

Minutes of the Regular Meeting
St. Charles Firefighter's Pension Board
Wednesday, September 4, 2019
2 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 8:07 a.m. with 4 members present.

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

Absent: Lance Maxwell

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

Minutes of the Meeting

- Steve Siwy reviewed the June 5, 2019 draft minutes of the regular meeting with the Board.

Chris Minick confirmed there was no action taken regarding the IPPFA, the death benefit auditing service. Tony Centimano confirmed there was no action taken at that time.

A motion was made by Tony Centimano and seconded by Joe Schelstreet to accept the minutes of the June 5, 2019 meeting.

A roll call vote was taken; all approved.

Motion Carried.

Old Business

- Tony Centimano informed the Board the topic of the death benefit auditing service is still ongoing and will be on the next agenda for December.

New Business

- **Depository and Approving Authorized Signers on the Account**

Tony Centimano distributed the signature cards for the Board's bank account to be signed. Mr. Minick agreed to forward the document to the City Treasurer, Jo Krieger for her signature.

- **Review/Approve Investments**

Mr. Willhite distributed documents for UBS for signatures for the new trustees.

Mr. Willhite stated he had reached out to several of the managers; CS McKee will be reducing their fee from 35 basis points down to 25 basis points on the fixed income, which is a large portion of the portfolio. The other fee reduction will be going from 25 to 15 basis points on the UBS consulting fees. Mr. Willhite is also working with the real estate manager, Chilton to reduce basis points. It is recommended to perform a strategic asset allocation study. A questionnaire will be emailed to the Board Members to be filled out. Tony Centimano stated there are many changes coming up with Board Members and suggested to send the questionnaire at a later date. Mr. Willhite would like to proceed based on the volatility of the market. Steve Siwy reminded the Board Nick Marqui needs to be removed from the signature list. The Board Member's end of service dates were reviewed and confirmed. Chief Joe Schelstreet will remain as appointee, but needs to resign and be re-appointed by the Mayor if he chooses.

Mr. Willhite distributed the investment portfolio for review. Investments are showing a great deal of volatility and discussed China trade and revisited the topic of a possible recession.

Mr. Willhite went on to review the performance of the portfolio stating it had been a good quarter through June 30th with a market value of \$41,747,000.00, and went on to review various managers performances.

Mr. Willhite passed out the rebalancing spreadsheet for review. Most actions were taken in July based on direction from the Board. There is approximately \$20,000.00 of additional cash, and recommended to roll into the real estate manager.

Chris Minick said there will be a large property tax distribution this week and another deposit being made. Mr. Minick would like to authorize a rebalance once that amount comes in.

- A motion was made by Steve Siwy and seconded by Joe Schelstreet to authorize Mr. Chris Minick and Mr. Jon Willhite to stay within the statute in the investment policy to rebalance the portfolio once the tax levy is received in September.

A roll call vote was taken; all approved.

Motion Carried.

- A motion was made by Tony Centimano and seconded by Steve Siwy to accept the investment portfolio as presented.

A roll call vote was taken; all approved.

Motion carried.

Mr. Willhite continued discussions regarding the portfolio report as compared to others.

- **Review/Approve Expenditures**

Steve Siwy reviewed the current list of expenditures in the amount of \$72,994.38.

A motion was made by Joe Schelstreet and seconded by Chris Minick to approve the expenditures in the amount of \$72,994.38 as presented.

A roll call vote was taken; all approved.

Motion Carried.

- **Public Comment**

Jason Franken of Foster & Foster reviewed and explained the evaluation mortality study based on public sector safety data. There is a state recommended contribution ratio of 90% funding by the year 2040. However, the City's been funding based on 100%, which is sounder financially. The new table is based on the most current data making contributions higher due to a longer life expectancy by 2 years.

Mr. Franken went on to review unfunded liabilities.

Mr. Minick clarified the mortality change added is just about 2.4 million added to our liabilities.

The difference in the funded ratios is an actuarial calculation based on market value verses smooth value of assets as well as pay as the evaluation date.

Mr. Franken continued to summarize the factors of increase. The normal cost that is earned by active employees went down due to fewer employees this year verses last year. Additionally, there are more Tier II employees this year than Tier I, salary increases were less than expected, earlier retirements; requiring receiving payments earlier than expected resulting in more payments.

GASB results were reviewed and how it is reflected in the City's financial statement.

- Chris Minick will recommend the tax levy to City Council in the total amount of \$2,245,665.00 per the actuarial report. This continues the process of levying the entire recommended amount based on 100% funding based on mortality table.
- Chris Minick will follow up on letter signed by Nick Marqui.

Tony Centimano will set a date for a special pension board meeting to approve the actuarial report.

Mr. Minick will also have the final Financial Report from Sikich that can be added to the special meeting agenda.

There are currently draft communications from Sikich. The first is the Firefighters Pension Fund annual financial report. There has been a good clean opinion from the auditors stating there have been no material misstatements.

- **Investment Consultant Services RFP Review**

Three Investment Consultants responded and one declined to present.

Review and discussions continued regarding the three companies that responded and it was decided to continue with UBS as they have presented a reduced rate and have a proven working relationship with the City.

A motion was made by Steve Siwy and seconded by Joe Schelstreet to remain with Jon Willhite and UBS for the next five year period.

A roll call vote was taken; all approved.

Motion carried.

Adjournment

A motion was made by Tony Centimano and seconded by Chris Minick to adjourn the meeting at 9:49 a.m.

A roll call vote was taken; all approved.

Motion Carried.

Respectfully submitted by Carole Murphy; Recording Secretary