

Minutes of the Regular Meeting
St. Charles Firefighter's Pension Board
Wednesday, June 5, 2019
8 E. Main St., Den A
St. Charles, IL.
8:00 a.m.

Call to Order

The meeting was called to order by Tony Centimano at 8:00 a.m. with 5 members present.

Present: Tony Centimano, Chris Minick, Lance Maxwell, Chief Joe Schelstreet,
Steve Siwy

Absent: None

Also Present: Jon Willhite, UBS; Carole Murphy, Recording Secretary

Minutes of the Meeting

- Tony Centimano reviewed the March 6, 2019 draft minutes of the regular meeting with the Board.

A motion was made by Chief Schelstreet and seconded by Steve Siwy to accept the minutes of the March 6, 2019 meeting.

A roll call vote was taken; all approved.

Motion Carried.

Old Business

- Tony Centimano told the Board he is still working on documents for the pension manual. Topic is still ongoing.

New Business

- **Election Results**

Steve Siwy was elected to fill the vacancy of Nick Marqui's seat. Steve comes from the Elburn Fire Protection District as the retired trustee and has his training requirements met.

- **Officer Elections**

Tony Centimano made a motion to nominate himself for President and Steve Siwy as Secretary and seconded by Chris Minick.

A roll call vote was taken; all approved.

Motion Carried

- **Review/Approve Investments**

Mr. Willhite distributed the investment portfolio and discussed UBS assets and the current market noting it was a bad last quarter, (fourth quarter of 2018).

Mr. Willhite went on to discuss market explanations as well as China trade.

Mr. Minick started discussions regarding a possible recession. Mr. Willhite said that possibility year over year starts to increase. But still are strong on the economy.

Mr. Willhite explained we are overweight in emerging markets, neutral in large cap and small cap domestic, and underweight in government bonds. Discussed the increase in taxes and the affects.

Mr. Willhite went on to review the portfolio and working with Mr. Minick for rebalancing. \$108,000.00 to be moved from J.P. Morgan, \$150,000.00 from CS McKee, and \$150,000.00 from Sage. The \$408,000.00 would be moved to the UBS cash account to cover beneficiary payments for the next 3 months.

Mr. Minick asked if the tax levy receipts that will be received this month have been accounted for.

Mr. Willhite explained that has been taken into account and there is about \$23,000.00 cash with a payment that is due at the end of June, and there should be cash of about 1 million in June.

Mr. Minick said it may not be 1 million, but will definitely cover the benefit payments due and would also cover the \$407,000.00 deficiency.

Mr. Willhite suggested on the proposed correction is the he and Mr. Minick work through the details when the funds come in and reallocate as deemed appropriate, as long as it stays within the guidelines of the Department of Insurance Regulations and the investment policy statement. Another thing to look at is the total real estate. Mr. Willhite would like to see \$400,000.00 to cash, bring \$500,000.00 to real estate, and possibly generate another \$400,000.00 out of the large cap and put that into real estate. That would give a total of \$900,000.00 total in real estate.

- A motion was made by Mr. Steve Siwy and seconded by Chief Schelstreet to move \$250,000.00 from J.P. Morgan and \$150,000.00 from I Share Russell and move to Chilton Real Estate.

A roll call vote was taken; all approved.

Motion Carried.

- A motion was made by Chief Schelstreet and seconded by Mr. Minick to authorize Mr. Minick and Mr. Willhite to rebalance the portfolio staying compliant with the Illinois statutes and the investment policy statement and meeting the cash flow needs for benefit payments.

A roll call vote was taken; all approved.

Motion Carried.

- **Review/Approve Expenditures**

Tony Centimano reviewed the current list of expenditures in the amount of \$82,127.07.

A motion was made by Chris Minick and seconded by Steve Siwy to approve the expenditures in the amount of \$82,127.07 as presented.

A roll call vote was taken; all approved.

Motion Carried.

- **Investment RFP Discussion**

Chris Minick has an updated RFP that has not been sent out as of yet because, Mr. Minick wants to be clear as to the standing of the discretionary contract. There are 2 separate RFP's, one for a manager who has discretion and one for a consultant who does not have discretion. It needs to be decided as to where to go with discretionary verses non-discretionary before the RFP's are sent out. As soon as that decision is made it can be typed up and sent out.

Mr. Willhite said the last RFP was finalized and approved on 9/16/2015. The new RFP needs to be started by March 2020 to meet the deadline. The date of the last RFP is to be confirmed as it could have been in 2014.

Mr. Willhite explained the differences of discretion verses non-discretion and discussions continued with Mr. Minick suggested separating custody explaining separation is the recommended best practice.

Mr. Willhite said Clearwater Reporting Services is an outside 3rd party that provides the reporting services for UBS.

After deliberation, Mr. Minick asked what their thoughts are regarding discretionary verses non-discretionary and who they would like to proceed, and discussion ensued.

Chief Schelstreet asked about the due date of the consolidation report.

Mr. Minick would like to proceed based on today's rules. The Board agreed to continue with a consultant with a non-discretionary.

Mr. Centimano would like to set a date for another meeting for the RFP.

Mr. Minick said the RFP's could be sent out next week, request responses by early July, and set interviews in late July to early August for approval at the September meeting.

- Mr. Minick referred to an open discussion regarding Lauterbach Amen and LS360 death beneficiary at the last meeting; stating the main concerns were insurance coverage and if the City was covered in the event of a data breach and if IPPFA had the ability to look at data provided to them. It was found that LS does have insurance coverage which covers each person's data individually. Lauterbach and Amen pays the fee for services provided by LS360 and the revenue comes from the entities which utilize the service. IPPFA has no access to the data.

- Chris Minick distributed an auditor's letter with questions regarding fraud. The Board members were asked to return these directly to the auditors when complete.

Public Comment

N/A

Adjournment

A motion was made by Tony Centimano and seconded by Joe Schelstreet to adjourn the meeting at 9:04 a.m.

A roll call vote was taken; all approved.

Motion Carried.

Respectfully submitted by Carole Murphy; Recording Secretary