

**MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES
NORTH CHICAGO FIREFIGHTERS' PENSION FUND
January 5, 2015**

A regular meeting of the Board of Trustees of the North Chicago Firefighters' Pension Fund was held on Monday, January 5, 2015, at 9:00 a.m., located at 1850 Lewis Avenue, North Chicago, IL 60064, pursuant to notice, for the purpose of conducting regular business.

CALL TO ORDER BY THE PRESIDING OFFICER

President Lawrence Stickler called the meeting to order at 9:06 a.m.

ROLL CALL

Upon roll call the following answered:

Present: President Lawrence Stickler, Secretary Douglas Winston, Trustee Dell Urban, Trustee John Umek and Trustee/Treasurer Kenneth Robinson

Absent: None

Also Present: Board Attorney Carolyn Clifford of Ottosen Britz; Carol Digman of Tree City Investments; Becky Davis of Lauterbach & Amen, LLP (L&A); Firefighter Patrick Michael

PUBLIC COMMENT – There was no public comment.

APPROVAL OF THE PRIOR MEETING MINUTES

The Board reviewed the prior meeting minutes presented in the Board meeting packet. A motion was made by Trustee Robinson and seconded by Trustee Winston to approve the October 6, 2014 minutes as written. Motion carried by unanimous voice vote.

The Board conducted a review of the closed session minutes and agreed that there are no closed session minutes to be considered for release.

TREASURER'S REPORT

Treasurer Robinson reviewed the 11/30/14 Treasurer's report. The report stated the First Midwest Bank account balance on 10/31/2014 was \$186,422.44. Receipts totaled \$20,671.14; total disbursements were \$129,139.72. The ending balance in the account on 11/30/2014 was \$77,953.86. Treasurer Robinson indicated that \$500,000 was transferred from the Pension Fund's investment cash account in December 2014 to cover pension benefits and expenses. No additional transfers are expected since tax monies should begin to be deposited in March or April. Treasurer Robinson reported that the City approved the tax levy for the period between 05/01/2014 – 04/30/2015, and that the exact dollar amount would be emailed to the Board following the meeting. It was noted that the City Council does not have a plan for continuous funding of the Pension Funds, but that options are currently being considered. A motion was made by Trustee Umek and seconded by Trustee Urban to accept the 11/30/2014 Treasurer's report. Motion carried by unanimous voice vote.

ACCOUNTANT'S REPORT

The Board reviewed the 11/30/2014 monthly financial report recently sent to the Board. For the seven months ended November 30, 2014, the net position held in trust for pension benefits was \$9,870,422.66. Attorney Clifford informed Ms. Digman that prior to the fiscal year end, the equity allocation will need to be adjusted to be in compliance with the Fund's Investment Policy Statement and state law. A motion was made by Trustee Robinson and seconded by Trustee Stickler to accept the 11/30/2014 financial report, as presented. Motion carried by unanimous voice vote.

PRESENTATION AND APPROVAL OF BILLS

The Board reviewed the Warrant List of distributions presented in the Board meeting packet. A motion was made by Trustee Robinson and seconded by Trustee Winston to approve the disbursements for September, October and November 2014, totaling \$35,000.42.

AYES: Trustees Stickler, Winston, Robinson, Urban and Umek

NAYS: None

ABSENT: None

INVESTMENT REPORT

Ms. Digman distributed the investment performance report as of 12/26/2014, and reviewed it with the Board. The portfolio return was 6.83% for the trailing 12 months, and the market value was \$9,283,474. Ms. Digman also noted the following:

- The reported market value balance was after a transfer of \$500,000 made in December. The total amount of cash withdrawals from investments (to cover pension benefits and expenses) was \$920,000.
- The equity portfolio will be rebalanced, prior to the fiscal year end.
- The investment return for fiscal year 04/30/2014 was 8.36%
- The annuity accounts are being reduced as the market allows.

A motion was made by Trustee Robinson and seconded by Trustee Urban to accept the 12/26/2014 investment report. Motion carried by unanimous voice vote.

The Board noted that the investment policy will be reviewed and possibly updated at the next meeting.

ATTORNEY'S REPORT

Attorney Clifford reviewed the following items with the Board:

- Response to the DOI Director's Order regarding the examination report covering 2005 – 2007. The Board held a general discussion about the response. L&A will mail the response letter with its supporting documents to the DOI, via certified mail, and a reply was requested from the DOI.
- Review of the revised rules of the Board. The Board reviewed the additions and revisions made by Attorney Clifford. A final copy of the rules will be distributed at a later date. A motion was made by Trustee Robinson and seconded by Trustee Stickler to adopt the revised rules, as amended.
AYES: Trustees Stickler, Winston, Robinson, Urban and Umek
NAYS: None
ABSENT: None
- There were no legal updates at this time. Attorney Clifford distributed a questionnaire titled, "What Illinois Fire and Police Pension Trustees Should Know About Their Pension Funds in 2015" and reviewed it with the Board.

ADMISSIONS/WITHDRAWALS FROM FUND, PENDING RETIREMENTS/DISABILITIES

The Board discussed the resignation of Firefighter Jason Laniosz; his date of hire was 04/20/2009 and his date of resignation was 10/24/2014. Mr. Laniosz contacted L&A to determine his options regarding the contributions he has in the Fund. At this time, Mr. Laniosz has not made a decision. Follow up regarding his decision will be addressed at a later meeting.

INFORMATIONAL ITEMS AND UNFINISHED BUSINESS

- Christopher Shearer: It was reported that Mr. Shearer may have had approximately 35 suspension days. Mr. Shearer's retirement paperwork has not been completed, nor submitted to the Board. Mr. Shearer will be 50 years old in October of 2018. Follow up regarding the receipt of his completed paperwork and his status due to the suspension days will be addressed at a later meeting.
- Trustee Training Summary: the summary was reviewed; all Trustees are up-to-date with their training requirements.
- Annual Affidavits of Continued Eligibility: 100% compliance; all affidavits have been received and recorded. The affidavits were submitted to the Fund for its recordkeeping.
- Update on combined creditable service request from Ian Kennedy (Zion Fire): There has been no reply from Mr. Kennedy; the Board requested that L&A prepare and send an updated letter to Mr. Kennedy, to include the additional accrued interest. A follow up report regarding Mr. Kennedy's response will be addressed at the next meeting.
- FOIA request completed: A FOIA request was received on 08/26/2014 from Zack Cziryak, a New York financial news reporter. Mr. Cziryak requested copies of the Fire Pension Board meeting minutes for the period from January 1, 2014 to August 20, 2014, and a copy of the Board's most recent quarterly investment report. The request indicated that it was for commercial use.
- Confirm that the Board has been identified with the County regarding Statements of Economic Interest: The Board indicated that the City Clerk's office would identify the Pension Board to the County. The Board directed Ms. Davis to send its current contact information to the City Clerk for this purpose.

- Status of Reinhardt refund: L&A provided a detailed report to show that Dean Reinhardt was refunded his contributions on August 16, 2010. His total contributions were \$50,174.63, the federal withholding amount was \$10,034.93, and his net pay was \$40,139.70.

NEW BUSINESS

The Board discussed the contribution refund request from Fred Turner III. His total pre-tax contributions were \$4,172.24 and he requested the refund be paid directly to him, per his signed election form. The federal withholding amount was \$834.45 and his net pay was \$3,337.79; the check was dated 11/19/2014. A motion was made by Trustee Robinson and seconded by Trustee Urban to approve the contribution refund, as discussed.

AYES: Trustees Stickler, Winston, Robinson, Urban and Umek
NAYS: None
ABSENT: None

The Board discussed the contribution refund request from Brett Clark. His total pre-tax contributions were \$14,019.12 and he requested the refund to be paid as a direct rollover, per his signed election form. The distribution was made per the account information he provided, and the check was dated 11/19/2014. A motion was made by Trustee Robinson and seconded by Trustee Winston to approve the contribution refund/direct rollover, as discussed.

AYES: Trustees Stickler, Winston, Robinson, Urban and Umek
NAYS: None
ABSENT: None

The Board reviewed the attorney retainer agreement. A motion was made by Trustee Robinson and seconded by Trustee Stickler to approve the Ottosen Britz quarterly retainer agreement, beginning January 01, 2015, and indicating the cost of \$1,200 per quarter (\$4,800 for one year), which includes telephone and email communications for any routine matters (excluding disabilities or litigation) and attendance at all four of the Fund's quarterly meetings.

AYES: Trustees Stickler, Winston, Robinson, Urban and Umek
NAYS: None
ABSENT: None

The Board acknowledged the death of pensioner, Josephine Piktel on 10/15/2014. Her death certificate was received and placed on file, and pension benefits have ceased.

The Board discussed the new hire, Joseph M. Hernandez Jr. A motion was made by Trustee Robinson and seconded by Trustee Urban to accept Joseph M. Hernandez Jr. into the Fund subject to the receipt of all required pension documents; his date of hire was 11/03/2014 and he has Tier 2 status. Motion carried by unanimous voice vote.

The Board reviewed the 2015 annual pensioner (COLA) increases. A motion was made by Trustee Robinson and seconded by Trustee Stickler to approve the 2015 annual pensioner (COLA) increases, as prepared by L&A.

AYES: Trustees Stickler, Winston, Robinson, Urban and Umek
NAYS: None
ABSENT: None

The Board discussed election procedures and appointments for the following Trustees whose terms will end by 04/30/2015: active member Douglas Winston, and appointed members Dell Urban and Kenneth Robinson. Trustee Robinson indicated that he will contact the Mayor to request the re-appointments for Chief Urban and himself. L&A was directed to prepare the active member nomination letter and form for distribution to the active members. Trustee Umek agreed to assist with the procedures. The Board agreed to the following due dates: nominations will close on 02/27/2015, and if a ballot is needed, the ballots will be due to be received by 03/20/2015.

The Board agreed to continue the engagements for the following services: Audit – to be completed by Zabinski Consulting (subject to a review of the current fee for this service); the DOI Annual Statement and Actuarial Valuation – are to be completed by L&A. L&A was requested to obtain the current fee information from Zabinski Consulting for final approval by the Board.

The next scheduled Board meeting is on April 6, 2015 at 9:00 a.m.

CLOSED SESSION – The Board agreed there was no need for closed session.

ADJOURNMENT

A motion was made by Trustee Robinson and seconded by Trustee Stickler to adjourn the meeting at 10:47 a.m.
Motion carried by unanimous voice vote.

Respectfully Submitted,

_____ Date approved: _____
Douglas Winston, Pension Board Secretary

Minutes prepared by Becky Davis, Pension /Services Administrator