

CITY OF WARRENVILLE
POLICE PENSION BOARD

Minutes of Regular Quarterly Meeting
Held on Tuesday, January 28, 2020
Warrenville Police Department, Sonny Mack Room
3S245 Warren Avenue

A. CALL TO ORDER

President John Barberis called the meeting to order at 6:38 p.m.

B. ROLL CALL

Present: President John Barberis, Vice President Joshua Wittenberg, and Appointed Trustee Timothy Wing
Absent: Secretary Brian Melvin (excused), Appointed Trustee Charles Schultz (excused)
Also Present: Attorney Charles Atwell, City Finance Director Kevin Dahlstrand, City Treasurer Larry Brenner, Lauterbach & Amen Principal AJ Weber, Fifth Third Senior Vice President Bob Thompson, Fifth Third Vice President and Investment Manager Alex Garber, and Recorder Laura Schwarting

C. PUBLIC COMMENTS

None

D. APPROVAL OF MINUTES

VICE PRESIDENT WITTENBERG MOVED, second by Trustee Wing to approve the minutes for the October 22, 2019, Regular quarterly and the October 25, 2019 Special meeting.

MOTION ADOPTED VIA VOICE VOTE

E. LAUTERBACH & AMEN MONTHLY FINANCIAL REPORT

Lauterbach & Amen Principal Weber presented and reviewed the *Warrenville Police Pension Fund Monthly Financial Report for the Month Ended December 31, 2019*.

Finance Director Dahlstrand commented that the City will be making an additional \$250,000 contribution to the fund before the end of the fiscal year.

VICE PRESIDENT WITTENBERG MOVED, second by Trustee Wing to accept the Lauterbach & Amen Monthly Financial Report for the month ended December 31, 2019, as stated.

ROLL CALL VOTE:

Aye: President Barberis, Vice President Wittenberg, and Trustee Wing

Nay: None
Absent: Secretary Melvin and Trustee Schultz

MOTION ADOPTED

F. FIFTH THIRD INVESTMENT REVIEW

Fifth Third Vice President and Investment Manager Alex Garber reviewed quarterly activity, composition, and overall performance of the Warrenville Police Pension Fund contained in Fifth Third's *Investment Review* report.

Fifth Third Senior Vice President Bob Thompson reviewed the portfolio fourth-quarter earnings, and compared earnings in 2018 to 2019 (higher). In reference to fixed incomes, he said there was a very solid showing, and added that portfolio equities were "the star of the show." Mr. Thompson said that from inception-to-date (2009 to current), the portfolio has averaged an eight-percent annual return, which is above the actuarial assumption. He then overviewed remaining portions of the report, including bond rating strategies. President Barberis asked if there were questions from the Board, and none were presented.

VICE PRESIDENT WITTENBERG MOVED, second by Trustee Wing to accept the Fifth Third Investment Review dated December 31, 2019, as stated.

ROLL CALL VOTE:

Aye: President Barberis, Vice President Wittenberg, and Trustee Wing
Nay: None
Absent: Secretary Melvin and Trustee Schultz

MOTION ADOPTED

G. RATIFICATION/APPROVAL OF PAYMENTS AND DISBURSEMENTS

1. Atwell and Atwell, October 2019, legal services rendered **(\$2,700)**
2. Laura Schwarting, October 2019, Recorder fees **(\$290.30)**
3. Lauterbach and Amen, professional services rendered
 - a. September 2019 **(\$715)**
 - b. October 2019 **(\$715)**
 - c. November 2019 **(\$715)**
 - d. Department of Insurance Report preparation **(\$1,545)**
 - e. Municipal Compliance Report preparation **(\$515)**
4. IPPFA 2020 annual membership dues **(\$795)**

VICE PRESIDENT WITTENBERG MOVED, second by Trustee Wing to approve the disbursements, as stated, for the January 28, 2020, regular quarterly meeting, as stated.

ROLL CALL VOTE:

Aye: President Barberis, Vice President Wittenberg, and Trustee Wing
Nay: None

Absent: Secretary Melvin and Trustee Schultz

MOTION ADOPTED

H. NEW BUSINESS

1. Consideration of new member officer application for Christina Smicker, and discussion of Salary Table inclusion (tabled, 10/22/19)

Mr. Weber reminded the Board that the question was raised at the October 2019 meeting whether or not the pensionable starting salary amounts for new member applicants needed to be included within the application documents. He said that pensionable amounts only referred to retiree's salaries, and not to new applicants.

VICE PRESIDENT WITTENBERG MOVED, second by Trustee Wing to approve and accept new officer member application for Christina Smicker.

MOTION ADOPTED VIA VOICE VOTE

2. Consideration of separation from service, Matthew Dolmyer (Deferred)

Vice President Wittenberg said this was a voluntary separation of service by Mr. Dolmyer, and no request to move his pension monies has been made. He added Mr. Dolmyer is currently employed by another municipality whose pension benefits were not compatible with the Pension Fund (IMRF). To date, no action has been taken by Mr. Dolmyer, leaving the money in the Fund (deferred).

NO ACTION TAKEN NOR REQUESTED

3. 2020 Cost of living (COLA) adjustments

Mr. Weber reviewed the annual adjustments for the Board. No questions were presented.

VICE PRESIDENT WITTENBERG MOVED, second by Trustee Wing to accept the 2020 annual benefit COLA increases, as submitted and per the attached schedule.

ROLL CALL VOTE:

Aye: President Barberis, Vice President Wittenberg, and Trustee Wing

Nay: None

Absent: Secretary Melvin and Trustee Schultz

MOTION ADOPTED

H. OLD BUSINESS

1. Discussion of Asset Mix/Portfolio

Trustee Wing said discussion has previously taken place regarding the shifting of equities, should the need arise, and the continuation of a "melt-up." He voiced his concern over the potential of the melt-up ending in a spike. During his presentation, Trustee Wing also addressed the Federal Reserve increasing reserves in banks and the philosophy behind that process, its long-term effects, and examples of past occurrences. After taking into

consideration what he has personally observed, Trustee Wing said it is his recommendation to pair-back the portfolio's equity position. Trustee Wing asked for questions, and none were presented. President Barberis then thanked Trustee Wing for his valued insight.

INFORMATIONAL ONLY.

I. MISCELLANEOUS

1. Consolidation of Pensions

Attorney Atwell said on January 1, 2020, a bill was signed for the consolidation of Illinois Pension funds. He said this consolidation transfer is to be completed within 30 months, which is the end of June 2022. He added that two separate transition Boards have been appointed; one for Police, one for Fire. The Board representing Police will include three mayors, one each from: Wheaton, Peoria, and Rockford. In addition, his understanding is that two IPPFA Directors will be included on that Board (Collins and Poulos). The remaining seats (five out of nine) on the Board would be filled by active/retired Police representing Police Union organizations like the Fraternal Order of Police (FOP) and Benevolent Fund. He highlighted the following points:

- All investment and actuarial will be transferred to the State
- Day-to-day business (retirements, disabilities, meetings of the Board, etc.) will continue operating as usual and until further notice
- External portfolio audits will be conducted, most likely from an outside CPA source (not internal from the Department of Insurance)
- Portfolio audit comparisons between the outside CPA source and Board investment personnel/City Finance will need be made to ensure market values are consistent
- Resolution processes of portfolio audit discrepancies has not yet been determined
- Fund audits will result in a 30-day freeze of all selling/purchasing transactions
- Portfolio transfers, assumed to be in-kind

Additional items for future discussion include Tier 2 changes, and changes to annual training requirements (from 16 down to 8 hours). Transition Boards will continue until permanent Boards are in place. Discussion occurred regarding consolidated funds and how those funds theoretically will or will not be utilized by the State. Attorney Atwell noted that the Warrenville Police Pension Fund Board would need to keep certain monies available to manage day-to-day operational costs that remain within their control. At this time, it is not known when or in what order Fund audits will occur. Additional discussion occurred regarding the State's overtaking of the pension funds, their borrowing 7.5 million dollars (15 million in total) of fund monies to set up each State program (Police/ Fire), and their obligation and projected plan to pay that money back.

INFORMATIONAL ONLY.

J. ADJOURN

TRUSTEE WING MOVED, second by Vice President Wittenberg, to adjourn.

ROLL CALL VOTE:

Aye: President Barberis, Vice President Wittenberg, and Trustee Wing
Nay: None
Absent: Secretary Melvin and Trustee Schultz

MOTION ADOPTED

The regular quarterly Warrenville Police Pension Board meeting adjourned at 7:27 p.m.

Respectfully Submitted By:

Laura Schwarting

Laura Schwarting / Recorder
April 1, 2020

April 28, 2020

Approved

Laura Schwarting

Laura Schwarting / Recorder