

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 4, 2014 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
Leonard Todd Hamm, Secretary
Michael Kavanagh, Treasurer
Robert Wilson, Trustee

Absent: Alphonso Jackson, Trustee

Also Present: Kristi Farnum, Recording Secretary
Carolyn Clifford, Attorney
Tom Sawyer, Sawyer Falduto Asset Management
John Falduto, Sawyer Falduto Asset Management
Kevin Brow, Local 4338
Paul Kinsella, Local 4338

III. PUBLIC COMMENTS

None.

IV. APPROVAL OF MINUTES

- A. August 5, 2014 Regular Meeting Minutes
- B. September 4, 2014 Special Meeting Minutes
- C. September 4, 2014 Closed Meeting Minutes
- D. September 16, 2014 Special Meeting Minutes
- E. September 22, 2014 Special Meeting Minutes

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

“Accept all of the Meeting Minutes as presented.”

VOICE VOTE. MOTION CARRIED.

F. Six-month Review of Closed Meeting Minutes

- One of the recordings has reached its destruction date, but it should be held until pending litigation is done.

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

“Keep all Meeting Minutes closed.”

VOICE VOTE. MOTION CARRIED.

V. TREASURER'S/INVESTMENT REPORT

A. Review of current Investment Report

- The fund was down \$72,000 for the third quarter, but still up for the 9 month period through September 30.
- Stocks are lagging year-to-date.
- The fund is up 6.97% since inception. And investment gain since inception is \$2,760,000.
- The market is a little soft, but October made up for this.
- The Equity market is volatile because of happenings overseas. Domestic Equities are healthy. There is no long-term competition with Fixed Income.

- The market is stuck in a low yield environment for a while; the Federal Reserve Bank won't do anything with short-term rates until next year.
- The Fund's fixed income duration is conservative.
- The Scout Fund was replaced with Oppenheimer, since the long time manager retired from the Scout Fund.

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

- A move to 65% in Equities, up from 50% was considered. This would probably result in better return, but may be too risky since the Equity market is volatile. It was recommended to remain at the current equity target for now.

C. Review of Financial Statements

D. Approval of Bills (roll call)

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

"Approve the Disbursement Warrant, totaling \$50,206.90 as presented."

ROLL WAS CALLED.

AYE: Wilson, Kavanagh, Faber, Hamm

NAY: None

ABSENT: Jackson

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

VI. COMMUNICATIONS AND SPECIAL REPORTS/PRESENTATIONS

A. Actuarial Report – Final

- The funding percentage is 82.09%, which is primarily driven by the Actuarial Assumptions used.
- The Actuary used the approach that pays off Unfunded Liabilities quicker. This is the first year with an unfunded amount.

A Motion was made by Michael Kavanagh and seconded by Leonard Todd Hamm to:

"Accept the Actuary Report as presented."

ROLL WAS CALLED.

AYE: Kavanagh, Hamm, Faber, Wilson

NAY: None

ABSENT: Jackson

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

B. Pension Funding Policy

- This should be added as an Appendix to the rules and forms.
- There will be a regular review of the Mortality Tables by Lauterbach and Amen.
- This is the policy that the Pension Board will use for their recommendation to the District Board.
- The District can mirror this policy for the CAFR; the creation of that policy will be driven by the Auditor and Government Accounting Standards Board requirements.

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

"Accept the Funding Policy as presented."

VOICE VOTE. MOTION CARRIED.

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

- The Municipal Compliance Report was reviewed.
- This should be provided to the District before they approve their Tax Levy for the year.
- The Tax Levy Recommendation Letter requests \$1,201,708 as calculated by the Actuary.
- This is the first time liabilities have outpaced assets.
- The Municipal Compliance Report and Tax Levy Recommendation Letter, along with the Investment Policy, Actuarial Report, and Funding Policy should be sent to the District Trustees.

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

"Accept the Municipal Compliance Report as presented."

ROLL WAS CALLED.

AYE: Kavanagh, Wilson, Faber, Hamm

NAY: None

ABSENT: Jackson

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

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

"Accept the Tax Levy Recommendation Letter as presented."

VOICE VOTE. MOTION CARRIED.

D. Review/Approval of Wolf Disability Case Written Decision

- The written decision document was reviewed.
- The footnotes in the written decision document any issues raised.
- Reference to the Functional Capacity Evaluation (FCE) done by Workers Comp should be added.
- A subpoena was received by the attorney from the Worker's Compensation Insurance carrier requesting records on Chris's case. The attorney has submitted this information to them.

Action: Carolyn Clifford to add the FCE reference to the document and then send by certified mail to the applicant and his attorney.

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

"Approve the Chris Wolf Disability Case findings and decision as presented."

ROLL WAS CALLED.

AYE: Kavanagh, Wilson, Faber, Hamm

NAY: None

ABSENT: Jackson

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

E. Determination of Wolf Disability Case Effective Date

- The timeline was reviewed. Public Employee Disability Act benefits ended on 6/24/12, indicating the date Chris came off payroll. The Accident and Sickness Insurance Policy continued. Chris did not submit an application to the Pension Fund until 10/5/12.
- Pension Fund rules indicate that a pension benefit is effective as of the latter of the date the applicant came off payroll or the date the applicant applied for a benefit.
- The date a person comes off payroll is set by District Policy.
- Lauterbach and Amen provided a calculation worksheet with the 10/5/12 effective date. Chris's rank on the paperwork should be changed from Engineer to Lieutenant and amounts that were already paid should be deducted.
- Accident and Sickness benefits may have to be returned, but that is between Chris and the insurance carrier.
- Chris and his attorney were given several opportunities to dispute the effective date if they had any problems with it.

A Motion was made by Daniel Faber and seconded by Leonard Todd Hamm to:

"Approve the pension calculation as provided by Lauterbach and Amen with the effective date of 10/5/12 and with corrections to rank and for amounts already paid."

ROLL WAS CALLED.

AYE: Faber, Hamm, Kavanagh, Wilson
 NAY: None
 ABSENT: Jackson
 ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

VII. CONSIDERATION OF AND ACTION UPON APPLICANTS FOR ADMISSION TO FUND

A. James Finnegan, Hire Date: 9/25/14

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

"Accept James Finnegan into the Pension Fund."

VOICE VOTE. MOTION CARRIED.

VIII. CONSIDERATION OF AND ACTION UPON CHANGE OF RECORDS SUBMISSIONS

A. Charles Malito

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

"Accept Change of Records requests from Charles Malito."

VOICE VOTE. MOTION CARRIED.

B. Kevin Brow

- It was questioned why a spouse's birth certificate was necessary to update records for marriage.
- The Board cannot pay a spousal benefit if there is no birth documentation. There is not enough information on the marriage certificate.
- There are tax implications for spousal benefits and the IRS needs information from the birth certificate.
- The birth certificate is needed for fraud purposes.
- If an audit is done on the Fund by the Department of Insurance, they will tag the Fund for incomplete records.
- The change of records could be accepted with or without a memo attached noting refusal to provide the birth certificate.
- This could be tabled until the next Board meeting, so it can be reviewed by the requester and his attorney.

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

"Table the Change of Records request from Kevin Brow until the next meeting."

VOICE VOTE. NO ACTION.

IX. OLD BUSINESS

X. NEW BUSINESS

A. Approval/Certification DOI Annual Statement

- There should be some sort of tracking put on the mail for the signature sheet to show proof of receipt by the Department of Insurance.

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

"Certify the Department of Insurance Annual Statement."

VOICE VOTE. MOTION CARRIED.

B. Approval of 2015 Meeting Schedule

- The IPPFA Pension Conference is also scheduled for the first week of May, which conflicts with the date of the May Board Meeting.

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

“Approve the 2015 Meeting dates as presented.”

VOICE VOTE. MOTION CARRIED.

C. Review Board Rules and Forms

- A policy needs to be added to implement Statute that addresses correcting benefit mistakes.

XI. TRAINING

- Trustees Faber and Hamm attended the AFFI Conference.
- The Northern Illinois Alliance of Fire Protection Districts is scheduled from February 5th to the 9th in 2015. This conference provides the full 16 CEU hours for Pension Trustees.

XII. CLOSED SESSION

None

XIII. ADJOURNMENT

At 11:03 a.m. a Motion was made by Michael Kavanagh and seconded by Robert Wilson 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 3, 2015.