A regular meeting of the Board of Trustees of the Oak Brook Firefighters’ Pension Fund was held on October 26, 2011 at 9:00AM at the Butler Government Center, West Wing Conference 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 9:05 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)

PUBLIC COMMENT - none

APPROVAL OF THE PRIOR MEETING MINUTES
The Board reviewed the prior meeting minutes as presented in the board meeting packet. A motion by Fagan to approve the July 28, 2011 minutes as presented, second by Schlindwein. Motion unanimously carried by voice vote.

CONSENT AGENDA
The Board reviewed and discussed the third quarter Consent Agenda and follow up detail as presented in the board meeting packet. A motion by Fagan to approve the Consent Agenda stating the grand total of Net Payroll Payouts and Vendor Payouts for July, August and September 2011 of $475,835.71, second by Dangles. Roll Call Vote: Erickson – yes, Fagan – yes, Schlindwein – yes, Fleishman – yes, Dangles – yes. Motion unanimously carried.

UNFINISHED BUSINESS
a. Rules and Regulations: The Board had discussed options on how to respond to the press if requested to comment on Pension business. Several options were addressed, including not commenting outside of a Board meeting, and requesting assistance from Board Attorney Reimer’s office on the topic. Fagan indicated that he would follow up and present options at the next meeting. - TABLED until the next regular meeting.

b. Actuarial Services 04/30/2012: The Board discussed options for the 04/30/2012 actuarial report. The consensus was not to switch from Tim Sharpe at this time and to request a separate report from the Village’s report. Discussion regarding the L&A actuarial presentation at the last meeting. A motion by Fleishman to engage L&A actuarial services at $2,150 per year for the 04/30/2012 report, second by Fagan. Roll Call Vote: Erickson – no, Fagan – no, Schlindwein – no, Fleishman – yes, Dangles – no. The motion did not pass, 1-yes, 4-no. The Board agreed to stay with Tim Sharpe for another year for now; Dangles will communicate the engagement with Tim Sharpe. The Board considered requesting RFP information from recommended actuaries to be considered for future actuarial reports. Russell offered to provide a work up for the January meeting for interviews in April 2012. – TABLED until the next meeting.

c. Trustee Training Summary: The Board reviewed the training summary as presented in the board meeting packet. Fagan and Fleishman submitted certificates to complete their required 16 hours of
training, Dangles has already completed 16 hours and certificates recorded, Erickson and Schlindwein need an additional 8 hours each –Davis will provide training options to complete missing training hours. The Board discussed considering a calendar year training schedule. **A motion by Fagan to adopt a calendar year trustee training schedule, second by Dangles. Motion unanimously carried by voice vote.** A motion by Fagan to authorize payment of all training fees and expenses needed to complete trustee training requirements per statute, second by Fleishman. **Roll Call Vote:** Erickson – yes, Fagan – yes, Schlindwein – yes, Fleishman – yes, Dangles – yes. **Motion unanimously carried.**

d. **Military Buy Back update:** The Board discussed the current status from applicants Kaczmarczyk and Matousek considering buy back of their military time; calculations were mailed on 09/14/11; no further response from the applicants.

e. **Disability annual medical evaluations:** Fagan reported that all pension disability exams that needed to be done are finished.

f. **Affidavits of continued eligibility:** Davis reported that only one affidavit remained with no response, William Lindeman, no phone number or email address had been previously available; Dangles will assist with contact information. – **TABLED for further update at the next meeting.**

**NEW BUSINESS** - The Board agreed to hear the investment advisors portion next to alleviate time constraints.

f. **Investment Performance Services, LLC:** Russell distributed copies of the 06/30/2011 and 09/30/2011 investment performance analysis reports for the Board’s review and discussion.

   - **Third quarter 2011 investment performance report:** Russell reviewed the 09/30/2011 report, stating the Fund was down 6.5% for the quarter (down 2.5% YTD) with a total market value of $21,295,651. Russell distributed a handout reviewing the Index returns, putting the third quarter market decline into perspective. Discussion on the current market volatility, the cycle of fear and greed, Greece is expected to default and concerns for Italy, outlook for a slowed earnings growth.

   - **Mutual Fund update:** Russell distributed a snapshot asset allocation update as of 10/21/2011 for discussion and to inform the Board that T. Rowe Small Cap stock did a soft close to new investors; Russell recommended investing the funds originally slated for T.Rowe into the Watsatch Small Cap Growth and Perkins Small Cap Value A, funds which will not change the equity allocation. **A motion by Schlindwein to approve moving funds from equity cash into Watsatch Small Cap Growth and Perkins Small Cap Value A, increasing their allocation to 2.5% in each, seconded by Fleishman. Roll Call Vote:** Erickson – yes, Fagan – yes, Schlindwein – yes, Fleishman – yes, Dangles – yes. **Motion unanimously carried.** The Board directed Russell to expedite the transfer with MB Financial.

MB Financial distributed the 09/30/2011 fixed income performance report and reviewed it with the Board. The total fund was up 3.26% for the quarter (up 6.22% YTD); change due to investments was $378,120, ending market value of $11,771,094. Discussion regarding the portfolio’s underperformance to the benchmark (blended index) and suggested adding corporate bonds to the portfolio, setting a target of 30% and watching very closely, investing slowly and prudently. Discussion on risk and credit ratings; Russell proposed a discussion on the pros and cons of corporate bonds for the next meeting and strategies on fixed income. – **TABLED until the next meeting.**

Hrabak, Thompson and Russell were excused and left the meeting at 11:20 AM
The Board took a break at 11:20 AM
The Board reconvened at 11:28 AM

The Board further discussed the strategies suggested by IPS and MB regarding corporate bonds.

The Board resumed the order of the agenda under **New Business.**
a. **IPFA:** The Board discussed membership status with regard to the Illinois Professional Firefighters Association (IPFA), determining there was a misunderstanding and no back dues were owed. No action was taken.

b. **Death of pensioner Richard Arling:** The Board reviewed the surviving spouse benefit calculation prepared by L&A as presented in the board meeting packet and acknowledged the death of Richard Arling on 08/04/2011; surviving spouse, Joyce, to continue monthly benefits of $3,390.67 effective 08/05/2011.

c. **Treasurer’s Report - Asset Summary of the Fund:** The Board reviewed the Asset Summary as presented in the board meeting packet. Dangles reviewed the 09/30/2011 Asset Summary with the Board; reporting the total assets market value of $21,188,765 was down $1,686,218 for the quarter. Total fixed income market value of $11,949,143 and equity funds market value of $9,239,622. Asset Allocations: fixed income 56.39% and Equity 43.61%. Target allocations were moved to: fixed income 50%, equity 50%. The Board discussed their responsibility and confidence in the investment advisors and the long term investments. A motion by Schlindwein to accept the Treasurer’s Asset Summary report, second by Fleishman. Motion unanimously carried by voice vote.

d. **Municipal Compliance Report:** The Board discussed there was no rush needed for the Municipal Compliance report – **TABLED until next meeting.**

e. **Tax levy recommendation:** The Board discussed that the tax levy recommendation is not applicable to their Village.

**INFORMATION & UPDATES**

a. **Active file maintenance updates:** The Board discussed the spreadsheet provided for active member pension file maintenance; Davis offered to assist the Board with this project, if needed.

b. **Establish 2012 Board meeting dates:** The Board agreed to the following **2012 Board meeting dates:** January 30th, April 26th, July 25th and October 23rd. A special meeting is planned for discussing Tim Sharpe actuarial results on February 29, 2012. All Board meetings will be held at 9:00 AM and will request the West Wing conference room for the meetings. Davis will submit the 2012 Board meeting dates to the Village Clerk and request the West Wing conference room for the meetings.

**ADJOURNMENT**

A motion by Fagan to adjourn the meeting at 12:08 PM, second by Schlindwein. Motion unanimously carried by voice vote.

Respectfully submitted,

Attest: Michael Erickson, President  
John Fagan, Secretary

*Minutes prepared by Pension Services Administrator, Becky Davis*