MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES
OAK BROOK FIREFIGHTERS’ PENSION FUND
JANUARY 30, 2012

A regular meeting of the Board of Trustees of the Oak Brook Firefighters’ Pension Fund was held on January 30, 2012 at 9:00AM at the Butler Government Center, West Wing Training Room located at 1200 Oak Brook Road, Oak Brook, IL 60523 pursuant to notice, a copy of which is attached to their minutes.

CALL TO ORDER BY PRESIDING OFFICER
President Michael Erickson called the meeting to order at 9:02 AM

ROLL CALL
Upon roll call the following answered:

Present: President Michael Erickson, Secretary John Fagan, Trustee/Treasurer Sharon Dangles, Trustee Mark Fleishman, Trustee Timothy Schlindwein
Absent: none

Also Present: David Russell of Investment Performance Services, LLC, Robert Thompson and James Hrabak of MB Financial, Becky Davis of Lauterbach & Amen, LLP (L&A), Village Trustee Jerry Wolin and Timothy W. Sharpe, Actuary (via conference call later in the meeting)

PUBLIC COMMENT – none at this time

APPROVAL OF THE PRIOR MEETING MINUTES
a. October 26, 2011 regular meeting minutes: The Board reviewed the prior meeting minutes as presented in the board meeting packet. A motion by Fagan to approve the October 26, 2011 minutes as presented, second by Dangles. Motion unanimously carried by voice vote.
b. Six month review of closed meeting minutes: The Board agreed that there are no closed meeting minutes to review.

CONSENT AGENDA
The Board reviewed and discussed the fourth quarter 2011 disbursements Consent Agenda and follow up detail as presented in the board meeting packet. A motion by Schlindwein to approve the Consent Agenda stating the grand total of Net Payroll Payouts and Vendor Payouts for October, November and December 2011 of $503,211.60, second by Dangles. Roll Call Vote: Erickson – yes, Fagan – yes, Schlindwein – yes, Fleishman – yes, Dangles – yes. Motion unanimously carried.

INVESTMENT PERFORMANCE SERVICES
a. Review portfolio quarterly performance: Russell distributed copies of the 12/31/2011Master Consulting Report performance analysis for the Board’s review and discussion. Russell reviewed the 12/31/2011 report, stating the Fund was up 5.4% for the quarter (up 2.8% YTD) with a total market value of $22,164,116. Portfolio growth from investment earnings for 2011 was $1,256,834. Asset allocations as of the 12/31/2011 report were: Total domestic equity 34.5%, total international equity 13.8%, total fixed income 48.4% and total cash 3.2%. Russell commented on the market indicating that most managers stayed away from the European
Markets due to their volatility. West Core Select was a disappointment, but felt that as the economy recovers, so will they. A quarterly compliance report was added to the performance report stating the Funds’ compliance with the Illinois statutes and any recommendations. The 12/31/2011 quarterly compliance report recommendation was to amend the investment policy to reflect allocation to mid-cap equity. The Illinois predatory lending letters have been submitted. Allocations showed only a small amount of market movement off target allocations – no changes needed at this time. Russell indicated that possible investment policy changes would be discussed by June/July. The Board discussed the differences between the beginning and end of year totals stated in the investments reporting versus the L&A 12/31/2011 financial report; Davis and Russell will look into this and follow up at the next meeting. MB advisor, Hrabak stated that the difference is usually found to be in accrued interest. MB Financial distributed their 12/31/11 fixed income performance report and reviewed it with the Board. The total fund was up 0.95% for the quarter (up 7.23% YTD); change due to investments was $102,401, ending market value of $10,732,622. Discussion regarding the portfolio’s underperformance to the benchmark (blended index) which varied only slightly.

b. Discussion on the pros and cons of corporate bonds, strategies for fixed income: The Board discussed considering short term corporate bonds and taking advantage of the opportunity to buy low and capture more of the downside, duration will continue to be monitored. Russell distributed a handout stating corporate bond issues and characteristics; strategy is to remain very conservative with a 5% shift to corporate bonds.

Mr. Wolin excused himself and left the meeting at 10:38 AM

MB stated that no changes will be made drastically; the shift would take place over a 3 to 6 month period, only as the market allows and is prudent. The Board discussed the benchmarks and requested a formal presentation of strategies to compare/contrast the yields, MB and IPS will present more data to be considered at the next meeting.

Hrabak, Thompson and Russell were excused and left the meeting and the Board took a break at 11:04 AM

The Board reconvened at 11:16 AM

UNFINISHED BUSINESS

a. Rules and Regulations: The Board discussed a handout from Secretary Fagan reviewing Media/Outside Organization Relations, which included suggestions from IPS advisor, David Russell. Due to time constraints the Board agreed to discuss this item further at the next regular meeting - TABLED until the next regular meeting.

b. Actuarial Services 04/30/2012: The Board held a general discussion about the actuarial assumptions and then placed the conference call to Tim Sharpe.

Tim Sharpe joined the meeting via conference call at 11:25 AM

Sharpe reviewed the assumptions with the Board and discussed the PUC (Projected Unit Credit) method versus EAN (Entry Age Normal) method and the investment rate of return; historical yields were discussed: 5 year was 3.94%, 10 year was 5.21% and the previous decade (1990’s) was 8 to 10%. The Board discussed checking on the availability of more information going back 20 years.

With no further questions from the Board, Tim Sharpe was excused and the conference call ended at 12:14 PM.
The Board continued discussion on the recommended assumptions. A motion by Schlindwein to authorize direction to Tim Sharpe to reduce the investment return assumption to 6.5%, use the EAN method not PUC, a 30 year, 100% funding amortization and a salary assumption of 3.75%, second by Fleishman. Roll Call Vote: Erickson – yes, Fagan – yes, Schlindwein – yes, Fleishman – yes, Dangles – no. Motion carried with 4 – yes and 1 – no.

Dangles indicated that she would communicate this information to Tim Sharpe on behalf of the Board.

RFP for Actuarial Services: The Board discussed the RFP for actuarial services going forward. The Board agreed to utilize IPS’ RFP and submit to vendors. Dangles stated that she would review and provide vendor options to be discussed at the next special meeting - TABLED until the next meeting.

c. Municipal Compliance Report: The Board agreed to defer is item - TABLED until the next regular meeting.

d. Trustee Training Summary: The Board reviewed the training summary as presented in the Board meeting packet. Erickson and Schlindwein were given options to complete their 2011 training.

e. Affidavits of Continued Eligibility: Davis reported all pensioner affidavits were received and 100% compliant.

NEW BUSINESS

a. Treasurer’s Report - Asset Summary of the Fund: The Board reviewed the Asset Summary as distributed. Dangles reviewed the 12/31/2011 Asset Summary with the Board; reporting the total assets market value of $21,705,020 was up $131,977 for the quarter. Total fixed income market value of $10,984,487 and equity funds market value of $10,720,533. Asset Allocations: fixed income 50.61% and Equity 49.39%. Target allocations are: fixed income 50%, equity 50%. A motion by Schlindwein to accept the 12/31/2011 Treasurer’s Asset Summary report, second by Fagan. Motion unanimously carried by voice vote.

b. Active member file maintenance updates: Secretary Fagan indicated that all active member files are up-to-date.

c. Kyle Matousek: The Board discussed latest hire, Kyle Matousek, date of hire on 07/07/2010; acceptance into the Fund was not previously recorded in the minutes. A motion by Fagan to accept Kyle Matousek’s application into the Oak Brook Firefighters’ Pension Fund effective his date of hire, July 7, 2010, pending verification that he has submitted his completed application and documents to the Pension fund, second by Erickson. Motion unanimously carried by voice vote.


e. Elections – active member: The Board noted that John Fagan’s term is expiring, so elections will need to be held for this position. The Board directed Davis to provide the nomination letter stating Board member duties and training requirements and to submit the letter and nomination form to President Erickson to distribute to the active members. Fagan stated that he would be interested in serving another term if nominated.

f. Elections – retired member: The Board noted that Mark Fleishman’s term is expiring, so elections will need to be held for this position. The Board directed Davis to provide the nomination letter stating Board member duties and training requirements and to send out the
letter and nomination form to the retired members. Fleishman stated that he would be interested in serving another term if nominated.

g. **Appointed member terms expiring:** The Board noted that Sharon Dangles and Tim Schlindwein have expiring terms; Dangles stated that Donna Bettin is already addressing this topic and will be sure to request staggered terms. Both Dangles and Schlindwein are willing to serve another term.

h. **Trustee Binders:** Davis distributed trustee binders to all Board members and briefly reviewed the contents with the Board. Board members will maintain the binder as long as they serve on the Board of Trustees and will pass on the binder when the time comes that a new member replaces their currently held position.

**INFORMATION & UPDATES**

a. **Open Meetings Act (OMA) training requirements:** The Board discussed the new requirement, as of 01/01/2012, stating all current Board members must complete OMA training within 1 year (by 01/01/2013) and any new members must complete the training within 90 days of election to the Board. Davis provided information about this topic in the board meeting packet and will email the link to all Board members for their convenience.

b. **Statements of Economic Interest:** The Board was reminded that these statements will be coming out and to be sure to complete them prior to the due date.

**CLOSED SESSION** – none needed

** The Board noted an item for discussion at the 02/29/12 special meeting will be Fiduciary Liability Insurance renewal 04/30/2011 - 2012 **

**ADJOURNMENT**

A motion by Schlindwein to adjourn the meeting at 1:35 PM, second by Dangles. Motion unanimously carried by voice vote.

Respectfully submitted,

Attest: Michael Erickson, President
John Fagan, Secretary

*Minutes prepared by Pension Services Administrator, Becky Davis*