

HOFFMAN ESTATES FIREFIGHTERS PENSION BOARD

Station 24
575 Beacon Point
Hoffman Estates, IL. 60192
847-695-8502

October 12, 2015 at 9:30a.m.

QUARTERLY MEETING MINUTES

- I. Call to Order. Meeting called to order at 9:33am.
- II. Roll Call/Acknowledgement of Guests. Present: Robert Orr, Matthew Fijalkowski, Rachel Musiala. Absent: James Oskroba. One vacant position.
Also present: Stan Helgerson, Hoffman Estates Village Treasurer, Laura Goodloe, Puchalski Goodloe Marzullo, Bill Yocius, Mitchell Vaught & Taylor, John T. Mitchell, Mitchell Vaught & Taylor, Jason Franken, Foster & Foster, Cliff Kalish, William Blair, Todd R. Kurisu CFA, William Blair, A.J. Weber CPA, Lauterbach & Amen, LLP., Allison R. Barrett, Lauterbach & Amen, LLP.
- III. Public Comments: None noted.
- IV. Minutes.
 1. Review/approval of minutes. Motion to approve minutes from July 13, 2015 by Matthew Fijalkowski, second by Rachel Musiala. All in favor, aye. James Oskroba absent.
- V. Accountant's/ Finance Report
 1. Stan Helgerson reviewed Balance Sheet and Statement of Revenues, Expenses, and Changes In Fund Balance For The Eight Months Ended August 31, 2015.
 - a. Revenue is in line with budget.
 - b. 97% of property taxes have been collected to date.
 - c. Service Pensions and Disability Pensions are in line with budget.
 - d. Widows Benefits will probably come \$50,000 over budget due to a conversion to Widows Benefits.
 2. A.J. Weber reviewed the Monthly Financial Report for the month ended September 30, 2015. New report and format created by Lauterbach & Amen.
 - a. Statement of Net Position as of September 30, 2015 reflects a balance of \$69,631,441.79 held in trust for Pension Benefits.
 - b. Statement of Changes in Net Position-Modified Cash Basis For The Nine Months Ended September 30, 2015 reflects a negative change in position of (\$1,584,103.71).

- c. Net Position Held in Trust for Pension Benefits were \$71,215,545.50 in the beginning of the year. As of September 30, 2015 the Net Position Held in Trust for Pension Benefits is \$69,631,441.79.
 - d. Remaining reports were presented to the board and explained.
 - e. Monthly comprehensive report will be generated and emailed out for review.
 - 3. Motion to approve the Treasurer(s) reports through September 30, 2015 by Robert Orr, second by Rachel Musiala. Roll Call Vote: Robert Orr, aye, Matthew Fijalkowski, aye, Rachel Musiala, aye. James Oskroba absent.
 - 4. Motion to approve all invoices reflected on the Village of Hoffman Estates Detail of Expenditures from 06/01/15 to 08/31/15, Lauterbach & Amen Vendor Checks Report from 07/01/15 to 09/30/15, and one invoice to the IPPFA totaling \$795.00 for 2016 Annual Membership Dues made by Rachel Musiala, second by Robert Orr. Roll Call Vote: Robert Orr, aye, Matthew Fijalkowski, aye, Rachel Musiala, aye. James Oskroba absent.
- VI. Attorney's Report
- 1. Received very little documentation from former Attorney Barbara Bell. File was received pertaining to Thomas McDonough record.
 - 2. Thomas McDonough record did have a letter from a physician certifying that he is still Disabled for 2015. No Certificate of Life was found in record. Letter from physician will be accepted certifying him Disabled for 2015.
- VII. Investment Report
- 1. Mitchell Vaught & Taylor's Quarterly Report. Fixed income remains overweight by \$6,654,246, while Equities remained underweight mainly in the International sector by \$6,618,168. This was a good move due to the volatility in the foreign markets. Half of the Emerging Markets Fund was sold on the 7th of August and on the 11th of August China devalued it's Yuan.
 - 2. Recommendation is to not go up to weight in the International sector due to no signs of growth. Growth will come eventually, but not now.
 - 3. Instead it is recommended we stay with Domestic Stocks, Large Value Stocks, REITS, and Healthcare even though we were hurt by it briefly last quarter.
 - 4. Net performance this quarter was: +.36% in Fixed Income, -7.60% in Equities, and -4.41% Total Fund.
 - 5. William Blair introduced themselves to the Pension Board and discussed who they are, their philosophies in investing, and how they achieve their goals.
 - 6. William Blair is investing our money in what they call their "Fixed Income Core." It is made up of Corporate Bonds and Mortgage Backed Securities mainly. Do not invest a lot in Treasuries.
 - 7. Investment Policy Changes Recommendations proposal presented to Board.
 - a. Briefly discussed and was tabled until next meeting when Investment Policy Yearly Review will take place and changes made at that time.
 - 8. Motion to approve Investment Report made by Robert Orr, second by Rachel Musiala, all in favor aye. James Oskroba absent.
- VIII. Actuarial Report from Foster & Foster presented by James Franken.

1. Last year we were 66.5% funded. This year 66.1% funded.
 2. Unfunded liability last year was \$33 million to \$35.5 million
 3. Payments being shown aren't even large enough to cover the interest on the unfunded liability. This will not change in the short term until our payments are larger and can cover the interest and pay down on the principal.
 4. Village requirement last year was \$3.7 million, Village actually paid \$2.5 million. Difference is due to what Village uses for valuation versus assumptions utilized by Pension Fund.
 5. In summary, Foster & Foster recommends the Village Levy \$3,917,617.00 for 2016
 6. Motion to approve Actuarial Report made by Robert Orr, second by Rachel Musiala, all in favor aye. James Oskroba absent.
- IIX. Tax Levy Request: Motion to Request a Levy of \$3,917,617.00 from the Village of Hoffman Estates for the Fiscal Year 2016 made by Robert Orr, second by Rachel Rachel Musiala, all in favor aye. James Oskroba absent. Formal letter to be drafted by Laura J. Goodloe, with assistance by Lauterbach and Amen.
- IX. Review/Discussion of Administrative Rules Tabled until Trustee James Oskroba is present.
- X. Status of transitioning Accounting Services to Lauterbach & Amen has been very intensive.
1. Initial review of Pension Funds benefits calculations has revealed 5 persons whose benefits may be improperly being paid.
 2. Pensioners being overpaid would be David Carlson and Matthew Collins.
 3. Pensioners being underpaid would be Kenneth Sandacz and Thomas Tyrell.
 4. Pensioner potentially being overpaid, pending further review, James Eaves.
 5. Lauterbach & Amen will further investigate, making 3 recommendations on how to correct each individual situation.
 6. Recommendations for corrective measures will be presented to the board at a special meeting with a date TBD.
- XI. Certification of Life Letters- Thomas McDonough is only outstanding affidavit. After initial affidavit was not acknowledged, second affidavit was sent Certified Mail and returned undelivered. It has been decided by the Board and Attorney Laura J. Goodloe that we will attempt to have him served, via Process Server.
- XII. Disability Pensioner Physicals for 2015 have all been completed with addition of Thomas McDonough's findings being reported previously in this meeting.
- XIII. Status of Trustee Training- Review of all Trustee's Continuing Education requirements reflected all compliant with receiving their 16 hours for year 2015, with the exception of James Oskroba who is again lacking in meeting his

- requirements. President Orr will be in communication with Trustee Oskroba and Laura Goodloe will follow up with him regarding his responsibilities and the time frame in which he has to become compliant.
- XIV. Richard DeTamble QILDRO/Consent Order. Richard DeTamble has not converted from a Disability Pension to a Service Pension, so a QILDRO cannot be exercised per statute. Letter addressing this issue and the Boards non-action at this time has been drafted and sent to the requesting attorney.
- XV. Renewal of ULLICO Fiduciary Insurance was handled at July 13, 2015 meeting and no further action is needed.
- XVI. Mark Tortorella Disability Pension Application has been received and progressing forward through the information gathering stage. Further subpoenas may need to be sent to gain access to Workman's Comp. findings. Once documentation has been received we will select Physicians that specialize in his type of injury.
- XVII. Military buyback application for Anthony Butler is accepted as of 10/12/15. Due to 3 years of Actuarial Reports from 1997, 1998, and 1999 being needed, final buyback figure will be delayed.
- XVIII. OMA/FOIA Officer elections held at previous meeting.
- XIX. Pension Board website has been taken down due to complications managing the site. In final discussions with Village to possibly be allowed a section on their website.
- XX. First Capital Financial Concepts/SEI requested time to present themselves to the board.
1. Informational brochure will be reviewed by MV&T and determined if they should be invited to present. .
- XXI. Status/Review of Executive Session Meeting Minutes- None discussed at this time.
- XXII. 2016 Meeting Dates are as follows:
1. January 11, 2016
 2. April 11, 2016
 3. July 11, 2016
 4. October 10, 2016
- XXIII. Motion to Adjourn at 12:15pm made by Robert Orr, second by Rachel Musiala, all in favor aye. James Oskroba absent.

