

**NILES FIREFIGHTERS' PENSION FUND  
BOARD OF TRUSTEES MEETING  
8360 DEMPSTER  
NILES, IL 60714  
AUGUST 18, 2016**

The meeting was called to order at 8:35 a.m. by President Byron Tull.

**Trustees Present:**

Bob Greiner, Byron Tull, Wally Blase, James Callero, and Marimel Lim.

**Officials Present:**

Tom Sawyer from Sawyer Falduto Asset Management, LLC (arrived 8:45 a.m.), Investment Advisor to the Fund; Attorney Carolyn Clifford, Ottosen Britz; Rich Scipione, Pension Clerk to the Fund; and Jessica Fain, Actuary to the Fund, Lauterbach and Amen.

**Public Comment:**

No public comment.

**Previous Minutes Approval:**

On a motion by Blase, seconded by Greiner, the minutes from the May 17, 2016 meeting were approved by a unanimous voice vote.

**Treasurer's Report:**

Former Finance Director Scot Neukirch resigned from the Village of Niles. There was no Treasurer's report.

**Lauterbach and Amen, LLC Report**

In the absence of Steve Earnhardt from Latuerbach & Amen, Jessica Fain presented the July 31, 2016 Monthly Financial Report. At the end of July 2016, the net position held in trust for pension benefits was \$28,742,231.71.

The Fund paid checks numbered 30066-30077 (Harris account) and 50027 (Schwab account) from May 1, 2016 through July 31, 2016, for a total of \$48,083.24.

A motion was made by Callero, seconded by Blase, to approve the financial report including bills and disbursements as presented. Upon a call of the roll:

**AYES:** Greiner, Tull, Blase, Callero, and Lim

**NAYS:** None

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ABSENT:       None

Motion carried.

The Department of Insurance annual statement is in draft format awaiting the Village of Niles audit completion. Lauterbach & Amen are scheduled to file the Department of Insurance annual statement by the October 31 deadline.

The affidavits of eligibility are ongoing and still waiting for eleven people to submit theirs.

### **Actuarial Study**

Jessica Fain, actuary from Lauterbach & Amen, presented the preliminary actuarial valuation as of May 1, 2016. This is a draft document awaiting audited results. Once audited results are received, the final actuarial valuation will be updated for Board approval.

The actuarial cost method will continue to be entry age normal. The current method for funding will be 100% funded by the year 2037, as opposed to the Illinois statutory minimum contribution of 90% by the year 2040, using the projected unit cost method. The Village of Niles pension payment will be amortized using level percent funding instead of level dollar cost averaging as in the past with a five-year smoothed market value.

The recommended contribution has increased \$397,320 from prior year due to salary increases, demographic changes, assumption changes, funding policy changes, asset return less than expected, and contributions greater than expected.

Our current actuarial investment return is 7.25% versus our current return on investment at 2.8%. The actuarial liability is \$72,537,668. The actuarial value of assets was 42.01% and the market value of assets was 38.28%.

The actuarial value of assets is equal to the fair market value of assets with unanticipated gains/losses recognized over five years. The actuarial value of assets is currently 110% of the market value. If the actuarial calls of assets increased to over 120% the Fund should consider lowering the actuarial investment return.

The employer normal cost contribution is \$464,114, the statutory minimum contribution is \$2,817,922, and the actuary contribution recommendation is \$3,527,447.

Jessica presented the Niles Firefighters' Pension Fund GASB 67/68 Report.

### **Investment Advisor's Report:**

Tom Sawyer presented the Fund's June 30, 2016 "Second Quarterly Investment Report."

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The 2016 second quarterly ending market value was \$27,533,494, with an investment return of \$487,914.

The total account return for the second quarter was 1.79% versus the benchmark of 2.19%. The equity rate of return for the second quarter was 1.74% versus the blended benchmark of 2.37%. The fixed income rate of return was 1.9% versus the benchmark of 2.04%.

Our current portfolio allocation as of June 30, 2016: Equities at 56.1%, Fixed Income at 43.8%, and Cash Equivalent at 0.1%.

A motion was made by Callero, seconded by Tull, to accept the Quarterly Investment Performance Report, June 30, 2016, as presented. Upon a call of the roll:

AYES: Greiner, Tull, Blase, Callero, and Lim

NAYS: None

ABSENT: None

Motion carried.

### **Old Business:**

We have three disabled members who were sent to a physician for their annual IME: Steve Zook, Joe Sanchez, and John Crosby. Reports have been received, and all three are still disabled per the Independent Medical Evaluations.

The Board received a copy of Gerald Wagner's affidavit of eligibility, a copy of his new passport, and all the necessary information that had been requested. The benefits have been released to Gerald Wagner's direct deposit account and live checks that had been held have been destroyed. We will be requiring Gerald Wagner to submit an affidavit of eligibility every six months until his death.

There is no new information about Dan Wood's possible disability pension application.

Pension Trustees will now have a Village email account issued to them. All pension email correspondence will now be submitted through the Village email account.

### **New Business:**

Keith Dutton applied for regular retirement on June 1, 2016. He had twenty-eight years of creditable service with a total salary of \$103,550. His monthly pension is \$6094.41.

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On a motion by Greiner, seconded by Callero, to approve Keith Dutton's regular retirement pension with a monthly pension of \$6094.41.

AYES: Greiner, Tull, Blase, Callero, and Lim

NAYS: None

ABSENT: None

Motion carried.

Byron Tull will be the new DOI Security Administrator for the Fund until a new Finance Director is appointed.

The Board received a FOIA request from Bright Scope requesting information about the pension fund investment policies, average retirees, law firm information, and Lauterbach and Amen sample report.

The Board's attorney brought to the Board's attention a recent Department of Insurance audit finding regarding breach of fiduciary duty involving Capital Gains and another firefighters' pension fund. Byron Tull reviewed past Board documents to identify key disclosures made by Capital Gains during the time frame the firm served the Fund.

**Training:**

Carolyn distributed training material for the Board to review. Training articles included "Managing Closed Session Minutes & Tapes." The Board designates one hour of training for the material and actuary review.

**Next Meeting:**

The next meeting is scheduled for November 10, 2016 at 8:30 a.m.

The meeting was adjourned at 10:22 a.m. on a motion by Greiner, seconded by Callero, and approved upon a unanimous voice vote.

Respectfully submitted,



Bob Greiner, Secretary

Minutes approved by the Board of Trustees at its meeting on November 10, 2016.

*Minutes prepared by Rich Scipione, Pension Clerk to the Fund*