

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, November 1, 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: Daniel Faber, President
Alphonso Jackson, Secretary
Michael Kavanagh, Treasurer
Robert Wilson, Trustee

Absent: Leonard Todd Hamm, Trustee

Also Present: Kristi Farnum, Recording Secretary
Carolyn Clifford, Attorney
John Falduto, Sawyer Falduto Asset Management
Tom Sawyer, Sawyer Falduto Asset Management
James Grady III, Fire Chief Emeritus
Dan Rossi, District Trustee
Bob Jacobs, District Trustee

III. PUBLIC COMMENTS

- None.

IV. APPROVAL OF MINUTES

A. August 2, 2016 Regular Meeting Minutes

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

“Approve the August 2, 2016 regular Meeting Minutes as presented.”

VOICE VOTE. MOTION CARRIED.

B. Six-month Review of Closed Meeting Minutes

- If in doubt, keep the Minutes closed.
- Eric Berge's Workers Compensation case is still ongoing, but litigation against the District has been dropped.

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

“Keep all Closed Meeting Minutes closed at least another 6 months.”

VOICE VOTE. MOTION CARRIED.

V. TREASURER'S/INVESTMENT REPORT

A. Review of Current Investment/Financial Report

- 55% of funds are invested in Equities and 44% in Fixed Income.
- There were no statutory changes that affect Asset Allocation.
- The third quarter is out to a good start. Investment income is at \$388,799, which is 2.64% net. Stocks are strong, and Fixed Income is up slightly.
- Investment gain since 2008 is \$3.99 million.
- The market has been quiet the last couple of days.
- There's a good probability that the Federal Reserve will raise rates, but very small increases and very slowly.

- The Small Cap Market was lagging previously, but is back to life this quarter.
- Corporate earnings seems to be improving for the first time in 6 quarters.
- Short-term rates remain low, not much competition for Equities.
- Election changes are usually short lived.
- The Fund continues to have low rate risk and a little higher yield than the market.

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 Michael Kavanagh and seconded by Alphonso Jackson to:

“Approve the Disbursement Warrant, totaling \$35,689.53, as presented.”

ROLL WAS CALLED.

AYE: Kavanagh, Jackson, Faber, Wilson

NAY: None

ABSENT: Hamm

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

VI. COMMUNICATIONS AND SPECIAL REPORTS/PRESENTATIONS

A. Actuarial Report - Final

- There were no changes to the financials in the final Audit Report, so the draft Actuarial Report that was presented at the last meeting will also be the final report.

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

“Accept the Actuarial Report as presented.”

ROLL WAS CALLED.

AYE: Jackson, Wilson, Faber, Kavanagh

NAY: None

ABSENT: Hamm

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

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

- The Tax Levy recommendation letter was updated to include highlights from the Actuarial Report:
 - The outside the cap amount is \$63,810.
 - There’s an estimated 170-175% increase in benefits over the next 5 years.
- We’re still in the early years of the fund.
- Firefighter Nick Ward left this fund and went into the Chicago Firefighters Pension Fund. He did not put in enough service to vest in this fund, and there is no reciprocity between the two funds. Wait for him to decide if he wants a refund, and let him know the refund could be transferred to avoid taxes. A new member will start next week to replace Nick and his Pension Application will be accepted at the next quarterly meeting.

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

“Certify the Municipal Compliance Report and approve the Tax Levy Recommendation as presented.”

ROLL WAS CALLED.

AYE: Wilson, Jackson, Faber, Kavanagh

NAY: None

ABSENT: Hamm

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY**C. Review of Applicable Portions of Audit**

- The Pension Fund financial statements, Notes to the Financial Statements, and required supplemental information were reviewed. The annual money-weighted rate of return for the Audit Report was .82% in 2016.
- The Audit Report will need to be filed with the Department of Insurance. They won't consider the Annual Statement filed until they have received the Audit Report.

VII. CONSIDERATION OF AND ACTION UPON APPLICATION FOR RETIREMENT BENEFITS**A. James Grady III**

A Motion was made by Robert Wilson and seconded by Michael Kavanagh to:

“Accept James Grady III’s application for Retirement Benefits with a retirement date of 1/21/2017; creditable service of 26 years, 10 months, and 13 days; and an ending salary of \$139,773.00.”

ROLL WAS CALLED.

AYE: Wilson, Kavanagh, Faber, Jackson

NAY: None

ABSENT: Hamm

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY**VIII. CONSIDERATION OF AND ACTION UPON CHANGE OF RECORDS SUBMISSIONS****A. Charles Malito**

A Motion was made by Michael Kavanagh and seconded by Daniel Faber 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 just finished his annual evaluation from last year. Since he just finished, it would be best to wait until the February meeting to initiate his next evaluation.
- Chris moved to Texas, and as discussed at prior meetings, it would be acceptable to find a Doctor in Texas to do his evaluation. The Trustees will pick a physician, and there should be an INSPE-like group in Texas that can recommend a Doctor, preferably one with experience with fire service personnel.

X. NEW BUSINESS**A. Approval/Certification DOI Annual Statement**

- Trustees reviewed the Department of Insurance Annual Statement.

A Motion was made by Alphonso Jackson and seconded by Daniel Faber to:

“Approved the Department of Insurance Annual Statement.”

ROLL WAS CALLED.

AYE: Jackson, Faber, Kavanagh, Wilson

NAY: None

ABSENT: Hamm

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

B. Approval of 2017 Meeting Schedule

A Motion was made by Michael Kavanagh and seconded by Robert Wilson to:

“Approve the 2017 meeting schedule as presented.”

VOICE VOTE. MOTION CARRIED.

C. Review Board Rules and Forms

- Rule and Form changes will be made at the February meeting due mostly to new laws that affect the travel policy.

XI. TRAINING

- A recent Department of Insurance audit found that a fund did not do their fiduciary duty by failing to properly oversee their investment professional. Because of this, the attorney has put together an annual checklist that will help funds document their fiduciary process as it related to investment professional oversight. In addition to this, the fund will continue to review investments quarterly.

XII. CLOSED SESSION

None

XIII. ADJOURNMENT

At 10:25 A.M., a Motion was made by Michael Kavanagh 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, February 7, 2017.