

**NILES FIREFIGHTERS' PENSION FUND
BOARD OF TRUSTEES MEETING
8360 DEMPSTER
NILES, IL 60714
August 29, 2019**

The meeting was called to order at 8:31 a.m. by President Byron Tull.

Trustees Present:

Bob Greiner, Byron Tull, Rich Teper, and Jim Grammas. Absent was Marimel Lim.

Officials Present:

Tom Sawyer from Sawyer Falduto Asset Management, LLC, Investment Advisor to the Fund; Attorney Carolyn Clifford, Ottosen Britz; Rich Scipione, Pension Clerk to the Fund; Trinetta Gardner, Accountant to the Fund, Lauterbach & Amen, LLP; and Bob Rietz, Actuary to the Fund, Lauterbach & Amen, LLP.

Public Comment:

No public comment.

Previous Minutes Approval:

On a motion by Grammas, seconded by Tull, the minutes from the May 16, 2019 meeting were approved by a unanimous voice vote.

Actuarial Study

Bob Rietz, actuary from Lauterbach & Amen, presented the preliminary actuarial valuation as of May 1, 2019. The actuarial cost method will continue to be entry age normal. The current method for funding will be 100% funded by the year 2037, as opposed to the Illinois statutory minimum contribution of 90% by the year 2040, using the projected unit cost method. The Village of Niles pension payment will be amortized using level percent funding instead of level dollar cost averaging as in the past with a five-year smoothed market value.

The recommended contribution has increased \$160,533 from prior year due to salary increases, demographic changes, assumption changes, funding policy changes, asset return less than expected, and contributions greater than expected. The recommended contribution is \$4,369,738 with an expected payroll of \$5,691,821.

Our current actuarial investment return is 7.00% versus our current return on investment at 6.4% net of administrative expenses. The actuarial value return on investment is 5.2% net of administrative expenses. The actuarial liability is \$82,446,137. The actuarial value of assets was 42.10% and the market value of assets was 41.70%. The employer normal cost contribution is \$1,390,361, the statutory minimum contribution is \$3,493,756, and the actuary contribution recommendation is \$4,369,738.

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Bob Rietz instructed that we are using an outdated mortality table. He recommends that the fund use the new mortality tables in subsequent actuarial reports. The expected increase to the Village's recommended contribution will be 2%-3%.

Bob reported that the Niles Firefighters' Pension Fund GASB 67/68 Report is not yet available and will be forwarded as soon as it is completed.

Lauterbach and Amen, LLC Report

Trinette Gardner from Latuerbach & Amen presented the July 31, 2018 Monthly Financial Report. At the end of July 31, 2019, the net position held in trust for pension benefits was \$35,076,111.76.

The Fund paid checks numbered 30233-30247 (Harris account) and 50039 (Schwab account) from May 1, 2018 through July 31, 2018, for a total of \$179,069.61.

A motion was made by Tull, seconded by Grammas, to approve the financial report as presented. Upon a call of the roll:

AYES: Greiner, Tull, Teper, and Grammas

NAYS: None

ABSENT: Lim

Motion carried.

A motion was made by Tull, seconded by Grammas, to approve the financial report including bills and disbursements as presented. Upon a call of the roll:

AYES: Greiner, Tull, Teper, and Grammas

NAYS: None

ABSENT: Lim

Motion carried.

The Illinois Department of Insurance Annual Statement is in draft format, awaiting the Village of Niles audit completion. Lauterbach & Amen is scheduled to file the Annual Statement by the October 31 deadline.

The affidavits of eligibility are ongoing and still waiting for four people to submit the affidavits.

The Village of Niles audit is ongoing and on track to be completed in October.

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Investment Advisor's Report:

Tom Sawyer from Sawyer Falduto presented the Fund's June 30, 2019 "Second Quarterly Investment Report."

The 2019 second quarterly ending market value was \$34,028,943, with an investment return of \$3,901,179 year to date.

The total account return for the second quarter was 3.21% versus the benchmark of 3.63%. The equity rate of return for the second quarter was 3.39% versus the blended benchmark of 3.97%. The fixed income rate of return was 2.83% versus the benchmark of 2.99%. The cash equivalent return was 0.43% versus the three-month Treasury Bill of 0.64%.

Our current portfolio allocation as of June 30, 2019: Equities at 62.8%, Fixed Income at 37.1%, and Cash Equivalent at 0.1%.

Tom Sawyer is asking for flexibility in the fixed income fund portfolio allocation. The current investment policy includes a target percentage for the individual fixed income classes. The proposed policy would remove the target and use an allocation range in each of the fixed income asset class.

A motion was made by Tull, seconded by Grammas, to approve the updated Investment policy.

AYES: Greiner, Tull, Teper, and Grammas

NAYS: None

ABSENT: Lim

A motion was made by Tull, seconded by Grammas, to accept the Quarterly Investment Performance Report, June 30, 2019, as presented. Upon a call of the roll:

AYES: Greiner, Tull, Teper, and Grammas

NAYS: None

ABSENT: Lim

Motion carried.

Old Business:

We have one disabled member who was sent to a physician for his annual IME: Steve Zook. We received the completed report earlier this month. Steve Zook continues to be disabled.