

Approved 10/16/2014

**ROLLING MEADOWS FIREFIGHTERS' PENSION FUND
REGULAR QUARTERLY MEETING
Minutes – July 17, 2014**

I. CALL TO ORDER: President Chris Lee called to order at 8:40 a.m., a regular quarterly meeting of the Board of Trustees of the Rolling Meadows Firefighters' Pension Fund at Rolling Meadows City Hall, 3600 Kirchoff Road, Room 230, Rolling Meadows, Illinois.

II. ROLL CALL: Roll was acknowledged, and the following members were present: President Chris Lee, Retired Trustee Harold Bills, Trustee Melissa Gallagher, and Trustee John Hunt. Trustee Colin Barr was absent.

A motion was presented by President Lee to appoint Trustee Bills to serve as Secretary *Pro tem* in Secretary Barr's absence. Upon a call of the roll, Lee, Bills, Hunt and Gallagher voted aye. Motion was approved.

III. INTRODUCTION OF GUESTS: Also present were Pension Attorney Carolyn Welch Clifford of Ottosen Britz along with her associate Michael Torren; Debbie Crabtree of Sikich Certified Public Accountants; Financial Consultant Dave Wall and Barb Bobbitt of Wall & Associates.

IV. PUBLIC COMMENT: None

V. APPROVAL OF MINUTES:

A motion was presented by Trustee Harold Bills to approve the April 17, 2014, regular quarterly meeting minutes. Trustee John Hunt seconded the motion. Upon a call of the roll, Lee, Bills, Hunt and Gallagher voted aye; Trustee Barr was not present. Motion was approved 4-0-1.

VI. TREASURER/INVESTMENT REPORT

1. Receive and Accept 2nd Quarter Financial Statement Report

Ms. Deb Crabtree of Sikich reviewed the 2nd Quarter, 2014 Financial Statement Report with the Board. She indicated that net assets of the Fund on page 3 of the report, was \$26,274,883 as of June 30, 2014. On page 3 of the report, Ms. Crabtree reported that employer contributions are \$1,385,196, employee contributions are \$166,391. She reported that total revenue was up \$1,050,418 for the year, noting that the Fund did not use any investments to pay pensions. Ms. Crabtree reviewed the cash and investments on page 12 stating that the Fund's portfolio as of June 30, 2013 consisted of 52% equity, 8% cash and 40% fixed income. Ms. Crabtree reviewed the revenue chart on page 17, and the expenses report and chart on page 18 and page 19, stating that 95% of the expenses were pension and benefits paid. Ms. Crabtree reviewed the pension benefits report on page 20 and the member contribution report on page 21. Ms. Crabtree lastly reviewed the Property Tax Receipts report.

A motion was presented by President Chris Lee to accept the 2nd Quarter Treasurer's Report. Trustee John Hunt seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher, and Hunt voted aye, Trustee Barr was absent. Motion was approved 4-0-1.

2. Review and Possible Action on Asset Allocation

Dave Wall of Wall & Associates provided the Board with three asset allocation models for their review. The inputs, risk and return characteristics of each model was discussed at length. After reviewing said models, the Board decided to discuss the use of mutual funds with their fixed income manager, CS McKee, at the next regular Board meeting in October. The Board also asked Dave Wall to bring a potential list of mutual funds and ETF's for investment.

3. Review and Approve List of Bills for Payment

Trustee Gallagher reviewed the disbursement warrant.

A motion was presented by President Chris Lee to approve the April 17, 2014 Warrant. Trustee Harold Bills seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher, and Hunt voted aye. Trustee Barr was absent Motion was approved 4-0-1.

4. Review Cash Flow Projection/Property Tax Receipts to Date

Trustee Gallagher reviewed the cash projections. She noted that the Cook County payments will be coming through August and she anticipates 100% will be received by year end.

5. Review Quarterly Investment Performance and Take Action on Investments

Dave Wall of Wall & Associates presented the 2nd Quarter Investment Report. The current asset mix of the Fund is approx 43% fixed income, 54% equity and 3% cash. Mr. Wall reviewed page 2, stating the plan ended the quarter with \$25.6 million with a 4.4% return year-to-date. Mr. Wall reviewed page 3 and 4, noting the C.S. McKee portfolio is 53% corporate bonds, page 9 showing the Total Market Domestic equity portfolio one-year return is 25.1%. Mr. Wall reviewed the Laffer and Mench portfolios on page 13 and page 14 and noted that Mench will have a full three years of returns documented at the end of this calendar year. The Board asked that Mr. Mench attend their meeting in January, 2015.

A motion was presented by President Chris Lee to approve the 2nd Quarter Investment Report. Trustee John Hunt seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher and Hunt voted aye. Trustee Barr was absent. Motion was approved 4-0-1.

6. Review Re-Submission of 2013 Illinois Department of Insurance Annual Statement.

Trustee Melissa Gallagher reported that minor changes the annual statement would be made and would be resubmitted by Sikich.

A motion was presented by Trustee Harold Bills to re-submit the 2013 Illinois Department of Insurance Annual Statement. President Chris Lee seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher and Hunt voted aye. Trustee Barr was absent. Motion was approved 4-0-1.

7. Fiscal Year 2013 City Audit

Trustee Melissa Gallagher reported that the FY 2013 City Audit was completed. As of 2013 the pension plan is 44.41% funded.

8. Actuarial Study

Trustee Melissa Gallagher advised that Tim Sharpe recommends a levy of \$2.7 million. Trustee Gallagher does not anticipate any objections from the City and states this would be finalized in October.

9. City Funding Policy

Trustee Melissa Gallagher stated that there is no written policy at this time, however, the City is committed to 100% funding by 2033.

VII. COMMUNICATIONS AND SPECIAL REPORTS/PRESENTATIONS: None.

VIII. CONSIDERATION/ACTION ADMISSION/WITHDRAWAL OF MEMBERS FROM FUND:

1. Accept termination of Jay White retirement pension and approval of spouse benefit

President Chris Lee reported that Jay White passed away on 5/15/14. His surviving spouse is Anita Campbell. All documents have been submitted.

A motion was presented by President Chris Lee to approve termination of the retirement pension for Jay White and the approval of the surviving spouse benefit for his widow, Anita Campbell in the amount of \$3,625.84. Trustee John Hunt seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher, and Hunt voted aye. Trustee Barr was absent Motion was approved 4-0-1.

- 2. Accept retirement pension application: None**
- 3. Accept deferred pension application: None**
- 4. Accept new applications into the fund: Yes**

Paul R. Davis, Firefighter/Paramedic 1/27/2014 Hire date, unmarried, Tier 2 employee, no prior service. Michael Baumgart Jr., Firefighter/Paramedic, 4/28/2014 Hire Date, unmarried, Tier 2 employee, no prior service.

A motion was presented by President Chris Lee to approve the new hire applications into the fund. Trustee Harold Bills seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher, and Hunt voted aye. Trustee Barr was absent Motion was approved 4-0-1.

5. Accept withdrawal of contributions from the fund: None

IX. UNFINISHED BUSINESS:

1. Updates on fund website.

President Chris Lee reported that the website is up and running.

2. Fiduciary liability insurance – requests for proposals for 2015.

President Chris Lee stated that RFP's had not been sent. He will follow up with Mesirow and invite them to the regular October, 2014 meeting.

3. Status on the annual affidavits of eligibility.

President Chris Lee reported that the affidavits will be sent out by end of week.

4. Review and possible action on RFP for Investment Consultant.

The RFPs were reviewed and Wall and Associates were selected to continue as the Pension Fund's Investment Consultant.

X. NEW BUSINESS:

1. Election results for active member position

President Chris Lee was re-elected by acclamation. His term is set to expire April 30, 2017.

A motion was presented by Trustee John Hunt to dispense with a formal election as President Chris Lee is the only nominee. Elected by acclamation. Trustee Harold Bills seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher and Hunt voted aye. Motion was approved 4-0-1.

2. Reappointment of appointed member position (City Council approved on 4/22/2014)

Trustee Melissa Gallagher was re-appointed to the Pension Board. Her term expires in 2017.

A motion was presented by Trustee Harold Bills to accept the re-appointment of Trustee Melissa Gallagher to the Board. President Chris Lee seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher and Hunt voted aye. Motion was approved 4-0-1.

3. Election of president and secretary of Board

A motion was presented by Trustee John Hunt to re-elect Board positions as they now stand. Trustee Harold Bills seconded the motion. Upon a call of the roll, Lee, Bills, Gallagher and Hunt voted aye. Motion was approved 4-0-1.

4. Update on state and national pension issues.

Board attorney Carolyn Clifford distributed and reviewed relevant information.

XI. CLOSED SESSSION: None

XII. TRAINING:

XIII. ADJOURNMENT

A motion was presented by President Chris Lee to adjourn the Board meeting at 10:27 a.m. Trustee Colin Barr seconded the motion. Upon a call of the roll, Lee, Bills, Hunt and Gallagher voted aye. Motion was approved 5-0.

The meeting was adjourned at 11:00 a.m.

Respectfully submitted,

Harold Bills, Secretary Pro Tem

Approved by the Board of Trustees on Harold R. Bills, 2014.

October 16, 2014