on page 5 is the recommended City contribution in the amount of \$2,583,060.00. A letter is to be written from the Board to the Mayor requesting those dollars.

Jason Franken reviewed the May 1, 2021 actuarial evaluation. The results of that are on page 5 of the report. The City recommended contribution will be 90% funded by the year 2040. They have elected to use a target of 100% which is much more financially responsible, although not required by the state. The amount of contribution has gone up by approximately \$51,000.00 due to an additional Tier II employee. As more Tier I employees are replaced with Tier II employees the City contribution will go down.

The market return for the year was almost 28% making this year a very strong year, offsetting last year.

There are 2 measures of assets, the market value, (the amount that is in the asset account this year). The actuarial value is the smooth value is considerably less at 47.3 verses 51.3. This is a result of the smoothing. There is approximately \$4,000,000.00 in unrecognized gains which will help in future years. Mr. Franken went on to review the GASB section of the report.

Steve Siwy confirmed the recommended City contribution amount of \$2,583,360.00 for this year's contribution using the same methodology in previous years. Mr. Franken confirmed that was correct.

Steve Siwy also asked what the State will be doing for actuarial services. Or if the City will continue status quo. Mr. Franken said his firm has been retained as the actuary for the consolidated fire plan and will be working with the State. They will simply be replacing the DOI and providing the DOI reports and will not be providing the 100% contribution requirement nor the GASB results. In the meantime, Foster & Foster will continue as is. The City will need to have their own actuarial completed. After 3 or 4 years, they may look to change that.

With nothing further for Mr. Franken, he exits the meeting at 9:43 am.

Chief Swanson made a motion and seconded by Brad Wilton to accept actuarial report as submitted and the Presidents directive to inform the City in writing the request for \$2,580,360.00 as the Pension money for the upcoming year.

A roll call vote was taken of those present; all approved.

Motion Carried.

d. Review/Approve Expenditures

Steve Siwy reviewed the current list of expenditures as listed in the amount of \$76,885.42. A motion was made by Brad Wilton and seconded by Colleen Lavery to approve the expenditures in the amount of \$76,885.42 as presented. A roll call vote was taken of those present; all approved. Motion Carried.

5. Other Business

- Steve Siwy stated the review of the Municipal Compliance Report and to review and approve training will be added to the next meeting agenda.
- Colleen Lavery said the audit report and the compliance report is driven by the actuarial and audit has not been received back, but should be present to her by the end of September.
- Steve Siwy would like to review the quarterly agenda templates for the correct items to be included.
- Chief Swanson would like something from FPIF to stay informed of the funds.
- Colleen Lavery is going to retain actuarial studies going forward. She will speak with the auditors as to who will provide us with the right information for GASB purposes.
 - Steve Siwy is hoping Foster & Foster will still have time for that.

6. Public Comment

None

7. Adjournment

A motion to adjourn was made by Chief Swanson and seconded by Colleen Lavery to adjourn the meeting at 9:52am.

A roll call vote was taken; all approved.

Motion Carried.

Respectfully submitted by Carole Murphy; Secretary