

**ADDISON FIRE PROTECTION DISTRICT #1
FIREFIGHTER'S PENSION BOARD**
10 S. ADDISON ROAD, ADDISON, ILLINOIS 60101

MINUTES OF MEETING
FEBRUARY 13, 2014

The February 13, 2014 meeting of the Addison Fire Protection District #1 Pension Board was called to order at 6:00 p.m. In attendance were: T. Deutschle, L. Fabbri, T. Scott, M. Super, Fire Chief Markowski, Attorney Richard Reimer, MB Financial Representatives Spencer Klein and Terese Krafcheck and Derek Flessner of Lauterbach & Amen, LLP.

APPROVAL OF MINUTES OF NOVEMBER 14, 2013 MEETING

T. Scott made a motion to approve the minutes of the November 14, 2013 meeting, which was seconded by M. Super. L. Fabbri stated that on Page 2 – Accounts Payable it should read “for the quarter ending” and not “for the month ending”. On Page 4, #E regarding Investments and Discretionary Agreement, take out “the purchase of sales and securities”.

T. Scott made a motion to approve the corrections as presented, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Scott, Super
NAYS: None
ABSENT: Rice. The motion carried.

TREASURER'S REPORT

Performance Notes for period ending 12/31/13

For the period ending December 31, 2013 the Addison Fire Protection District Pension account managed by MB Financial Bank had a balance of \$15,866,747. The account had \$600,000 in contributions and \$6,607 in distributions (fees) for the quarter. At the beginning of the quarter, the fund had an adjusted beginning market value of \$14,853,152. The account had an investment return of 2.82%, or \$420,203 for the fourth quarter of calendar 2013.

At the end of the 4th quarter, the combined custody and managed account had an allocation of 71.37% fixed income, 27.71% stocks, including alternatives, and 0.92% Money Market funds. For purposes of reporting to the DOI, the asset allocation for the quarter end should be considered in line with a 75/25 stock/bond target.

The table below summarizes the 3rd quarter performance for the managed account:

	4Q13	Benchmark
Account	2.82%	2.74%
Equities	8.41%	9.07%
Fixed Income	0.13%	-0.30%
Alternatives	1.00%	0.53%

T. Deutschle
L. Fabbri

For the 4th quarter, equities trailed the benchmark modestly. We are not surprised by this result as our strategy has been to focus on higher quality and conservative equity investments compared to the overall benchmark. In an unusually strong quarter such as the one just completed, we would expect our strategy to lag.

F. Fabbri made a motion to approve the Treasurer and Investment Report as presented, which was seconded by T. Scott. Upon a roll call vote:

AYES: Deutsche, Fabbri, Scott, Super
NAYS: None
ABSENT: Rice. The motion carried.

L. Fabbri made a motion to approve the Accounts Payable as presented in the amount of \$16,294.07 for the quarter ending December 31, 2013, which was seconded by M. Super. L. Fabbri asked a question regarding the refund of contributions. Attorney Reimer stated it should be on the agenda and voted on before you refund the contribution. Upon a roll call vote:

AYES: Deutsche, Fabbri, Scott, Super
NAYS: None
ABSENT: Rice. The motion carried.

ATTORNEY'S REPORT

Attorney Reimer reported on the Edwards case stating that AFD had won; however, a petition for Leave to Appeal will have to be filed. They are in a holding pattern to see if the Supreme Court will take it. We hope they will reject it or if the Supreme Court takes it, we will have to file a brief. Fire Chief Markowski gave a thank you to Erica Thomas who helped out on the case.

Attorney Reimer passed out the Quarterly Newsletter - Legal/Legislative Update.

CORRESPONDENCE

Received a letter from Attorney Reimer's office regarding the Addison Fire Protection District Firefighter's Pension Fund – Tax Levy.

Received Continuing Education Hours for M. Super and T. Deutsche.

Received information for the 2014 IPPEA Illinois Spring Pension Conference to be held May 6-9, 2014 in East Peoria, IL.

OLD BUSINESS

A. Review/Modify Investment Policy

This was put on hold until the next meeting.

Handwritten signatures of T. Deutsche and M. Super.

B. Consider adopting Pension Board Rules and Regulations

It was stated that on Page 5 of the Addison Fire Protection District Administrative Rules and Regulations, Section 207 – Meetings it should be February, May, August and November.

T. Deutschle stated that on Page 6 of the Addison Fire Protection District Administrative Rules and Regulations, Section 214 – Agendas that all meetings (Fire District Pension Board) shall be conducted under the following agenda with only the items listed to be acted upon. On the agenda it was noted to move Public Comments under Approval of Minutes.

On Page 15, Section 509 – Contested Elections regarding retired position signature card should be taken out and all ballots. Attorney Reimer stated that his office will make the changes and we will adopt at the next meeting.

NEW BUSINESS

A. Approve COLA's for 2014

D. Flessner of Lauterbach & Amen passed out the report on Annual Benefit Increases to the Board. **T. Scott made a motion to approve the COLA's for 2014, which was seconded by M. Super. Upon a roll call vote:**

AYES: Deutschle, Fabbri, Scott, Super
NAYS: None
ABSENT: Rice. The motion carried.

B. Trustees Scott and Super positions up for election/appointment

T. Scott reported that he will work on getting ballots out to everyone in the department.

L. Fabbri made a motion for the direction of the Secretary to prepare the requests for nominations and if only one person is nominated for open seat we will conduct the acclamation process, which was seconded by T. Scott. Upon a roll call vote:

AYES: Deutschle, Fabbri, Scott, Super
NAYS: None
ABSENT: Rice. The motion carried.

C. Discussion of possible dates to meet with Bernardi securities regarding investments and discretionary agreement.

L. Fabbri reported that he had conversations with Ron regarding his availability, however, Ron is not available the rest of February and would like to know if the Board is available on March 4 in the afternoon or evening or on March 11 or 12 evening meeting. L. Fabbri also reported that MB Financial, 5 Pension Board Members and Ron would need to be present.

Handwritten signatures of T. Deutschle and M. Super.

D. VFIS Bond – Property Casualty Bond

L. Fabbri made a motion to approve the renewal premium in the amount of \$1,758.00 with IDEAL Insurance Agency, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Scott, Super
NAYS: None
ABSENT: Rice. The motion carried.

OTHER BUSINESS AT THE DISCRETION OF THE PRESIDENT

None

AUDIENCE PARTICIPATION

None

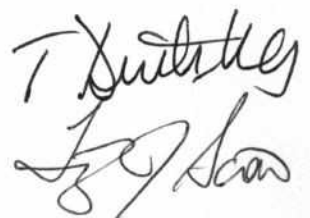
ADJOURNMENT

T. Scott made a motion to adjourn the meeting at 7:10 p.m., which was seconded by L. Fabbri. Upon a roll call vote:

AYES: Deutschle, Fabbri, Scott, Super
NAYS: None
ABSENT: Rice. The motion carried.

Respectfully submitted,

Georgianne Prince

Handwritten signatures of T. Deutschle and L. Fabbri.

**ADDISON FIRE PROTECTION DISTRICT #1
FIREFIGHTER'S PENSION BOARD**
10 S. ADDISON ROAD, ADDISON, ILLINOIS 60101
BUSINESS PHONE: 630-628-3100 FAX: 630-543-9472

MINUTES OF SPECIAL MEETING
March 10 , 2014

The March 10, 2014 special meeting of the Addison Fire Protection District #1 Pension Board was called to order at 6:00 p.m. In attendance were: T. Deutschle, J. Rice, T. Scott and M. Super, L. Fabbri, Chief Markowski, T. Krafcheck and S. Klein from MB Financial, R. Bernardi and S. Rausch from Bernardi Securities Inc.

Discussion of potential purchase or sales of securities with Bernardi Securities

Open discussion was made by the Board regarding the rebalancing of the Addison Fire Fighters' Pension Fund portfolio. The discussion included increasing the percent of current equities.

Mr. Bernardi and Mr. Rausch made a presentation of the current portfolio to which they advise the Pension Board investment committee.

Mrs. Krafcheck and Mr. Klein then made a presentation of the portfolio to which MB Financial handles.

The Board then discussed the notion of increasing the percentage of bonds v. equities from 70% - 30% to an equal 50% - 50% ratio.

The risk/benefit was analyzed by the Board with assistance from Bernardi Securities and MB Financial.

L. Fabbri made a motion to increase the equity allocation in the Pension Fund over time to 50% with a plus/minus 5% range, which was seconded by T. Scott. Upon a roll call vote:

AYES: Deutschle, Fabbri, Scott, Super
NAYS: Rice
ABSENT: None. The motion carried

L. Fabbri made a motion to direct Bernardi Securities Inc., to transfer custody from account 6BR-230053 to the MB Financial managing fund in the sum of \$8 million dollars. This is to be accomplished over a period of 12 – 24 months, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Scott, Super
NAYS: None

T. Deutschle
J. Rice

ABSENT: None. The motion carried

ADJOURNMENT

J. Rice made a motion to adjourn the meeting at 8:35 p.m. which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Scott, Super

NAYS: None

ABSENT: None. The motion carried.

Respectfully Submitted,

Tim Scott

*Amended approval.
motion to transfer Vanguard funds from
Bernardi to MB Financial
Securities*

Motion by L. Fabbri. Seconded by M. Super.

AYES Deutschle, Fabbri, Rice, Scott, Super.

NAYS None

Absent none

motion carried.

*T. Deutschle
L. Fabbri*

**ADDISON FIRE PROTECTION DISTRICT #1
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**MINUTES OF MEETING
AUGUST 14, 2014**

The August 14, 2014 meeting of the Addison Fire Protection District #1 Pension Board was called to order at 6:00 p.m. In attendance were: T. Deutschle, T. Scott, M. Super, Fire Chief Markowski, Trustee LaRocca, Attorney Brian LaBardi of Richard J. Reimer & Associates, MB Financial Representatives Spencer Klein and Terese Krafcheck, and Derek Flessner of Lauterbach & Amen, LLP.

APPROVAL OF MINUTES OF MAY 8, 2014 MEETING

M. Super made a motion to approve the minutes of the May 8, 2014 meeting, which was seconded by T. Scott. Upon a roll call vote:

**AYES: Deutschle, Scott, Super
NAYS: None
ABSENT: Fabbri, Rice. The motion carried.**

PUBLIC COMMENTS

None

TREASURER'S REPORT

For the 2nd quarter of 2014 the MB managed Addison Fire Protection District Pension plan had a market value of \$22,273,973 – comprised of \$10,678,749 in equities, \$8,878,291 in fixed income, \$497,723 in alternative strategies and \$2,221,215 in cash/money markets. Cash was higher than usual at the end of June because MB in process of reinvesting proceeds from recent bond maturities and funds transferred in from the Bernardi Securities account. For the 2nd quarter, the account posted a total return of 3.24%. Equities posted a return of 4.78%, Fixed Income returned 1.34% and Alternative Strategies had a 7.80% total return.

On a consolidated basis (including MB's managed account and the Bernardi securities fixed income account), there was \$26,072,965 in fixed income (59.24%), \$12,149,059 in equities (25.97%) and \$5,788,742 in cash and equivalents (13.16%). Included in the tally for equities are mutual funds invested in fixed income strategies for about \$972k of 2% of the total.

T. Deutschle
BY Scott

At the end of July, all but \$575k of the cash in the Bernardi account has been moved into the MB account for participation in MB's active management strategies. MB will be investing their cash position, approximately \$5 million, into equity and alternative strategies over the next three months (Aug, Sep, Oct) to comply with the board's prior decision to shift the composite asset allocation towards a balanced objective over the next few years.

MB also presented a summary of recent transactions since the May board meeting, including sales of bonds and transfers of equity mutual funds, that have occurred in both its and Bernardi's accounts.

Summary of Recent Account Transfers

May – Bernardi sells approximately \$4.5 mln IL taxable munis

June – transfer to MB Vanguard Index funds from Bernardi

July – rebalance equity with proceeds from Vanguard fund sales

July – sold MB's IL munis \$850k, received \$4mln Bernardi, cash at \$5.3 mln in MB ac

August through October – invest excess cash into EQ and alts (pending)

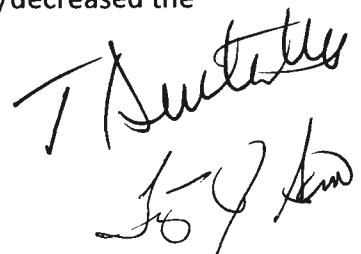
T. Scott made a motion to approve the Treasurer and Investment Report as presented, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Scott, Super
NAYS: None
ABSENT: Fabbri, Rice. The motion carried.

T. Scott made a motion to approve the Accounts Payable as presented in the amount of \$39,027.21, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Scott, Super
NAYS: None
ABSENT: Fabbri, Rice. The motion carried.

Todd Schroeder of Lauterbach & Amen, LLP went over the Valuation Summary from May 31, 2014. He stated that they are expecting to see an increase on a steadily basis and they are moving forward. Contributions with pension funds are generally budgeted to increase as payroll increases over time. The expected increase in the contribution on an entry age basis was about \$84,000. The estimated increase in the contribution for the current year is right about the same. Mr. Schroeder reviewed some individual pieces that increased/decreased the contribution from the prior year.

Handwritten signature of T. Scott in black ink, located in the bottom right corner of the page.

The results are labeled as a draft. The figures should be close, but the audit of the District is not yet complete. If there is an adjustment to the assets upon final audit, the changes will be incorporated in these results before going final.

ATTORNEY'S REPORT

Attorney LaBardi passed on the Legal and Legislative Update Newsletter.

CORRESPONDENCE

Received information regarding upcoming seminars for continuing education hours.

OLD BUSINESS

Terese Krafcheck of MB Financial presented the draft of the Investment Policy to the Board. Ms. Krafcheck stated that Bernardi will need to look at it before any action is taken.

NEW BUSINESS

A. Approve Pension Applications for Roy Charvat and Rus Ahlgrim

T. Scott made a motion to approve the retirement pension for Roy Charvat effective 11/12/14 in the amount monthly pension of \$6,876.72, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Scott, Super
NAYS: None
ABSENT: Fabbri, Rice. The motion carried.

T. Scott made a motion to approve the retirement pension for Rus Ahlgrim effective 8/17/14 in the amount monthly pension of \$5,927.54, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Scott, Super
NAYS: None
ABSENT: Fabbri, Rice. The motion carried.

B. Review Bernardi Bond Account and Bond Sales. Further board action to be taken if necessary.

It was stated that there is nothing for consideration.

OTHER BUSINESS AS THE DISCRETION OF THE PRESIDENT

A handwritten signature in black ink, appearing to read "T. Scott", is located in the bottom right corner of the page.

None

ADJOURNMENT

M. Super made a motion to adjourn the meeting at 7:00 p.m., which was seconded by T. Scott. Upon a roll call vote:

AYES: Deutschle, Scott, Super

NAYS: None

ABSENT: Fabbri, Rice. The motion carried.

Respectfully submitted,

Georgianne Prince

T. Deutschle
J. Fabbri

**ADDISON FIRE PROTECTION DISTRICT #1
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10 S. ADDISON ROAD
ADDISON, ILLINOIS 60101

MINUTES OF MEETING
NOVEMBER 13, 2014

The November 13, 2014 meeting of the Addison Fire Protection District #1 Pension Board was called to order at 6:00 p.m. In attendance were: T. Deutschle, L. Fabbri, J. Rice, M. Super, Fire Chief Markowski, Attorney Brian LaBardi of Richard J. Reimer & Associates, MB Financial Representatives Spencer Klein and Terese Krafcheck and Derek Flessner of Lauterbach & Amen, LLP.

APPROVAL OF MINUTES OF AUGUST 14, 2014 MEETING

M. Super made a motion to approve the minutes of the August 14, 2014 meeting, which was seconded by L. Fabbri. Upon a roll call vote:

AYES: Deutschle, Super
NAYS: None
ABSTAIN: Fabbri, Rice
ABSENT: Scott

Per Attorney LaBardi, we are 1 vote short of approving the minutes. They will need to be voted on at the next meeting.

PUBLIC COMMENTS

None

TREASURER'S REPORT

For the period ending September 30, 2014 the Addison Fire Protection District Pension account managed by MB Financial Bank had a balance of \$26,085,826. The account had \$4,000,000 in contributions and \$11,431 in distributions (fees) for the quarter. At the beginning of the quarter, the fund had an adjusted beginning market value of \$22,273,973. The account had an investment return of -0.80% or a decline in market value of \$176,716 for the third quarter of calendar 2014.

At the end of the 3rd quarter, the combined custody and managed account had an allocation of 55.3% fixed income, 38.8% stocks, including alternatives, and 5.8% money market funds. As part of the transition plan from fixed income to equities, un-invested cash in the managed account is composed of the last installment of a multi-month dollar cost averaging investment program. These funds are to be invested into equities and alternatives in the 4th quarter.

T. Deutschle
Spencer Klein

The table below summarizes the 3rd quarter performance for the managed account:

	3Q14	Benchmark
Account	-0.80%	-1.08%
Equities	-0.93%	-0.95%
Fixed Income	0.09%	0.13%
Alternatives	-5.14%	-6.66%

L. Fabbri made a motion to approve the Treasurer and Investment Report as presented, which was seconded by J. Rice. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super

NAYS: None

ABSENT: Scott. The motion carried.

L. Fabbri made a motion to approve the Accounts Payable as presented for the month ending 9/30/14 in the amount of \$18,733.21, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super

NAYS: None

ABSENT: Scott. The motion carried.

ATTORNEY'S REPORT

Attorney LaBardi passed out the Legal and Legislative Update Newsletter.

CORRESPONDENCE

- Received a copy of the death certificate of Sharon Witt
- Received "Save the Date" for March 13, 2015 for the IPPFA Remembrance and Survivors Fund.
- Received the IPPFA 2015 Illinois Pension Conference date of May 5 – 8, 2015.
- Received the IPPFA Annual Holiday Party to be held on December 5, 2014.

OLD BUSINESS

A. Review/Approve Investment Policy

Terese Krafcheck of MB Financial stated that they made all the changes to the Investment Policy, and she hasn't heard anything back from Bernardi. The big change to the Indemnification has also been changed. On Page 11 and 12 under Diversification/Strategy has been split out into two separate sections. On Page 13, the Long Term Expected Rates have also been changed.

T. Krafcheck
J. Fabbri

L. Fabbri made a motion to approve the Investment Policy as submitted, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super
NAYS: None
ABSENT: Scott. The motion carried.

NEW BUSINES

A. Approve Tier II Membership Application for new hire Chris Edwards

L. Fabbri made a motion to approve Tier II Membership Application for new hire Chris Edwards effective 9/9/14, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super
NAYS: None
ABSENT: Scott. The motion carried.

B. Adopt Municipal Compliance Report and Signature Page

Derek Flessner of Lauterbach & Amen, LLP stated that nothing has changed from the draft that was provided at the last meeting and the DOI report has also been filed.

C. Review Bernardi Bond Account and Bond Sales.

Further Board Action to be taken if necessary

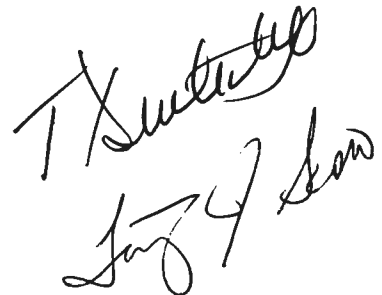
There was no action to be taken.

D. Consider/Approve Actuarial Report

Derek Flessner of Lauterbach & Amen, LLP stated that this is the same report that was provided at the last meeting.

M. Super made a motion to approve the Actuarial Report as presented, which was seconded by J. Rice. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super
NAYS: None
ABSENT: Scott. The motion carried.

Handwritten signatures of T. X. Lauterbach and J. Rice.

E. Discuss and Adoption of recommended tax levy/district contribution

Chief Markowski passed out a copy of the Ordinance Levying and Assessing Taxes of Addison Fire Protection District No. 1 for 2014. Chief Markowski stated it will be published in the paper this year. There will also be a 1.5% CPI increase along with two TIF Districts from the Village that will be cancelled this year. They will be increasing all funds by 10%.

L. Fabbri made a motion to prepare recommendation of the tax levy to the District in the amount of \$1,940,455 in accordance with the Actuarial Report, which was seconded by M. Super. Upon a roll vote:

AYES: Deutschle, Fabbri, Rice, Super
NAYS: None
ABSENT: Scott. The motion carried.

F. Approve Membership Dues for I.P.P.F.A.

M. Super made a motion to approve the membership dues for the IPPFA in the amount of \$775.00, which was seconded by L. Fabbri. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super
NAYS: None
ABSENT: Scott. The motion carried.

G. Approve 2014 meeting dates

J. Rice made a motion to approve the 2015 meeting dates: February 12, May 14, August 13 and November 12, which was seconded by M. Super. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super
NAYS: None
ABSENT: Scott. The motion carried.

OTHER BUSINESS AT THE DISCRETION OF THE PRESIDENT

None

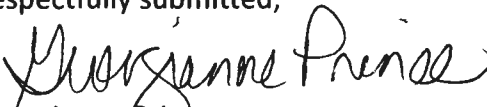
T Deutschle
Loy

ADJOURNMENT

M. Super made a motion to adjourn the meeting at 7:10 p.m., which was seconded by L. Fabbri. Upon a roll call vote:

AYES: Deutschle, Fabbri, Rice, Super
NAYS: None
ABSENT: Scott. The motion carried.

Respectfully submitted,


Georgianne Prince

T. Nuttall
to 9/20/00