

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, August 20, 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, President

Absent: Michael Kavanagh, Treasurer
Christopher Wolf, Trustee

Also Present: Kristi Farnum, Recording Secretary
Carolyn Clifford, Attorney
John Falduto, Sawyer Falduto Asset Management
Tom Sawyer, Sawyer Falduto Asset Management
Bob Jacobs, District Trustee
Jessica Fain, Lauterbach & Amen

III. PUBLIC COMMENTS

None.

IV. APPROVAL OF MINUTES

A. May 5, 2015 Regular Meeting Minutes

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

“Approve the May 5, 2015 Meeting Minutes as presented.”

VOICE VOTE. MOTION CARRIED.

V. TREASURER'S/INVESTMENT REPORT

A. Review of Current Investment/Financial Report

- The current target allocation is 55% Equity and 44% Fixed Income, and there have been no statute changes that would constitute any changes in this allocation. Actual allocation is 54.6% Equity and 44.7% Fixed Income and the rest in cash
- The stock market was choppy this last quarter and resulted in investment return going down \$82,000. However the fund is still up \$196,000 for the first 6 months of the year. Equity performance was good – up 1.63% gross year-to-date and 6.93% since inception.
- The market took a moderate downturn this last quarter, with the decline mostly in Fixed Income. This was driven by the news factor; the Federal Reserve Bank announced that interest rates would go up faster than expected, along with negative news on the economy in Greece and China. The fund was a little overvalued in the Equity Market. Cash flow was the same for stocks and bonds.
- Non-US stocks performed slightly better than US stocks which account for a bigger piece of the portfolio.
- Fixed Income duration remains less than the benchmark and will remain that way for now.
- When fund assets hit the \$10 million mark, the Board decided to increase the Equity allocation as allowed by Statute. This increase to Equity has proven to be good as Equity has outperformed Fixed Income and that trend is expected to continue.

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 Leonard Todd Hamm and seconded by Alphonso Jackson to:

“Approve the Disbursement Warrant, totaling \$37,237.43 as presented.”

ROLL WAS CALLED.

AYE: Hamm, Jackson, Wilson

NAY: None

ABSENT: Kavanagh, Wolf

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

VI. COMMUNICATIONS AND SPECIAL REPORTS/PRESENTATIONS**A. Actuarial Report**

- The Actuary recommended contributions increased to \$1.35 million from last year’s \$1.2 million. Along with the anticipated annual increase of about 1 to 2% this increase was made up of 4 parts:
 - -\$20,000: Salary increases were overall lower than expected with higher salaried employees receiving a lower increase than expected and lower salaried employees receiving more of an increase than expected.
 - +\$76,000: Demographics changed. There were 2 new hires, 1 active member is now receiving Disability benefits (which usually results in a net increase), and one member moved 7 years of service from IMRF to the Firefighters’ Pension Fund.
 - +\$5,300: Actual Asset Return was slightly less than the assumed 6.75% (Asset smoothing).
 - +\$30,000: Employer contributions were less than expected. The recommended contribution was \$936,000 and the actual amount collected was \$781,000.
- The Actuary monitors the Actuarial Value of Assets (AVA) against the Market Value (MV). If the percent of AVA over MV is less than 90% or greater than 110%, the Actuary will consider changing the Assumption.
- Currently there are 56 active members in the fund, 1 vested member, 1 retired member, and 1 disabled member. In the next 5 years benefit payments are expected to increase \$260,000 (270%), and in the next 10 years they are expected to increase \$630,000 (650%).
- The CPI-U is assumed to be 3%. This is a long-term assumption.
- Individual pay increases are assumed to be 4%-14.25%. There was a question on whether or not this assumption is realistic given the current market. It was explained that this is a long-term rate which includes the 3% long-term CPI-U assumption plus a 1% promotional assumption. It would be possible to lower this assumption.

B. Approval and Certification of Municipal Compliance Report/Recommendation for Tax Levy

- The proposed Tax Freeze legislation currently contains an exemption for public safety.
- The Actuary’s Report is not deemed final until the Audit is done. Due to the tax levy being required to be filed by the District in December and the next Pension Board meeting scheduled for November, the Tax Levy Recommendation should be approved now tentatively, pending any changes required by the Audit, so that the District has enough time to review the recommendation.

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

“Approve the recommendation for the tax levy at \$1,353,482.00, subject to the final Audit.”

ROLL WAS CALLED.

AYE: Hamm, Jackson, Wilson

NAY: None

ABSENT: Kavanagh, Wolf

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

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

“Approve the Municipal Compliance Report for the tax levy, subject to the final Audit.”

ROLL WAS CALLED.

AYE: Jackson, Hamm, Wilson

NAY: None

ABSENT: Kavanagh, Wolf

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

VII. CONSIDERATION OF AND ACTION UPON APPLICATION FOR MEMBERSHIP

A. Jason Vaccaro, Start Date 7/13/15

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

“Accept Jason Vaccaro as a new member of the Pension Fund, with a start date of 7/13/15.”

VOICE VOTE. MOTION CARRIED.

VIII. OLD BUSINESS

Attorney Carolyn Clifford will send a “draft” letter to Kristi for review regarding the Jon Mead matter.

Reminder to update signers on Schwab Account.

IX. NEW BUSINESS

A. Annual Medical Evaluation of Disabled Members

- For this process it is usual practice to work with 1 of 3 of the Independent Medical Examiners (IMEs) used during the initial Disability Hearing. Chris Wolf is the only member this applies to and INSPE was used as a consultant to select the IMEs.
- The disabled member will need to fill out a questionnaire that informs and give the Board access to any new medical records. This information will be given to the selected IME, along with the findings and decision document from the original Disability Hearing.
- Hypothetically, if a disabled member was to ignore the paperwork needed, the Board would start a Hearing process to terminate disability benefits.
- This evaluation needs to happen every year, so the process needs to move quickly.
- The member will need to fill out an Affidavit of Eligibility and an Authorization For Release of Medical Records.
- The Board will need to decide if the member is still disabled by the same injury that they initially approved the Disability Pension for.
- Due to the nature of Chris Wolf’s injury the Board would like to be mindful of the distance of the IME from his current residence. However, they do not want to start a precedence by allowing an IME not used in the initial Hearing.
- Attorney Carolyn Clifford and Kristi Farnum should review the 3 original IMEs and select one based on geographic considerations as well as fire service experience and the type of injury involved.

Action: Authorization for Release of Medical Records template to be prepared by Carolyn Clifford. Carolyn and Kristi to review initial IMEs and select 1.

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

“Proceed with the IME process for Chris Wolf by having Carolyn Clifford and Kristi Farnum select 1 of the 3 initial IMEs.”

VOICE VOTE. MOTION CARRIED.

X. TRAINING

A. Annual Board Member Training Certification.

- Print-outs of each member’s annual training were reviewed.

XI. CLOSED SESSION

None

XII. ADJOURNMENT

At 10:35 A.M., a Motion was made by Alphonso Jackson 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, November 3, 2015.