

November 21, 2007

In addition to the benefits granted to members and spouses each month, the Secretary will also be presenting, for informational purposes only, items of interest that may affect our members.

Questions regarding any member's specific situation should be addressed directly to the Fund Office.

MONTHLY NEWS AND INFORMATION FROM THE FUND SECRETARY

LEGISLATION DISCUSSIONS

There continues to be an undercurrent of discussion on the Union floor, in the Sounder and in certain district newsletters involving HB 1974 the "Drop Plan". These discussions center on the estimated cost to the Pension Fund of that particular proposal.

The following is an excerpt from the Fund's "Summary of the August 2007 Board Meeting" previously distributed to all firehouses:

*This legislative session, the most notable item happening in Springfield with respect to benefits was the interest in one of the many items introduced by Local 2. The Fund was contacted by leadership in Springfield to provide an economic impact statement on the DROP plan, or Deferred Retirement Option Plan. At the Fund's expense, the **INDEPENDENT** actuarial firm of Gabriel Roeder Smith provided a statement of how the amendment, **AS WRITTEN**, would change the immediate and future costs of benefits to the pension fund. The Fund then provided this statement to the leadership as requested.*

The actuarial impact statement of the proposed DROP increased the unfunded liabilities of the Fund by \$262 million, making it single most costly piece of legislation affecting the Fund that I have ever seen. Further, at the request of leadership, the Fund (again at the Fund's expense) provided additional impact statements on several revised versions of this proposal not introduced as pending legislation.

This legislative item was exclusive of any other proposed benefit enhancements such as those extending the 3% COLA to participants born after 1955 and increasing benefits to minimum retirees and widows. It should be noted however that the Board of Trustees never took a position in favor or against this proposal. Given the cost of this item, and the current environment in Springfield concerning the substantial amount of unfunded pension liabilities, this proposal will probably wait along with all the other benefit enhancement proposals across the state.

In closing, given that our Fund is substantially underfunded, your Board of Trustees continues to be committed to working with all interested parties (Local 2, the City of Chicago, and State Legislators) to protect the current and future benefits of our participants

As it stands, the Firemen's Annuity and Benefit Fund of Chicago is one of the most critically underfunded plans in the state (approximately 41%). The Fund will continue to cost out benefit proposals upon request from Local 2, the members of the legislature or the Speaker/Staff of the House or Senate.

The Fund's actuaries, Gabriel, Roeder, Smith prepared an impact statement based on the language of HB 1974 and estimated that it would increase normal cost by \$7,811,000 and increase the total unfunded future liabilities by \$262,000,000. While the language may be amended to reflect another version, this is the cost associated with the original language as introduced in HB 1974.

I have distributed both the language of HB 1974 as introduced and the actuarial impact statement to the Executive Board and the stewards.

Through May 29, 2007 the Fund, working with Local 2, paid a total of \$15,174 in fees for the calculation of several different scenarios of this Drop Proposal. I am attaching a copy of a communication from Gabriel, Roeder, Smith which summarizes the work completed on this proposal as introduced in Springfield through our union's efforts. Local 2 has received enormous cooperation from Fund staff and access to the Fund's actuaries. Further analysis of this item was discontinued when legislative leaders advised the Fund that it was not warranted.

The Board will continue to provide any assistance to Local 2 and/or the State Legislature in the analysis of any benefit legislation that it introduced or amended. In response to information published in the Sounder, I fail to see how providing factual information to any and all participants can be construed as being "inflammatory" or irresponsible.

As referenced above, the Board has not taken any position on HB 1974. My own comments concerning the potential for procuring more pension benefits given the "current environment" in Springfield are general and not specific to HB 1974. I have commended Mr. Tebbens for getting the attention to this proposal that he did.

I don't see much good coming from the criticism aimed at me or the Fund that was printed in the most recent First District newsletter. Today's opinions of the language of a bill agreed to by both the City and **our union**, that has been law for 4 years, are not going to change that law nor add to any discussion of any future proposals. I will state yet again that the Board will continue to provide assistance to Local 2 and the State Legislature to analyze any proposed or amended language that is introduced into the legislative process.

I urge any member with questions about the Fund's roll in this legislative process to contact me at the Fund Office.

2007 GIFT RESERVE RESOLUTION

I am pleased to report that , because of the continued generosity of Chicago Firefighters, Paramedics, and the families and friends of the Chicago Fire Department that a Gift Fund check is being mailed to our neediest widows and orphans for the 23rd consecutive year. The following resolution was passed at the November 19, 2007 meeting .

BE IT HEREBY RESOLVED; To recognize that the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund has been established for the sole purpose of providing assistance to the neediest widows and orphans of the Firemen's Annuity and Benefit Fund of Chicago,

And Whereas; the Internal Revenue Service (the "IRS") has granted tax exempt 501(c)(3) status to the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund in April of 2007 which requires, among other things, that the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund comply with IRS rules and regulations relating to record keeping associated with the receipt and distribution of all funds and the requirement for an independent annual audit of its records,

And Whereas; distributions to be made to the neediest widows and orphans of the Firemen's Annuity and Benefit Fund of Chicago from the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund will not considered taxable income to the recipients,

And Whereas; the directors of the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund include current and former participants and members of the administration of the Firemen's Annuity and Benefit Fund of Chicago and the Chicago Fire Department;

Therefore; Be it resolved that the Trustees of the Firemen's Annuity and Benefit Fund of Chicago, utilizing the discretionary authority granted under ILCS 40: Act 5 Section 6-202, hereby direct that a distribution from the Gift Reserve Account be made for calendar year 2007 in the amount of \$419,500 to the Ende Menzer Walsh & Quinn, Retirees' Widows' and Children's Assistance Fund as a contribution towards the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund's stated intention to distribute a non-taxable gift check of \$500 to 733 widows receiving \$1200 or less per month and to the 106 children annuitants of the Firemen's Annuity and Benefit Fund of Chicago, in or about December 2007; and,

Further; Be it further resolved that the administrative staff of the Firemen's Annuity and Benefit Fund of Chicago, is hereby directed to provide such additional administrative assistance as is needed to accomplish the purposes of these resolutions and to facilitate the distribution by the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund of gift checks contemplated for December 2007 to the neediest widows and orphan beneficiaries of the Firemen's Annuity and Benefit Fund of Chicago; including, without limitation, supplying names and addresses for those individuals who are to receive the gift checks; and

Further; Be it resolved that the distribution from the Gift Reserve Account is contingent upon the Ende Menzer Walsh & Quinn Retirees' Widows' and Children's Assistance Fund's agreement to provide the Firemen's Annuity and Benefit Fund of Chicago with adequate documentation supporting the distribution of the aforementioned gift checks by February 15, 2008 or such later date as may be mutually agreed upon.

RECOGNITION OF 25 YEAR EMPLOYEE

The following resolution was adopted by the Board at its October 17, 2007 Meeting.

The Firemen's Annuity and Benefit Fund of Chicago:

The Retirement Board and Staff of the Firemen's Annuity and Benefit Fund of Chicago wishes to acknowledge that Fund employee Debra Taylor began her employment with the Fund on October 16, 1982 and has completed 25 years of service to the Fund and its members; and

Whereas, among her duties, Ms. Debra Taylor has been responsible for initiating the Retirement, Widow, Disability and Refund applications and has graciously served each participant that she has come in contact with throughout her career; and

Whereas, Ms. Debra Taylor has earned a reputation among the active and retired members as an employee dedicated to helping them through the many transitions they and their families will experience during their careers with the Chicago Fire Department; and

Whereas, Ms Debra Taylor has cheerfully assisted the Disabled participants of this Fund through the lengthy and often stressful process of applying for disability benefits, and:
Whereas, Ms. Debra Taylor has been the spokes person for the Fund and a source of understanding to the families of those members killed in the line of duty as they apply for Duty Death Widow benefits.

Therefore the Retirement Board and Staff of the Firemen's Annuity and Benefit Fund of Chicago wishes to congratulate Ms. Debra Taylor for her continual service and to thank her for her dedication to all the participants of the Fund.

ELECTION NEWS

In the election for the 3 year term of Active Firefighter Member of the Firemen's Annuity and Benefit Fund of Chicago, the following votes were cast:

<u>Anthony K. Tramil</u>	<u>222</u>
<u>Leander Richardson</u>	<u>117</u>
<u>Bennie Caples</u>	<u>93</u>
<u>Dan P. Fabrizio</u>	<u>2,057</u>
<u>Total Votes Cast</u>	<u>2,489</u>

In the election for the 2 year term of Annuitant / Pensioner Member of the Firemen's Annuity and Benefit Fund of Chicago, the following votes were cast:

<u>Dennis R. Rokita</u>	<u>78</u>
<u>Vincent D. O'Donnell</u>	<u>61</u>
<u>Walter M. Carlson</u>	<u>1,052</u>
<u>John E. McNamara</u>	<u>122</u>
<u>Patrick J. Houlihan</u>	<u>304</u>
<u>Robert L. Gay Jr.</u>	<u>64</u>
<u>Charles E. Dineen</u>	<u>331</u>
<u>Robert S. Kubiak</u>	<u>156</u>
<u>Total Votes Cast</u>	<u>2,141</u>

The Fund would like to extend its gratitude to everyone who participated in these elections.