

## **FIRE PENSION BOARD MEETING FROM November 15, 2018**

Meeting called to order at 15:00 by R. Tieman. In attendance J. Clift, G. Olson, J. Newbury, J. Kranov, J. Marzullo & D. Harris with B. Russell (Local 523 President) and Deputy Chief Tim Geiger in audience.

### **QUORUM: YES**

Minutes from the meeting from August 2018 were discussed and a motion was made by J. Newbury with a 2<sup>nd</sup> from J. Clift to be accepted with no corrections, 5-0 ayes-passed. Financial report was discussed and motion to approve as read and ratify payments of invoices by G. Olson with a 2<sup>nd</sup> from J. Newbury, Roll call: Kranov-aye, Clift-aye, Olson-aye, Newbury-aye, Tieman- aye, 5-0 ayes-passed.

### **Raymond James Report:**

- Cash Needs: None at his time, Cash Balance in account as of 10/31 is \$710,377.74
- No Change in Invest Policy currently
- Investments for 3<sup>rd</sup> Quarter were down 2.8% with the industry benchmark at 2.35%. For the year, portfolio is up \$273,915 (2.19% increase with a 1.24% benchmark). Fees for the quarter were \$6,690.
- Motion to Rebalance portfolio to 65% (equities)-35% as laid forth in Investment Policy and direct asset manager to allocate as he sees fit by G. Olson, 2<sup>nd</sup> by J. Newbury, 5-0 ayes-passed.
- Motion to approve Raymond James financial report by J. Kranov, 2<sup>nd</sup> by G. Olson, 5-0 ayes-passed.

### **Old Business:**

- 1) Trustee Training:
  - Kranov to resend his CE hours he received thru the bank
  - Olson has taken the initial 32-hour class in the past, he simply needs 16 hours within the next 12 months to comply
  - Newbury has 0 CE Hours for the year, can obtain them online thru [www.IPPFA.org](http://www.IPPFA.org).
- 2) Election Results
  - Craig Billings resigned his position as Retiree electee as he moved out of state. Greg Olson elected to finish out the term left vacant thru May 2020 by acclimation
  - Jeff Clift elected to Active Member Trustee position by acclimation for three-year term to run thru May 2021
  - Motion to accept results by J. Kranov, 2<sup>nd</sup> by G. Olson, 5-0 ayes-passed

### **New Business:**

- 1) Pension Audit
  - Served warrant by Department of Insurance for 10-year compliance audit
  - Pension Board and City have submitted all required information as requested
  - No changes to report currently
- 2) AFFI Pension Conference
  - Held in Naperville/Lisle with Tieman and Clift in attendance. Discussion about rulings

coming forth from conference (Countryside Police Pension ruling)

3) Pension Benefit Calculations

-J. Marzullo has been in contact with attorney for Countryside Pension Fund

-In the Countryside case, members were receiving a \$800 longevity pay increase during their last pay period and the Board was extrapolating that pay increase over 26 pay periods to determine the member's pensionable salary

-The Illinois Appellate Court has ruled that this practice is illegal as it would create a pensionable salary higher than the salary earned. It was argued that pension benefits can be contractually enhanced if budgeted for, but the Court ruled against this argument. It was ruled that the practice of extrapolating payments over the course of the year cannot be done. The retirees for Countryside have applied for a PLA to the Illinois Supreme Court.

-The Ottawa Firefighters Pension Fund has a 20% longevity increase negotiated into the CBA and administrative contracts. The ruling states that this increase cannot be payed out over 26 pay periods as has been done in the past.

-Legal Counsel Marzullo has ***recommended*** the Board on these matters going forward:

- 1) Any future retiree benefits will be calculated in accordance with the Countryside ruling
- 2) Lauterbach and Amen (if hired) should/will handle benefit calculations and accounting
- 3) Start the process of recalculating benefits of any retiree that has retired with enhanced benefits in accordance with Appellate Court ruling.

-Further discussion ensued with determination made that no decision will be made to alter existing benefits until an advisory hearing is set and had with retirees in the future.

-Discussion with Board and D. Harris about calculating for the two-pay period (only) stipulation in the contract. Determined that would be the correct way to calculate benefits in accordance with Court ruling.

4) Lauterbach and Amen

-Hired to perform year end activities for ***2018 going forward.***

-Discussion about cost and what benefits L&A will be providing the Board

-Cost of \$9,900 for benefits administration and monthly accounting

-Cost of \$3,075 for IRS Filings, Audit Paperwork, MCR and State filings

-Motion by J. Newbury to hire Lauterbach and Amen for \$12,975.00 to provides services outlined in proposal, 2<sup>nd</sup> by J. Clift, Roll call: Kranov-aye, Clift-aye, Olson-aye, Newbury-aye Tieman-aye, 5-0 ayes-passed.

-Need to contact Lauterbach and Amen concerning Actuarial Levy amount and MCR report

5) Meeting Dates for 2019

-Location of City Hall @ 1500

-Dates of 2/21, 5/16, 8/15 and 11/21.

-Motion to approve dates by G. Olson, 2<sup>nd</sup> by J. Kranov, 5-0 ayes-passed

6) Cusick Status

-Cusick was unable to attend his final orthopedic exam. Physician stated he would not reschedule exam until he was paid the full cancellation cost. Determined Board would pay

the cancellation fee and recoup the money from Cusick in the future. J. Marzullo to send Cusick a letter outlining this process.

-After this final exam, would like to set the matter for hearing at the next Board meeting.

**Legal Comments:**

- 1) Strong possibility of downstate pension fund consolidation in the year 2019
- 2) Duty Disability due to PTSD  
-Annual evaluations can be stopped at age 45 with approval of (2) physicians and (4) Board members.
- 3) Stresses the importance of Fiduciary Liability Insurance

**Public Comments:**

-None

Motion to adjourn @ 16:14 by G. Olson, 2<sup>nd</sup> by J. Kranov, 5-0 ayes, passed.

**Ammended with corrections from February 2019 meeting**  
**Jeff Clift, 4/3/19**