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MINUTES
REGULAR MEETING NO. 943
JULY 13, 2009

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July 13, 2009
Regular Meeting No. 943
Agenda

1. Roll Call
2. Administrative Items
 - A. Approval of Minutes of Regular Meeting 942
 - B. Minimum Formula Annuities
 - C. Widow's and Children's Annuities
 - D. Refunds
 - E. Death Benefits
 - F. Partial Payments
 - G. Benefit Recalculations
 - H. Requests for Permission
 - i. Guardianship
 - ii. Reside Out of State (None)
 - I. Gift Fund: (Information Only)
 - J. Removals
 - K. Expenditures
 - L. Executive Director's Report
 - i. Monthly Report
 - ii. 2009 Expenditures to Date (Information Only)
 - iii. Tax Levy Resolution for 2010
3. Legal Status
4. Committee Items to be Considered by the Board
 - A. Investment, Fabrizio/Jackson
 - B. Legal, Lux/Martin
 - C. Legislative, Carlson/Fabrizio
 - D. Election, Martin/del Valle
 - E. Employee Policy, Shanahan/Neely
5. Miscellaneous
 - i. Fiduciary Insurance – Craig Goesel, Mesirov Financial
 - ii. Correction to July 16, 2008 Board Meeting Minutes
 - iii. Remaining 2009 Meeting Dates
 - iv. "Final" Audited Financial Statement as of December 31, 2009

1. ROLL CALL: President Derrick Jackson, Vice-President Michael Shanahan, Secretary Anthony Martin, Treasurer Stephanie Neely, Trustees Wally Carlson, Miguel del Valle, Steve Lux and Dan Fabrizio.

TRUSTEES PRESENT LATER: None

TRUSTEES ABSENT: None

OTHERS PRESENT: Fund physician, George Motto, M.D.; Fund Attorneys, Mary Patricia Burns and Vincent Pinelli; Assistant City Comptroller, Joe Conte; Deputy Treasurer, Mark Mitrovich, Assistant to the City Clerk, Patrick O'Malley, Executive Director Kenneth Kaczmarz, Chief Investment Office Michael Moran, Deputy Director of Benefits Janet Pelech, Administrative Coordinator Lori Lund, and Assistant Administrative Coordinator Kristy Maufas.

2. ADMINISTRATIVE ITEMS:

A. APPROVAL OF MINUTES OF REGULAR MEETING 942, JUNE 17, 2009:

On motion of Martin, seconded by Carlson, the minutes of the regular meeting number 942, held on June 17, 2009, were accepted and approved without reading, each member having been previously furnished with a copy. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

B. MINIMUM FORMULA ANNUITIES:

10367 LARRY E. BROWN, Lieutenant, Engine 104

Born:	03/05/1949	\$5,944.44	a month beginning June 19, 2009
Ent. CFD:	02/16/1977		based on 75%
Retired:	06/19/2009	\$178.33	annuity increment, 3%, begins July 1, 2010

- REFUND \$27.16 FOR 2006 ERRORS IN DEDUCTIONS

9690 RICHARD CHAPELLO, EMT Battalion Chief

Born:	04/25/1946	\$7,774.75	a month beginning April 25, 2009
Ent. CFD:	09/02/1969		based on 75% of final salary
Retired:	04/25/2009	\$233.24	annuity increment, 3%, begins May 1, 2010

- COLLECT \$88.81 FOR 2007 AND 2008 ERRORS IN DEDUCTIONS
- REFUND \$39.30 FOR 2006 ERRORS IN DEDUCTIONS

Note: Payment of Duty Disability benefits pursuant to Order of the Circuit Court presented in this meeting for the period of January 8, 2008 to April 25, 2009, mandatory retirement.

MINIMUM FORMULA ANNUITIES:

10150 RAYMOND E. ELLITCH, Firefighter, Shops, Duty Disability since April 5, 1996

Born:	07/28/1946	\$5,245.23	a month beginning July 28, 2009
Ent. CFD:	02/16/1973		based on 75%
Retired:	07/28/2009	\$157.36	annuity increment, 3%, begins August 1, 2010

9716 OLIVER K. HUGO III, Firefighter, Truck 55, Duty Disability since May 4, 1997

Born:	07/21/1946	\$5,299.00	a month beginning July 21, 2009
Ent. CFD:	09/02/1969		based on 75% of final salary
Retired:	07/21/2009	\$158.97	annuity increment, 3%, begins August 1, 2010

- COLLECT \$25.69 FOR 1998 ERRORS IN DEDUCTIONS
- REFUND \$22,341.38 FOR SPOUSE CONTRIBUTIONS

9718 TIMOTHY F. HYNES, Deputy District Chief, 6th District, Occupational Disease Disability since February 12, 2001

Born:	07/30/1946	\$8,611.75	a month beginning July 30, 2009
Ent. CFD:	09/02/1969		based on 75% of final salary
Retired:	07/30/2009	\$258.35	annuity increment, 3%, begins August 1, 2010

- COLLECT \$33.99 FOR 1998 ERRORS IN DEDUCTIONS
- REFUND \$128.05 FOR 1998 AND 2001 ERRORS IN DEDUCTIONS

10532 RICHARD J. JANSKY, Fire Engineer, Engine 60

Born:	10/20/1946	\$5,399.70	a month beginning June 6, 2009
Ent. CFD:	07/16/1977		based on 75%
Retired:	06/06/2009	\$161.99	annuity increment, 3%, begins July 1, 2010

10799 ROBERT R. JOHNSON, Firefighter, Engine 76

Born:	04/28/1951	\$5,065.39	a month beginning June 3, 2009
Ent. CFD:	11/16/1978		based on 75%
Retired:	06/03/2009	\$151.96	annuity increment, 3%, begins July 1, 2010

- REFUND \$18.28 for 2006 ERRORS IN DEDUCTIONS AND \$30,998.27 SPOUSE CONTRIBUTIONS

10915 JEROME P. KOCH, Firefighter, Tower Ladder 23, Duty Disability since June 11, 2002

Born:	07/21/1949	\$5,071.55	a month beginning July 23, 2009
Ent. CFD:	09/04/1979		based on 75%
Retired:	07/23/2009	\$152.15	annuity increment, 3%, begins August 1, 2010

MINIMUM FORMULA ANNUITIES:

10832 JAMES ROCHE, Fire Engineer, 6-5-3

Born:	10/14/1947	\$5,399.70	a month beginning June 3, 2009
Ent. CFD:	11/16/1978		based on 75%
Retired:	06/03/2009	\$161.99	annuity increment, 3%, begins July 1, 2010

12644 HENRY L. ROSE, EMT Fire Engineer, Engine 79

Born:	10/22/1950	\$5,602.16	a month beginning June 13, 2009
Ent. CFD:	08/16/1977		based on 75%
Retired:	06/13/2009	\$168.06	annuity increment, 3%, begins July 1, 2010

- REFUND \$162.22 for 2006 AND 2009 ERRORS IN DEDUCTIONS

10746 JEFFREY J. TAYLOR, Firefighter, Tower Ladder 21, Duty Disability since August 31, 2006

Born:	07/31/1946	\$5,071.55	a month beginning July 31, 2009
Ent. CFD:	10/16/1978		based on 75%
Retired:	07/31/2009	\$152.15	annuity increment, 3%, begins August 1, 2010

- COLLECT \$20.93 FOR 2006 ERRORS IN DEDUCTIONS

12898 KATHI L. THAMES, Ambulance Commander, Ambulance 37

Born:	03/11/1959	\$4,458.43	a month beginning March 17, 2009
Ent. CFD:	07/16/1986		based on 57.5%
Retired:	03/17/2009	\$66.88	annuity increment, 1.5% begins April 1, 2019, last one on January 1, 2038

- COLLECT \$69.36 FOR 2004 AND 2007 ERRORS IN DEDUCTIONS
- REFUND \$45.21 FOR 2006 ERRORS IN DEDUCTIONS AND \$25,486.25 SPOUSE CONTRIBUTIONS

On motion of Martin, second by Shanahan, and by unanimous vote, the foregoing applications for minimum formula annuities accompanied by staff accountant's letters as to amounts and all necessary records were approved and granted to those applicants under provisions of the Code in the amounts and under the terms set forth. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None

C. WIDOW'S AND CHILDREN'S ANNUITIES:

- 8065 LOIS G. CRANE, widow of Bennie L. Crane, retired since April 16, 1995.
 Born: 07/16/1935 \$3,593.87 a month beginning July 5, 2009
 Ent. CFD: 03/07/1961
 Deceased: 07/04/2009
- 7586 GLORIA C. DE LA CERNA BY MARY ANN DE LA CERNA, widow of Francisco De La Cerna, retired since April 9, 1993
 Born: 04/09/1930 \$2,881.33 a month beginning May 31, 2009
 Ent. CFD: 04/16/1957
 Deceased: 05/30/2009
- 10535 LORENE JONES, widow of James O. Jones, retired since August 20, 1997
 Born: 07/11/1947 \$1,296.40 a month beginning April 13, 2009
 Ent. CFD: 07/16/1977
 Deceased: 04/12/2009
- 9557 EMILY A. PRINZ, widow of John J. Prinz, Jr., retired since June 12, 2007
 Born: 06/12/1944 \$2,675.09 a month beginning June 14, 2009
 Ent. CFD: 11/01/1968
 Deceased: 06/13/2009
- 8696 ELEANOR C. SEPER, widow of Albert P. Seper, retired since February 14, 1992
 Born: 02/14/1929 \$1,948.67 a month beginning June 20, 2009
 Ent. CFD: 06/01/1964
 Deceased: 06/19/2009
- 6166 MARTHA WILSON, widow of Ronald J. Wilson, retired since August 30, 1986
 Born: 12/12/1927 \$2,052.25 a month beginning May 29, 2009
 Ent. CFD: 06/16/1952
 Deceased: 05/28/2009

On motion of Martin, second by Lux, and by unanimous vote, the foregoing applications for widows' and childrens' annuities accompanied by staff accountant's letters as to amounts and all necessary records were approved and granted to those applicants under provisions of the Code in the amounts and under the terms set forth. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
 Nays: None*

D. REFUND OF CONTRIBUTIONS:

12857 JOHN P. BLITS, Paramedic, Ambulance 39

Born: 10/25/1958 \$882.37 Refund of Contributions
 Ent. CFD: 07/16/1986
 Resigned: 02/06/2002

17601 CHRISTOPHER CONFORTI, Paramedic, Academy

Born: (unavailable) \$898.70 Refund of Contributions
 Ent. CFD: 03/16/2009 \$21.74 Refund of 2009 Errors in Deductions
 Resigned: 05/30/2009

17572 MICHAEL B. JORGENSEN, Firefighter, Academy

Born: 11/25/1984 \$1,188.36 Refund of Contributions
 Ent. CFD: 03/03/2009
 Discharged: 06/12/2009

17046 TARNISH T. MCCURN, Paramedic, Academy

Born: (unavailable) \$497.92 Refund of Contributions
 Ent. CFD: 04/03/2006
 Discharged: 05/18/2006

On motion of Martin, second by Neely and by unanimous vote, the foregoing refund of contributions were granted under provisions of the Code in the amounts and under the terms set forth. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

E. DEATH BENEFITS:

7586 FRANCISCO DE LA CERNA, retired since April 9, 1993

Born: 04/09/1930 \$6,000.00 to Gloria De La Cerna, widow
 Ent. CFD: 04/16/1957
 Deceased: 05/30/2009

10395 ANGELO J. IMPARATO, Duty Disability since December 9, 2006

Born: 11/13/1948 \$7,600.00 to Christine Imparato, widow
 Ent. CFD: 02/16/1977
 Deceased: 06/02/2009

DEATH BENEFITS:

9557 JOHN J. PRINZ, JR., retired since June 12, 2007

Born: 06/12/1944 \$6,000.00 to Emily A. Prinz, widow
 Ent. CFD: 11/01/1968
 Deceased: 06/13/2009

8696 ALBERT P. SEPER, retired since February 14, 1992

Born: 02/14/1929 \$6,000.00 to Eleanor C. Seper, widow
 Ent. CFD: 06/01/1964
 Deceased: 06/19/2009

7643 RICHARD M. STULL, retired since October 23, 1980

Born: 03/21/1925 \$6,000.00 1/6 each to Debbie Guanci, Robert S.
 Ent. CFD: 09/16/1957 Stull, Cynthia J. Kosoff, Cathy Stull
 Deceased: 04/23/2009 Karen Stull, and Richard Stull, children

6166 RONALD J. WILSON, retired since August 30, 1986

Born: 12/12/1927 \$6,000.00 to Martha Wilson, widow
 Ent. CFD: 06/16/1952
 Deceased: 05/28/2009

On motion of Martin, second by Shanahan, and by unanimous vote, the foregoing ordinary death benefits were granted under provisions of the Code in the amounts and under the terms set forth. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

F. PARTIAL PAYMENTS:

3719 JOSEPH A. EICHBERGER, retired, deceased March 20, 2009; \$1,208.17 to Joseph M. Eichberger, son

5606 ELEANOR B. HUNTER, widow, deceased February 17, 2008; \$586.21 to Claudia Hunter, daughter

10395 ANGELO J. IMPARATO, Duty Disability since December 9, 2006, deceased June 2, 2009; \$356.94 to Christine Imparato, widow

10535 JAMES O. JONES, retired, deceased April 12, 2009; \$1,037.12 to Lorene Jones, widow.

4397 BETTY T. O'SHEA, widow, deceased March 1, 2009; \$32.26 to John M. O'Shea, son

PARTIAL PAYMENTS:

- 8696 ALBERT P. SEPER, retired, deceased June 19, 2009; \$2,468.31 to Eleanor Seper, widow
- 5420 CATHERINE M. SMITH, widow, deceased May 21, 2009; \$677.42 to Bridget Beard, daughter
- 7643 RICHARD M. SULL, retired, deceased April 23, 2009; \$1,343.20 to Debbie Guanci, daughter

The foregoing pro rata payments on account of the death of annuitants, pensioners and beneficiaries on motion of Martin, second by del Valle, were granted under the provisions of the Code in the amounts and under the terms set forth. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

G. BENEFIT RECALCULATIONS:

i. SENATE BILL 358:

10444 SINGLETON, CHARLES – (Engineer) Occupational Disease Disability since 7/22/99. Effective 7/22/09 increase monthly benefit from \$3436.88 to \$3538.67 (50% of salary for a 20 year Engineer).

12305 BUCHANAN, GEORGE – (Ambulance Commander) Duty Disability since 7/27/99. Effective 7/27/09 increase monthly benefit from \$4260.38 to \$4349.42 (50% of salary for a 20 year Ambulance Commander)

On motion of Martin, second by Fabrizio, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

ii. REFUND ERROR IN DEDUCTIONS:

13668 KEVIN GRANT – Minimum Formula Annuity since 1/11/09. Refund 2009 Errors in Deductions of \$19.28.

On motion of Martin, second by Shanahan, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

BENEFIT RECALCULATIONS:iii. AWARD OF DUTY DISABILITY PURSUANT TO ORDER OF THE CIRCUIT COURT:

9690 RICHARD CHAPELLO, EMT Battalion Chief payment of Duty Disability benefits beginning January 8, 2008 pursuant to order of the Circuit Court, Judgment entered May 21, 2009. Monthly benefits beginning January 8, 2008 in the amount of \$7,774.75 per month to be paid to age 63, mandatory retirement, April 25, 2009. Total amount due through April 24, 2009 amounts to \$120,834.66.

On motion of Martin, second by Lux, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

iv. WITHOLDING ORDER:

10989 ANTHONY MATHEWS, retired since September 21, 2005, Income Withholding for Support, One-Time Order/Notice – Lump Sum Payment dated July 1, 2009, Order No. 1989D0065978 requires a one-time withholding of \$259.23, payable to the State Disbursement Unit on behalf of Naameth Mathews.

On motion of Martin, second by Shanahan, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

v. QILDRO ORDER:

9716 OLIVER K. HUGO III, Minimum Formula Annuity beginning July 21, 2009 presented in this meeting. QILDRO Order 07 D 30024 entered in the Circuit Court of Cook County May 10, 2007, amended July 10, 2009 requires distribution of 50% of the gross monthly retirement benefit payable to the alternate payee, Harriet R. Hugo, including future cost of living increases. Additionally, the QILDRO requires a future distribution of 50% of any death benefit which becomes payable.

On motion of Martin, second by del Valle, and by unanimous vote, the foregoing Benefit Recalculation was approved. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

H. REQUESTS FOR PERMISSION:i. GUARDIANSHIP:

7586 GLORIA C. DE LA CERNA BY MARY ANN DE LA CERNA, daughter. Widow's Annuity beginning May 31, 2009 (application presented in this meeting). Power of Attorney and Doctor's letter on file.

4266 DARLEEN L. KAASBELL BY PATRICIA A. NEIS, daughter. Widow's Annuity since April 17, 1988. Power of Attorney and Doctor's letter on file.

4781 ANNE M. PILAT BY PATRICIA P. HASTINGS, daughter. Widow's Annuity since September 10, 1998. Power of Attorney and Doctor's letter on file.

6049 ROBERT J. QUAYLE BY MARLYN IANNACCO, daughter. Retired since March 27, 1988. Power of Attorney and Doctor's letter on file.

4308 ESTELLE WEIRCIOCH BY CORINNE HARABURDA, daughter. Widow's Annuity since March 13, 1991. Power of Attorney and Doctor's letter on file.

The Secretary presented request for permission to receive, receipt for, endorse and cash monthly annuity payments on behalf of the foregoing annuitants, as they are no longer able to do so personally. Physician's statements confirming disability, Letters of Guardianship or Powers of Attorney accompanied the requests. On motion of Martin to grant guardianship, second by Carlson, and by unanimous vote, guardianship and conservatorship proceedings were waived under provisions of Illinois Compiled Statutes, 40 ILCS 5/6-213. The Secretary was directed to forward the monthly annuity checks to the guardian-in-fact until further action of the Board. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

ii. RESIDE OUT OF STATE: (NONE)I. GIFT FUND:

(SEE GIFT FUND ADDENDUM)

J. REMOVALS: The following changes in the rolls of annuitants and beneficiaries since the last regular meeting were directed to be recorded:

Daniel H. Bowman	Annuity	Died June 27, 2009
Bennie L. Crane	Annuity	Died July 04, 2009
Frank Flynn	Annuity	Died June 30, 2009
Arthur C. Hansen	Annuity	Died June 26, 2009
Raymond H. Pac	Annuity	Died June 19, 2009
John J. Prinz, Jr.	Annuity	Died June 13, 2009
Albert P. Seper	Annuity	Died June 19, 2009
Helen Bahr	Widow's Annuity	Died July 01, 2009
Madeleine L. Baldwin	Widow's Annuity	Died June 07, 2009
Marjorie Chap	Widow's Annuity	Died May 14, 2009
Mary T. Collins	Widow's Annuity	Died June 30, 2009
Grace Lorenzen	Widow's Annuity	Died June 18, 2009

REMOVALS:

Geraldine McNerney	Widow's Annuity	Died May 10, 2009
Lorraine E. Paul	Widow's Annuity	Died May 10, 2009
Elaine Petersen	Widow's Annuity	Died June 30, 2009
Bernice Strelow	Widow's Annuity	Died June 22, 2009
Ruth I. McGraw	Compensation Widow's Annuity	Died June 12, 2009
Lee R. Bork	Duty Disability	Retired June 01, 2009
Charles L. Consola	Duty Disability	Retired June 04, 2009
William E. Moran	Duty Disability	Retired June 03, 2009
Frank T. Cappolillo	Occupational Disease Disability	Retired June 18, 2009
Stanley J. Prysok	Occupational Disease Disability	Retired June 28, 2009
John Dziedzic	Child's Disability Benefit	Age 18 on July 24, 2009
Joshua Pentek	Child's Disability Benefit	Age 18 on July 22, 2009

*On motion of Martin, seconded by Carlson, the foregoing additions and removals were accepted.
The vote was:*

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

K. EXPENDITURES:i. INVOICES PAID - BUDGETED OPERATING EXPENSES REQUIRING IMMEDIATE PAYMENT: (INFORMATION ONLY)

(SEE EXPENDITURE ADDENDUM)

ii. INVOICES PRESENTED FOR PAYMENT - BUDGETED OPERATING EXPENSES:

(SEE EXPENDITURE ADDENDUM)

On motion of Martin, seconded by Neely, to pay the foregoing invoices presented for payment of budgeted operating expenses. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

iii. SECRETARY'S MOTION FOR PREPAYMENT OF MONTHLY OPERATING EXPENSES:

It is hereby moved that the following monthly expenditures for the next succeeding month for which invoices have not been received as of this date and the exact amounts not yet determined, that are due and payable prior to the next month's Board meeting be and the same are hereby authorized and approved to be paid upon receipt of the respective invoices which such expenses by creditor are hereinafter set forth as follows:

Rent
Electric
Telephone
Postage for Benefit Checks
Petty Cash - \$700
Brinks

EXPENDITURES:

On motion of Martin, seconded by Shanahan, to pay the bills. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

iv. REQUEST FOR EXPENDITURES: (NONE)

v. PHONE POLL:

On motion of Martin, second by Jackson to pay the following death benefit. The vote was:

yeas: Martin, Jackson, Fabrizio, Shanahan, Carlson, Neely, del Valle, Lux

nays: None

8065 BENNIE L. CRANE, Retired since April 16, 1995

Born: 07/16/1935 \$6,000.00 to Lois G. Crane, widow.
Ent. CFD: 03/07/1961
Deceased: 07/04/2009

On motion of Martin, second by del Valle, to concur with the foregoing phone poll. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

L. EXECUTIVE DIRECTOR'S REPORT:

i. MONTHLY REPORT:

ii. 2009 EXPENDITURES TO DATE: (INFORMATION ONLY)

On motion of Martin, second by Neely to spread the Executive Director's Monthly Report upon the record. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

EXECUTIVE DIRECTOR'S REPORT:iii. TAX LEVY RESOLUTION FOR 2010:2009 REQUIRED FUNDING RESOLUTION FOR THE YEAR 2010

WHEREAS, pursuant to 40 ILCS, Act 5, Section 6-173 of the Illinois Pension Code, the Retirement Board of the Firemen's Annuity and Benefit Fund of Chicago (the "Board") is required to estimate the amounts required each year to be contributed by the City of Chicago ("City") for all annuities, benefits and administrative expenses authorized to be paid by the City under Article 6; and

WHEREAS, pursuant to that statutory direction, the Board has prepared its estimate of the total amount of funding required under the provisions of 40 ILCS, Act 5 Article 6 for the year 2010 based on the Fund's actuarial valuation dated December 31, 2008; and

WHEREAS, the estimated amount required, on an actuarial basis, to satisfy the annuities, benefits and administrative costs required to be paid under Article 6 is \$208,237,000, plus additional funding amounts detailed below for a total of \$208,379,000. The actuarially required funding amount broken down by category of annuities, benefits and administrative costs are as follows:

<u>City Contribution For:</u>	<u>Amount</u>
Firemen	\$40,581,000
Wives	9,548,000
Administrative Costs	9,899,000
Children	981,000
Ordinary Disability Benefits	0
Duty Disability Benefits	15,200,000
Widow's Compensation Annuities	7,271,000
Occupational Disability Benefits	8,539,000
Health Insurance Supplement	2,686,000
Purpose of Article 6-171	<u>113,532,000</u>
SUBTOTAL	\$208,237,000
Plus Levy for Death Benefits	<u>142,000</u>
TOTAL CITY CONTRIBUTIONS	<u>\$208,379,000</u>

WHEREAS, the required funding amount of \$208,379,000, represents approximately 5.60 times the total contributions made by Chicago Fire Department employees in the year 2008, plus an amount of \$142,000 for death benefits. The multiple of approximately 5.60 times employee contributions represents the amount needed to maintain the Fund on an actuarial basis; and

WHEREAS, ILCS 40 Act 5, Section 6-165 of the Illinois Pension Code requires that the City provide funding in an amount equal to 2.26 times the total amount of contributions by the employees to the Fund made in the year 2008 for year 2010; and, based on the contributions made to the Fund in 2008 by salaried employees and those on ordinary disability, including all amounts attributable to additional member purchases of service credits allowed under various statutes, the required funding amount is an amount not less than \$84,092,000, plus the additional funding amounts of \$1,315,000 required by ILCS 40; Act 5 Section 6-211(g) and \$142,000 required by ILCS 40; Act 5 Section 6-165(a) pertaining to death benefit funding for a total of \$85,549,000; and

EXECUTIVE DIRECTOR'S REPORT:TAX LEVY RESOLUTION FOR 2010:

WHEREAS; ILCS 40; Act 5, Section 6-169 requires that \$6,732,000 paid by the Fund to widows of firefighters killed in the line of duty are to be reimbursed by the City on an annual basis further increases the required annual funding to \$92,281,000, and

WHEREAS, ILCS 40; Act 5, Section 6-169 of the Illinois Pension Code requires that the City also contribute, in lieu of salary deductions, sums equal to the amounts that would have been ordinarily contributed for annuity purposes by those employees in receipt of duty disability or occupational disease disability benefits for the applicable period; and based on the Fund's calculation of the contributions due from the City in lieu of salary deductions for those employees on disability in 2008, and based upon the formula set forth in ILCS 40 Act 5, Section 6-165, the required funding amount is an additional amount of not less than \$10,179,000; and

WHEREAS, at the regularly scheduled monthly meeting held on July 13, 2009, Meeting No. 943, the Secretary of the Firemen's Annuity and Benefit Fund of Chicago, presented the Board's 2009 required recommendations for the funding requirements of the Firemen's Annuity and Benefit Fund of Chicago for the year 2010, in the amount of \$92,281,000, plus \$10,179,000 for the City's contributions on behalf of those employees in receipt of duty disability or occupational disease disability benefits for the applicable period, and for the benefits paid to widows of firefighters killed in the line of duty for a total required funding amount of \$102,460,000; and

WHEREAS, the total amount of required funding of \$102,460,000 upon receipt will be allocated by category as follows:

<u>City Contribution For:</u>	<u>Amount</u>
Firemen	\$40,581,000
Wives	9,548,000
Administrative Costs	9,899,000
Children	981,000
Ordinary Disability Benefits	0
Duty Disability Benefits	13,089,000
Duty Disability Benefits-Deductions in lieu (Section 6-169 Employee)	2,111,000
Duty Disability Benefits-Deductions in lieu (Section 6-169 Employer)	4,771,000
Compensation Widow's	6,732,000
Occupational Disability Benefits	7,528,000
Occupational Disability Benefits-Deductions in lieu (Section 6-169 Employee)	1,011,000
Occupational Disability Benefits-Deductions in lieu (Section 6-169 Employer)	2,286,000
Health Insurance Supplement	2,686,000
Purpose of Article 6-171	<u>1,237,000</u>
TOTAL	\$102,460,000

NOW THEREFORE BE IT RESOLVED: that pursuant to the provisions of an Act of the General Assembly of Illinois approved June 12, 1931; in force July 1, 1931, entitled "An Act to Provide for the Creation, Setting Apart, Maintenance and Administration of a Firemen's Annuity & Benefit Fund in Cities Having a Population Exceeding Five Hundred Thousand Inhabitants," as amended and codified, the Retirement Board of the Firemen's Annuity & Benefit Fund of the City of Chicago hereby certifies to the City Council of the City of Chicago that the sum which will be required to be contributed by the City for purposes of the Firemen's Annuity and Benefit Fund of Chicago for the year 2010 in accordance with the

EXECUTIVE DIRECTOR'S REPORT:

TAX LEVY RESOLUTION FOR 2010:

provisions of Section 6-165 of the aforesaid Article 6 of the Illinois Pension Code for the purpose of providing revenue for this Annuity & Benefit Fund is **\$102,460,000**; and

BE IT FURTHER RESOLVED: that the Secretary of the Firemen's Annuity and Benefit Fund of Chicago should be instructed to submit a copy of this Resolution to the said City Council.

**THE FIREMEN'S ANNUITY & BENEFIT FUND
OF CHICAGO**

**ANTHONY MARTIN, SECRETARY
JULY 13, 2009**

On motion of Martin, second by Carlson to approve the 2009 Tax Levy. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

7. MISCELLANEOUS:

i. FIDUCIARY INSURANCE – CRAIG GOESEL, MESIROW FINANCIAL:

Craig Goesel and Andy Pataky of Mesirow Financial presented options for fiduciary liability insurance renewal.

On motion of Martin, second by Carlson to select Option 1 for fiduciary liability insurance with \$119,710 from AIU and \$55,000 from ULLICO. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

4. COMMITTEE ITEMS TO BE CONSIDERED BY THE BOARD:

A. INVESTMENT – FABRIZIO/JACKSON:

Doug Kryscio of Mercer Investment Consulting was present to discuss Investment Committee items.

Chief Investment Officer Michael Moran presented the June Flash Report. Equities were nondescript despite a volatile month. For year to date most of the managers were exceeding their benchmarks, several significantly. Fixed income managers are also significantly above their benchmark. Commodities experienced a volatile month which will primarily be reflected in the July Flash. Year to date however, commodities, especially, PIMCO is ahead of their benchmark. Private equity showed no real results for the year on a total fund basis.

COMMITTEE ITEMS TO BE CONSIDERED BY THE BOARD:INVESTMENT:

The Board also reviewed a summary of the performance of the managers ranked highest to lowest.

Mr. Moran reviewed the Fund's Statement of Asset Allocation with the Fund at \$820 million dollars, down \$50 million from last month. The Fund remains overweighted in large cap domestic equity and underweighted in domestic SMID and international. To follow through with the roadmap the Investment Committee will put forth searches for the US SMID Growth and International SMID Value. Fixed income is currently 10% over target weighting and the Fund will use the surplus to continue to pay benefits for the remainder of the year.

The Board reviewed the Managers Watch List which includes four managers currently on watch. The status of these managers will be reviewed by the Investment Committee in August.

There was a discussion regarding the Funds emerging managers vs. MWBE and what impact eliminating a manager currently on the watch list might have on the Fund's requirements under the Procurement Code under Public Act 96-0006. These issues will be discussed in greater detail at a future meeting.

Cash Need for July 31, 2009 show a deficit of \$7.5 million. A drawdown of \$7.9 million from the Fund office account was proposed. Currently the account balance is \$27.5 million.

On motion of Lux, second by Neely to drawdown from the Fund's cash account \$7.9 million. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

The Board reviewed the Targeted Brokers Report. The Fund has paid commissions to 18 targeted broker dealers, \$123,000 which represents approximately 32% of all of the commissions paid.

With regard to private equity and real estate capital calls, the only capital call since the last meeting was \$39,000 to Muller and Monroe. The Fund has authorized \$2.5 million for the initial capital call with Pomona. ICON has been terminated and the transition was done by State Street with only a 2.6% loss.

Fixed income target ranges were reviewed. There was a request to expand the maximum allocation to fixed income to 35%, as previously ruled, through the end of the year 12/31/09. Currently the Fund has 27% in fixed income.

On motion of Martin, second by Carlson to extend the recommendation made by the Chief Investment Officer and Mercer to modify the allocation whereby the allocation of 35% fixed income would be maintained through to 12/31/09. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

COMMITTEE ITEMS TO BE CONSIDERED BY THE BOARD:INVESTMENT:

Lastly Mr. Moran reviewed the US Treasury announcement on July 8th and the results of their search for managers in the Public Private Investment Partnership which is otherwise known as PPIP. A Treasury program to take the "toxic assets" or distressed mortgages off the books of banks. The managers selected will also partner with SVMWB; Small Veteran Minority Women-Owned Businesses. Mercer will be evaluating this program with an opinion as to whether this would be worthwhile for the Fund to pursue delivered at the August meeting of the Investment Committee.

On motion of Martin, second by Shanahan to accept the Investment Committee Report. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

3. LEGAL STATUS:

The Legal Status Report was reviewed by the Fund's attorney.

COMMITTEE ITEMS TO BE CONSIDERED BY THE BOARD:B. LEGAL – LUX/MARTIN:

Fund attorney, Mary Pat Burns discussed the implementation of Public Act 96-0006. This new legislation will require amendments to the Fund's Ethics, Travel and Investment policies to include all the requirements of P.A. 96-0006. All amendments should be adopted by the Board by January, 2010.

It was reported that the Procurement Policy adopted by the Board at their June 17, 2009 meeting has been posted on the Fund's website.

The City has confirmed that all unpaid furlough days will be treated as pensionable.

The Slawson refund and child support matter was reviewed and on the recommendation of counsel and the following motion was made.

On motion of Martin, second by Shanahan, subject to information which became available to the Fund in which staff did not disburse \$69,000 to Fund member Slawson, that the disbursement be made available to him minus \$10,000 subject to further order by the Circuit Court regarding child support arrearages. The vote was:

*Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan
Nays: None*

Ms. Burns reported that the Semi-Tech litigation class action suit has been resolved with payment to the Fund in the amount of \$1,400.

COMMITTEE ITEMS TO BE CONSIDERED BY THE BOARD:LEGAL:

Ms. Burns reviewed HB 2557 which encourages investments within Illinois. The bill further requires pension funds to report to the Governor and General Assembly the economic opportunities in Illinois that they have made defined as economic opportunity investment as a qualified investment managed passively or actively by the Pension Fund that promotes economic development within the state of Illinois. That provides for a prudent financial environment in or through the use of businesses or Illinois based projects that promotes the economy. Including without limitation venture capital, coal and other natural resource developments, tourism, public stocks. Ms. Burns suggested that the board may wish to consider an RFP.

Ms. Burns reviewed a guardianship issue involving a widow annuitant where the daughter has been signing on her behalf. It was recommended that the daughter be notified that the benefit would be suspended without proper documentation for the board to consider guardianship.

There was a motion of Martin, second by Lux to suspend benefits to Mary Stach without the proper documentation for guardianship. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

Ms. Burns provided the Board with an update on the Sudan matter and what the Board needs to consider their response to Alderman Burke with regard to this issue as well as budget talks and the tax levy.

Lastly the board reviewed a FOIA request.

Trustees were reminded to fulfill their 8 hours of education requirement.

On motion of Martin, second by Neely the Board went into executive session. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

The Board come out of executive session.

C. LEGISLATIVE – CARLSON/FABRIZIO:

There was no new business to discuss regarding legislative activities.

COMMITTEE ITEMS TO BE CONSIDERED BY THE BOARD:

D. ELECTION – MARTIN/DEL VALLE:

It was reported that the election rules for the October, 2009 Active and Annuitant Election have been distributed.

On motion of Martin, second by Carlson to amend the election rules so that all labels going out have no names but are addressed to "eligible voter". The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

E. EMPLOYEE POLICY – SHANAHAN/NEELY:

On motion of Martin, second by Shanahan to approve and adopt the Employee Policy subject to the revisions discussed, which are to be drafted by the Fund's attorney. The vote was:

Yeas: Carlson, del Valle, Fabrizio, Jackson, Lux, Martin, Neely, Shanahan

Nays: None

There being no further business to discuss, the meeting was adjourned.