

Frankfort Fire Protection District Firefighters' Pension Fund

Minutes of the Regular Meeting of the Board of Trustees of the Frankfort Firefighters' Pension Fund of the Frankfort Fire Protection District, Will County, Illinois, held on Tuesday, February 2, 2016 at 9:30 A.M. at Fire Station One, located at 333 W. Nebraska Street, Frankfort, IL 60423.

I. CALL TO ORDER

II. ROLL CALL

Present: Leonard Todd Hamm, Secretary
Alphonso Jackson, Trustee
Michael Kavanagh, Treasurer
Robert Wilson, President

Absent: Christopher Wolf, Trustee

Also Present: Kristi Farnum, Recording Secretary
Carolyn Clifford, Attorney
John Falduto, Sawyer Falduto Asset Management
Tom Sawyer, Sawyer Falduto Asset Management
Michelle Selvaggio, Administrative Manager

III. PUBLIC COMMENTS

- None.

IV. APPROVAL OF MINUTES

A. November 3, 2015 Regular Meeting Minutes

A Motion was made by Leonard Todd Hamm and seconded by Alphonso Jackson to:

“Approve the November 3, 2015 Regular Meeting Minutes as presented.”

VOICE VOTE. MOTION CARRIED.

V. TREASURER'S/INVESTMENT REPORT

A. Review of Current Investment/Financial Report

- Investments are 55% in equity, 44% in fixed income, and 1% in cash.
- Short-term rates continue to be low.
- Total account return since inception is at 6.41%. The dollar amount of investment gain since inception is \$3.2 million.
- The report is presented as of 12/31/15, and it should be noted that in January 2016 the portfolio was down 2.5%.
- When will the federal reserve raise rates? They have said they will raise the rates four times this year, but that could be over-optimistic. Rates are raised mostly based on employment numbers, which have thus far been reasonably steady despite large companies citing store closures in the news.
- Because the cost of oil has gone down there is concern over global economic growth; but the U.S. economy is pretty resilient comparatively.
- The sell off on stock has returned value to equity.
- Baron Small Cap was sold and replaced by T. Rowe.
- RS Global was sold and replaced by Vanguard Energy which accounts for ¼ of the natural resources in the portfolio.
- For fixed income, short-term rates went up more than long-term, which means the yield curve flattened. The duration will be kept where it's at.

B. Review and Possible Changes To Asset Allocation/Investment Policy

- There is no reason to make any changes.

C. Approval of Bills (roll call)

A Motion was made by Michael Kavanagh and seconded by Leonard Todd Hamm to:
“Approve the Disbursement Warrant, totaling \$23,172.78, as presented.”

ROLL WAS CALLED.

AYE: Kavanagh, Hamm, Jackson, Wilson

NAY: None

ABSENT: Wolf

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

D. Approval of pension benefit COLA increases

- COLA increases were reviewed. These are calculated by Lauterbach and Amen. It was noted that the duty disability pensioner will hold at the same amount until 2035.

A Motion was made by Michael Kavanagh and seconded by Alphonso Jackson to:

“Approve the COLA increases as presented.”

VOICE VOTE. MOTION CARRIED.

E. Annual servicer certifications

- None.

F. Funding policy review

- No changes are needed.

VI. COMMUNICATIONS AND SPECIAL REPORTS/PRESENTATIONS

A. Confirmation of tax levy amount from District

- For the 2014 levy, the District levied \$780,000 for the pension fund, plus transferred an additional \$150,000 due to fiscal year ended 5/31/15 operating surplus, for a total of \$930,000. Fiscal year-to-date, the pension fund has received \$929,500 of this amount.
- For the 2015 levy, the pension board requested \$1.35 million to be levied, and the District actually levied \$850,000. If there is an operating surplus at the end of the year, more could be transferred again.

VII. CONSIDERATION OF AND ACTION UPON CHANGE OF RECORDS SUBMISSIONS

A. Jeff Wander

A Motion was made by Leonard Todd Hamm and seconded by Alphonso Jackson to:

“Accept Jeff Wander’s change of records request.

VOICE VOTE. MOTION CARRIED.

VIII. OLD BUSINESS

A. Annual Medical Evaluation of Disabled Members

- Authorization forms have been received by Chris Wolf, but we are still waiting for records from 3 of the 7 treating physicians. One of the doctors cannot be located, and we are having trouble getting records from the other 2. The attorney will reach out to Chris again for help getting all of these records.
- When all records have been received, if Chris needs help getting to his IME, the Board would consider helping him with transportation.
- Chris has indicated that he will be moving to Texas this summer. Currently he has been assigned to Dr. Shapiro for his Independent Medical Examiner, but there is concern on who his

IME will be when he moves to Texas. The Board could either find an IME in Texas or require Chris to come back to Illinois for his IME. Due to Chris's medical condition, it may be a good idea to find an IME in Texas; this could be accomplished by using a service such as INSPE. If the Board allows this in Chris's case, would they need to allow it for anyone on duty disability? Not necessarily, we should stay consistent, but it is okay to be flexible and make an exception considering the medical condition of each pensioner.

- In general, if someone were not to cooperate with an IME, they would be put on notice that their benefits will be withheld, and then a hearing would take place to terminate benefits.

IX. NEW BUSINESS

A. Review Annual Timeline for 2016

- The attorney handed out the 2016 annual timeline of requirements for Article 4 pension funds. It contains a list of required Department of Insurance filings, along with the requirements for each of the quarterly meetings.
- Should we require a training sign-in sheet at each pension meeting? Not needed, since attendees are recorded in the minutes. The full meeting time will not count as training, but a portion of it could.

B. Preparation of election/appointment process for Spring 2016

- Chris Wolf has resigned as pension Trustee (retired member); a letter will need to be sent to Larry Rauch (the only other retiree), asking him if he is interested in completing Chris's term. If he is not, the spot will go back to the active members.
- Trustee Hamm's spot is up for election this year.

Action: Kristi Farnum to send a letter to Larry Rauch asking if he wants to complete Chris's term.

C. List of required filers for Statement of Economic Interest to Will County

- Michelle Selvaggio has sent the list of people required to file statements of economic interest to Will County.
- Make sure to complete and send back your statement of economic interest reports before the deadline to avoid fees.

D. Board Rules and Forms Updates

- The Rules were updated at the last meeting and no updates are necessary at this time. However, the next time an update is done, the Board may want to add a policy regarding the NCPERS code of conduct.

E. Arie Combination of Service Inquiry

- Jim Arie has requested what would be necessary to combine his creditable service. Lauterbach and Amen calculated the amount needed to do this and responded to Jim's request. The latest calculation date they did was 2/28/16; if he waits longer than that date, the amount will need to be re-calculated. It is thought that he is probably waiting on information from an additional fund before he makes his decision.

X. TRAINING

- The attorney reviewed and passed out a handout on "Good Governance". Is there anything we can do better to document, communicate, and organize?
- If a pension Trustee wasn't to meet their annual training requirement, our Board of Trustees would be the ones to decide if that person should be removed from the Board.
- Online pension training is available, in addition to traditional classroom training, if needed.
- The FOIA officers and OMA designees need to do training every year.

XI. CLOSED SESSION

None

XII. ADJOURNMENT

At 10:21 A.M., a Motion was made by Michael Kavanagh and seconded by Leonard Todd Hamm to:

“Adjourn the meeting.”

VOICE VOTE. MOTION CARRIED.

Minutes taken by: Recording Secretary Kristi Farnum

Secretary, Pension Board

Approved by the Board of Trustees at a meeting held on Tuesday, May 10, 2016.