

# 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 7, 2017 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, Secretary  
Leonard Todd Hamm, Trustee  
Robert Wilson, Trustee

**Absent:** 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

## III. PUBLIC COMMENTS

- None.

## IV. APPROVAL OF MINUTES

### A. November 1, 2016 Regular Meeting Minutes

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

**“Approve the November 1, 2016 regular Meeting Minutes as presented.”  
VOICE VOTE. MOTION CARRIED.**

## V. TREASURER'S/INVESTMENT REPORT

### A. Review of Current Investment/Financial Report

- 55% of Funds are invested in Equities, 44% in Fixed Income, and the rest in cash.
- Calendar year-to-date the Fund is up almost \$1 million in investment return.
- Investment return is 6.44% (or \$4.09 million) since inception in 2008.
- When interest rates go up, Fixed Income value goes down. Because of the recent shift in the rate environment, Bond yield is dropping. The October market was uncertain with the election coming up. The Federal Reserve Bank has said that they will be raising rates. They are cautious when they do this because they don't want to slow economic growth. The Fund's average Fixed Income duration is about 5 years, which is conservative, but not too much. The benchmark has still been captured, but with less risk. Duration may be increased if rates go up.
- The objective with Mutual Funds is to be in the top 50 or better. Diversification is needed.
- The portfolio was rebalanced this past quarter. Small Cap profit was invested in the Fixed Income side.

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

- There is no need to make any changes now.

### C. Approval of Bills (roll call)

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

**“Approve the Disbursement Warrant, totaling \$30,761.37, as presented.”**

**ROLL WAS CALLED.**

AYE: Jackson, Wilson, Faber, Hamm

NAY: None

ABSENT: Kavanagh

ABSTAIN: None

**MOTION CARRIED UNANIMOUSLY****D. Approval of Pension Benefit COLA Increases**

- Disability Benefit recipients do not get an increase until they reach age 60, unless they have at least 20 years of service.

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

**“Approve the Pension Benefit COLA increases as presented.”**

**ROLL WAS CALLED.**

AYE: Wilson, Jackson, Faber, Hamm

NAY: None

ABSENT: Kavanagh

ABSTAIN: None

**MOTION CARRIED UNANIMOUSLY****E. Annual Servicer Certifications**

- The Fund has no Illinois finance entities.

**F. Funding Policy Review**

- No need for changes.

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

- The 2016 District Pension Levy per Ordinance is \$920,000, compared to the \$1.35 million that the Pension Board requested.
- The Department of Insurance Actuarially Determined Employer Contribution (ADC) was \$1.2 million and Lauterbach and Amen calculated that the Illinois Statutory Minimum Contribution was \$500,000.
- The liability portion of the ADC is calculated with a lower rate of return.
- This District puts the majority of any year-end surplus into the Pension Fund, and has been consistently increasing the Pension portion of the levy at a higher rate than the overall levy increase.
- A higher percent of Fund Assets could be invested in Equities to try and get the rate of return to increase. This would result in more risk. Larger funds are the ones that usually increase risk in hopes of getting a better long-term return.
- The Pension Plan went from 75% funded the prior audit year to 73.61% funded this past year per Lauterbach and Amen’s Actuary Report. This past year’s return was also very low.

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

**“Confirm the 2016 Pension Tax Levy from the District.”**

**VOICE VOTE. MOTION CARRIED.****B. Review of DOI Tax Levy Recommendation**

- The Department of Insurance calculated \$1.2 million as the Actuarially Determined Employer Contribution, but Lauterbach and Amen calculated \$500,000 as the Illinois Statutorily Required amount.

**Action: Carolyn Clifford to ask Lauterbach and Amen why there is such a big difference between their minimum required calculation and the Department of Insurance’s.**

**VII. CONSIDERATION OF AND ACTION UPON APPLICATION FOR MEMBERSHIP****A. Jordan Kreml**

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

**“Accept Jordan Kreml’s application for membership, with a start date of November 7, 2016.”**

**VOICE VOTE. MOTION CARRIED.**

**VIII. CONSIDERATION OF AND ACTION UPON CHANGE OF RECORDS SUBMISSIONS****A. Philip Scaletta**

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

**“Accept the Change of Records request as presented.”**

**VOICE VOTE. MOTION CARRIED.**

**IX. OLD BUSINESS****A. Annual Medical Evaluation of Disabled Members**

- Chris Wolf is due for an Independent Medical Exam. He now resides in Texas, so a doctor will need to be found there, and then the process will be started.

**Action: Carolyn Clifford/Kristi Farnum to find possible IME doctors in the Texas area.**

**X. NEW BUSINESS****A. Review Annual Timeline for 2017**

- The updated Sikich/Ottosen Britz timeline requirements were reviewed. New items this year are the upload of the District’s Audit to the Department of Insurance, and the annual review of Investment providers.

**B. Review and Approval of Board Rules and Forms Updates**

- The following were added to the Rules and Forms:
  - FOIA commercial requests – requestors can be charged by the hour after the first 8 hours.
  - Personal Information Privacy Protection Act requirements were added to the current Security section.
  - A Code of Conduction section and form were added in order to make sure that vendors are not involved in trying to diminish Defined Benefit plans, and is also a general assurance of good professional conduct.
  - Revision of Military Creditable Service.
  - Revised Travel Expense Policy – a new Act was passed because of questionable travel expenses at the College of DuPage. The Act does not apply to public Pension Funds, but since this is good practice, voluntary compliance is recommended.

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

**“Approve the updates to the Board Rules and Forms as presented.”**

**VOICE VOTE. MOTION CARRIED.**

**C. Preparation of Election/Appointment Process for Spring 2017**

- Trustee Kavanagh is up for appointment and Trustee Jackson is up for election.
- Since there are currently no retirees on the Board, Trustee Jackson’s spot will need to be offered to the retirees first. If none of the retirees want the position, it will go back to the active members for election.
- Trustee Kavanagh is also up for election on the District Board of Trustees. There are two District Trustee spots that are up for election and three people running for those spots.

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

**“Start the April election process for Trustee Jackson’s position.”**

**VOICE VOTE. MOTION CARRIED.**

**Action: Kristi Farnum to send election notice to retirees, and then – if no retirees respond – to active members.**

**D. List of Required Filers for Statement of Economic Interest to Will County**

- Michelle Selvaggio sent a list of all filers, including Pension Trustees, to Will County on January 10, 2017.

**E. Status of Peters QILDRO**

- Before January of 2017 the Peters/Garrelts QILDRO was not in substantial compliance, but now all the paperwork has been submitted and is in compliance. The paperwork will be held in Peters' file until he retires, at which time Ms. Garrelts will need to send a calculation order in. There is no need for the Fund to notify Ms. Garrelts of Peters' retirement. The full amount will be paid to Peters' upon retirement, until the calculation order is received.

**XI. TRAINING**

**XII. CLOSED SESSION**

None

**XIII. ADJOURNMENT**

At 10:35 A.M., a Motion was made by Leonard Todd Hamm and seconded by Alphonso Jackson 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 2, 2017.*