

# 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 3, 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:** Daniel Faber, President  
Alphonso Jackson, Trustee  
Robert Wilson, Trustee

**Absent:** Leonard Todd Hamm, Secretary  
Michael Kavanagh, Treasurer

**Also Present:** Kristi Farnum, Recording Secretary  
Carolyn Clifford, Attorney  
John Falduto, Sawyer Falduto Asset Management  
Dave Harrington, Sawyer Falduto Asset Management  
Dan Rossi, District Trustee

A Motion was made by Daniel Faber 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. November 4, 2014 Regular Meeting Minutes

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

**“Accept the November 4, 2014 Meeting Minutes as presented.”**

**VOICE VOTE. MOTION CARRIED.**

## V. TREASURER'S/INVESTMENT REPORT

### A. Review of Current Investment Report

- There were no Statutory changes to Investment Regulations, so no updates for that.
- It was a strong year for investments, with a return of \$759,017 for the calendar year.
- The plummeting of oil prices caused volatility in the market.
- While Bond growth is slowing in the global economy, the US is considered relatively safe for investments.
- 50.2% of the fund's assets are invested in Equities, 49.1% in Fixed Income, and the rest in cash.
- The Mutual Funds were reviewed. These are diversified because different funds go in and out of favor.
- Fixed Income investments are conservative, as there is a lot more room for interest rates to move up.
- Total investment return is 6.72% for the year.

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

- The portfolio allocation in Equities could be increased. Jumping too far into Equities above 50% starts to get exponentially risky and adds volatility; there's not an even trade-off for risk. However, interest rates are getting close to an all time low. The fund could make a slow move to more Equities. Right now the fund is in growth mode; there are not a lot of retirees and won't be for another 10 years, which is when a big group of members become eligible for retirement; the fund should take advantage of investment opportunities now before that happens.

A Motion was made by Daniel Faber and seconded by Robert Wilson to:

**“Incrementally change the Portfolio Allocation target for Equities to 55% with a range of 50-60%; and the Allocation target for Fixed Income to 45% with a range of 40-50%.”**

**ROLL WAS CALLED.**

AYE: Faber, Wilson, Jackson

NAY: None

ABSENT: Hamm, Kavanagh

ABSTAIN: None

**MOTION CARRIED UNANIMOUSLY**

**C. Review of Financial Statements****D. Approval of Bills (roll call)**

- The bills were unusually high this month due to the contribution refund and retroactive pay for Chris Wolf.

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

**“Approve the Disbursement Warrant, totaling \$69,256.20 as presented.”**

**ROLL WAS CALLED.**

AYE: Wilson, Jackson, Faber

NAY: None

ABSENT: Hamm, Kavanagh

ABSTAIN: None

**MOTION CARRIED UNANIMOUSLY**

**E. Approval of Pension Benefit COLA Increases**

- Lauterbach & Amen sent a schedule for annual benefit increases for 2015 along with a summary of future benefit changes and notes.

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

**“Approve the annual COLA increases as presented.”**

**VOICE VOTE. MOTION CARRIED.**

**F. Annual Servicer Certifications**

- If the fund had any investments in any institution qualifying as an Illinois Finance Entity, per Illinois Statute, a Servicer Certification would have to be completed each year. A letter was received from BMO Harris Bank that they are not considered an Illinois Finance Entity and there are no other institutions that the Fund invests in that qualify.

**VI. COMMUNICATIONS AND SPECIAL REPORTS/PRESENTATIONS****A. Confirmation of Tax Levy Amount from District**

- The Pension Fund requested \$1.2 million from the District according to the Actuary recommendation. The District only levied \$780,000 for the Pension Fund for 2014. This represents a \$421,708 shortfall in pension funding and will increase the unfunded liability for the Pension Fund.
- The District levied as much as they thought they could afford and plans on transferring any surplus Operating funds at the end of the year to the Pension Fund.
- Next year's Consumer Price Index is .8. This number is very low and affects the increase in property tax revenue that will be received. District finances will be negatively affected.

**VII. CONSIDERATION OF AND ACTION UPON CHANGE OF RECORDS SUBMISSIONS****A. Kevin Brow**

- Kevin did not turn in his wife's Birth Certificate, but the Board will accept his change of records without it.

A Motion was made by Daniel Faber and seconded by Robert Wilson to:

**“Accept Kevin Brow's Change of Records as presented.”**

**VOICE VOTE. MOTION CARRIED.**

**B. Michael Kelch**

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

**“Accept Mike Kelch's Change of Records as presented.”**

**VOICE VOTE. MOTION CARRIED.**

**VIII. CONSIDERATION OF AND ACTION UPON APPLICATION FOR REFUND****A. Alfredo Rios**

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

**“Approve Alfredo Rios's Application for Refund in the amount of \$4,122.93 as presented.”**

**ROLL WAS CALLED.**

AYE: Wilson, Jackson, Faber

NAY: None

ABSENT: Hamm, Kavanagh

ABSTAIN: None

**MOTION CARRIED UNANIMOUSLY**

**IX. OLD BUSINESS****A. Berge Circuit Court Briefing Schedule**

- Attorney Tom Radja sent the Briefing Schedule on Eric Berge's complaint to Administrative Review. A Hearing date is scheduled for May 7, 2015. This will consist of an oral argument along with the Judge's questions. The Judge could make a ruling or take the information under advisement with or without a written opinion. The Judge will be looking to see if the process was good, the decision was thoughtful, and if there was a good explanation as to why the decision was made.

**X. NEW BUSINESS****A. Review of Annual Timeline for 2015**

- Each year Ottosen Britz and Sikich put together a timeline of annual requirements for pension funds. This includes a listing of Department of Insurance filings and quarterly meeting requirements.
- GASB 67 will need to be implemented for fiscal year 2015. This will need to be coordinated with Sikich (Auditor), Lauterbach & Amen (Actuary), and Sawyer Falduto (Investment Manager).

**B. Preparation of Election/Appointment Process for Spring 2015**

- Dan Faber is up for re-election and since there are now retirees, the position will have to be offered to them first. Certified letters will need to be sent to the retirees indicating that the term is for 3 years and if they are interested they should let us know by a certain date.
- There are 2 retirees and if both want to run we will have to draw straws.
- Carolyn Clifford will send a sample letter. There should be a short time frame to respond; 2 weeks would be appropriate. If the retirees don't respond within the time frame given, they will not be considered. A check box form should be provided, along with a return envelope. If neither retiree is interested, the position will be offered to active members and they will need time to nominate.
- Retirees should be informed of the annual required training, that there is no compensation for any pension obligations, and that they could be sued.
- Assistant Chief Wilson is also up for re-appointment.
- If the retirees are not interested or do not respond, Dan Faber will be running for the position again.

**Action: Carolyn Clifford to send sample retiree letter. Kristi Farnum to send via certified mail to retirees.**

A Motion was made by Daniel Faber and seconded by Robert Wilson to:

**“Send a certified letter to both retirees concerning the opening of a Trustee position to them. The retirees will be required to reply by mail within 14 days of initial delivery.”**

**VOICE VOTE. MOTION CARRIED.**

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

- Michelle filed the list of Trustees for all Boards to the County.

**D. Board rules and forms updates**

- Carolyn Clifford submitted a set of updated Rules and Forms to the Board. The last update was in 2012 and there were no big changes, just some FOIA updates among other things.
- The Board can approve now, or review and approve at the next meeting.

A Motion was made by Daniel Faber and seconded by Robert Wilson to:

**“Table approval of the Rules and Forms update.”**

**VOICE VOTE. MOTION CARRIED.**

**E. Mead Payment Plan**

- Jon Mead had taken a refund of contributions when he originally left the Fund, but decided a few years ago that he wanted to re-pay the refund and combine the service with his current Pension Fund. He was set up to make payments at the beginning of the month for ten years. He has been late with his payments and it has gotten worse recently.
- Jon should be sent a notice informing him that when payments are late additional interest will accrue. He has about 7 years left to pay and at any time he could opt to again take a refund of the payments he has put into the Fund.

**Action: Carolyn and Kristi to work on sending Jon a letter notifying him of the consequences of late payments.**

**XI. TRAINING**

**A. NIAFPD Conference**

- Pension Trustees can get all of their continued education points at the upcoming NIAFPD Conference.

**B. Update on State and National Pension Issues**

- There has been litigation on the constitutionality of changing the pension law, and all briefs have been denied so far.
- Ottosen Britz recently put together a presentation on things that all pension trustees should know about their funds. The fiduciary check list was given to all Trustees.

**XII. CLOSED SESSION**

None

**XIII. ADJOURNMENT**

At 10:52 A.M., a Motion was made by Daniel Faber and seconded by Robert Wilson to:  
“Adjourn the meeting.”

**VOICE VOTE. MOTION CARRIED.**

Minutes taken by: Recording Secretary Kristi Farnum

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Secretary, Pension Board

*Approved by the Board of Trustees at a meeting held on Tuesday, May 5, 2015.*