

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, May 5, 2015 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
Robert Wilson, Trustee

Absent: Daniel Faber, President
Michael Kavanagh, Treasurer

Also Present: Kristi Farnum, Recording Secretary
Carolyn Clifford, Attorney
Dave Zafiratos, Attorney
John Falduto, Sawyer Falduto Asset Management
Tom Sawyer, Sawyer Falduto Asset Management
Dan Rossi, District Trustee
Bob Jacobs, District Trustee
Chris Wolf, Nominated Trustee

A Motion was made by Robert Wilson and seconded by Alphonso Jackson to:
"Appoint Trustee Hamm as President pro-tem."
VOICE VOTE. MOTION CARRIED.

A Motion was made by Leonard Todd Hamm and seconded by Alphonso Jackson to:
"Appoint Trustee Wilson as Secretary pro-tem."
VOICE VOTE. MOTION CARRIED.

III. PUBLIC COMMENTS

None.

IV. APPROVAL OF MINUTES

A. February 3, 2015 Regular Meeting Minutes

A Motion was made by Robert Wilson and seconded by Alphonso Jackson to:
"Accept the February 3, 2015 Meeting Minutes as presented."
VOICE VOTE. MOTION CARRIED.

B. Six-month review of Closed Meeting Minutes

- Although two of the Closed Meeting records are eligible for destruction, the Berge case is currently in litigation, so it would be prudent to keep these records.

A Motion was made by Robert Wilson and seconded by Alphonso Jackson to:
"Keep all Closed Meeting Minutes closed."

ROLL WAS CALLED.

AYE: Wilson, Jackson, Hamm

NAY: None

ABSENT: Faber, Kavanagh

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

V. TREASURER’S/INVESTMENT REPORT

A. Review of Current Investment/Financial Report

- The target allocation is 55% in Equity, 44% in Fixed Income and 1% in Money Market for any cash flow needs.
- The Fund is up 2.21% net for the quarter.
- Long-term return, since inception in 2008, is 7.3% or \$3,387,000.
- The Assets of the Fund are currently valued at \$12,393,000.
- Small companies have come back nicely relative to the large cap funds.
- There is no reason for the Federal Reserve to raise short-term rates, and long-term rates have no reason to move up either.
- The fund is at 52.2% in Equities, with no big changes. Fixed Income investments are defensive, but it’s the goal to keep yields above market.
- The real estate market is fairly strong.

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 Robert Wilson and seconded by Alphonso Jackson to:

“Approve the Disbursement Warrant, totaling \$33,261.39 as presented.”

ROLL WAS CALLED.

AYE: Wilson, Jackson, Hamm

NAY: None

ABSENT: Faber, Kavanagh

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

D. Approval of Lauterbach and Amen Payroll Services For The Fiscal Year Ending May 31, 2016

- Lauterbach & Amen sent an Engagement Letter with the current year’s fees for monthly payroll processing, which went up \$5 per month, plus \$5 extra for the annual payroll tax forms.

A Motion was made by Leonard Todd Hamm and seconded by Robert Wilson to:

“Approve the Lauterbach and Amen Engagement Letter as presented.”

ROLL WAS CALLED.

AYE: Hamm, Wilson, Jackson

NAY: None

ABSENT: Faber, Kavanagh

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

E. Discussion On Timeline For Audit, DOI Annual Statement, and Actuarial Processes in 2015

- The fiscal year end is coming up soon, May 31st, and the Audit, DOI, and Actuarial Processes will start soon after. New information will be needed as required by GASB 67 for the audit. There will be additional reports added to the upcoming fiscal year’s Audit Report because of the new GASB 67 requirements. Also, the Actuarial cost will double this year because of the new GASB 67 requirements.

F. Action To Give Authority To The Actuary To Start The Actuarial Process

- Last year, the Board signed a three-year contract with the Actuary.

VI. COMMUNICATIONS AND SPECIAL REPORTS/PRESENTATIONS

None.

VII. CONSIDERATION OF AND ACTION UPON CHANGE OF RECORDS SUBMISSIONS

A. Bernard Hansen

- Ben submitted Birth Certificates that were previously missing from his file.

VIII. CONSIDERATION OF AND ACTION UPON APPLICATION FOR MEMBERSHIP

A. Robert Price

A Motion was made by Robert Wilson and seconded by Alphonso Jackson to:

“Accept Robert Price into the Pension Fund, with an Appointment Date of February 2, 2015, as a Tier 2 member.”

VOICE VOTE. MOTION CARRIED.

IX. CONSIDERATION OF AND ACTION UPON APPLICATION TO ESTABLISH ERRONEOUS IMRF CREDITABLE SERVICE

A. Robert Wilson

- Previously, Assistant Chief Rauch had transferred service from IMRF to the Article 4 Pension Fund under the Pension Code, but Assistant Chief Wilson was not allowed to.
- IMRF has now determined that Assistant Chief Wilson would be eligible to transfer service as an “ineligible adjustment”.
- The District Board approved a letter saying that A/C Wilson was erroneously enrolled in IMRF from 2/1/96 through 2/22/02 because he was performing the work of a Firefighter.
- A/C Wilson is now asking the Pension Board to accept the service from that timeframe into the Article 4 Fund, as should have originally been done.
- When IMRF receives the letter from the District, it is our understanding that they will release A/C Wilson’s contributions that they were holding, along with the matching employer contributions back to the District.
- Lauterbach and Amen have calculated the amount due to the Pension Fund (including interest) from A/C Wilson as \$51,220.03. This will be offset by the amount returned from IMRF, and when that is received by the Pension Fund, a payment plan will be set up for any amount still due.
- IMRF seems to be getting away from putting any Firefighters in their Fund, unless the work they perform is purely Administrative.

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

“Accept Assistant Chief Wilson’s service from 2/1/96 through 2/22/02 into the Pension Fund.”

ROLL WAS CALLED.

AYE: Hamm, Jackson, Wilson

NAY: None

ABSENT: Faber, Kavanagh

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

X. OLD BUSINESS

A. Berge Circuit Court Briefing Schedule

- As a reminder, the Hearing date for Eric Berge’s case is scheduled for May 7, 2015. The Judge could make a ruling that day or take the information under advisement and rule later. Attorney Tom Radja should update us on the outcome.

B. Board Rules and Forms Updates

- Changes to the rules and forms include Chapter 3 Benefit Corrections, FOIA Updates, and other small cleanup items.

A Motion was made by Robert Wilson and seconded by Alphonso Jackson to:

“Approve the Amendment to the Rules of the Board of Trustees of the Frankfort Firefighters’ Pension fund.”

ROLL WAS CALLED.

AYE: Wilson, Jackson, Hamm

NAY: None

ABSENT: Faber, Kavanagh

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

C. Mead Payment Plan

- A letter was sent to Jon Mead notifying him that he has gotten behind on payments and that additional interest will accrue if he continues to fall behind. It also advised him of all the options available to him.
- Jon has stated that he intends to continue to make the payments to the Fund.
- 20 years of service are needed to retire when service is combined.
- If Jon stopped paying, additional interest would accrue and he couldn’t get a retirement until he pays in full. If he elected to take a refund, he would get back what he put in.

XI. NEW BUSINESS

A. Election Results – Retired Member

- Dan Faber’s term was up and, since there are now retired members, his position was opened up to them. Larry Rauch and Chris Wolf were both nominated for the position and each received one vote, resulting in a tie.
- Each of the nominee’s names were written on an identically sized piece of paper, folded in an identical manner, and put into a bowl. Attorney Dave Zafiratos picked Chris Wolf’s name out of the bowl as the winner of the election.

A Motion was made by Robert Wilson and seconded by Leonard Todd Hamm to:

“Accept the election results, with Chris Wolf being elected for a three-year term until 2018.”

VOICE VOTE. MOTION CARRIED.

B. Trustee Appointment

- The District Board of Trustees re-appointed Assistant Chief Bob Wilson to the Pension Board.

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

“Accept the Trustee appointment of Bob Wilson for a 3 year-term until 2018.”

VOICE VOTE. MOTION CARRIED.

C. Election of Board President and Secretary

- Trustee Hamm was nominated for the position of President, but declined as he was comfortable in his current position as Secretary. Trustee Wilson was nominated for the position of President and he accepted the nomination.
- Trustee Hamm was nominated for the position of Secretary, which he accepted.

A Motion was made by Leonard Todd Hamm and seconded by Christopher Wolf to:

“Appoint Trustee Wilson as President of the Board.”

VOICE VOTE. MOTION CARRIED.

A Motion was made by Alphonso Jackson and seconded by Robert Wilson to:

“Appoint Trustee Hamm as Secretary of the Board.”

VOICE VOTE. MOTION CARRIED.

- The signers on the Schwab account will have to be changed to take Dan Faber off and add Chris Wolf. The District Trustees will update the Officers of their Board at their May meeting, after that meeting the Pension Board should create a Resolution to have the Treasurer designate signing authority to other Trustees.

Action: John Falduto to email Resolution to change signers on the Schwab account.

D. Review of Liability Insurance Coverage

- Another year of Crime Insurance was renewed. The Administrative Secretary was added to the coverage.

E. Review of DOI Financial Profile of the Fund

- The DOI started a project to look at investment fees. They compiled the funding percentage for Illinois Pension Funds, along with benchmark amounts.
- There are limitations to the data that was compiled: information was missing and State recommended numbers were used. The story behind the numbers is not a good representation of the actual condition of funds.
- The DOI is looking at the Pension Fund and its peers (possibly to justify consolidation?).
- The Fund should make sure to compile and submit data accurately on the DOI’s website.
- Costs, fees, and asset allocations are being monitored by the DOI. Our Pension Fund Administrative Expenses were highlighted as high on the DOI’s Financial Profile; this was due to high legal fees and medical exams from a couple of disability cases.
- This profile should be taken with a grain of salt.
- It’s easy to look backwards with blanket investment comments. Pension Funds are unable to put too much in Stocks because of their low risk tolerance. It’s hard to compare funds when the percent in Equity versus Fixed Income is different for each fund.

XII. TRAINING

A. Annual OMA and FOIA Training

- The OMA and FOIA Officers need to do their annual training.
- Chris Wolf will need to complete a one-time OMA training as he is a new Trustee. He will also need to complete the initial 32-hour new Trustee Training. This can be obtained through the IPPFA.

XIII. CLOSED SESSION

None

XIV. ADJOURNMENT

At 10:47 A.M., a Motion was made by Robert Wilson and seconded by Alphonso Jackson 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, August 4, 2015.