

**GLENVIEW FIREFIGHTERS' PENSION FUND
BOARD OF TRUSTEES MEETING
AUGUST 21, 2013
SPECIAL MEETING**

Call to Order: The meeting was called to order at 7:10 a.m. in the 2nd floor conference room at the Glenview Fire Department Headquarters 2500 E. Lake Avenue temporary location. On roll call the following were:

Present: Board President/Trustee Nick Rusher, Secretary/Trustee Tom Dvorak (7:15 a.m.), Trustee Mike Caplis, Trustee Bob Rounsfull, Trustee Tom Frank and Carol Bjankini, Recording Secretary

Attendees: John Falduto and Tom Sawyer of Sawyer Falduto Asset Management, LLC., Rick Reimer of Richard J. Reimer and Associates, & Todd Hileman, Village Manager

Other Business: Prior to the meeting Trustee Rusher distributed copies of the Actuarial Valuation report Art Tepfer prepared for the Glenview FF Pension Fun for the fiscal year January 1, 2013 through December 31, 2013. Tom Sawyer distributed and reviewed the Model Returns Market Indices information.

The Board discussed the possibility of a 7% rate in place of the 7.25% rate. Trustee Rounsfull discussed the rates as well as investments in stock. He inquired to Attorney Reimer if the Department of Insurance would provide clarification regarding their opinion of the 55% investment statute. Attorney Reimer is under the thought that there will be no clarification from the Department of Insurance until a pension deal is reached.

After a lengthy discussion on the long-term rate of return on pension fund assets the Board was in consensus of a 7.25% rate. Trustee Rounsfull motioned to use the actuarial assumption of 7.25% rate of return for the fiscal year. Trustee Frank seconded and a roll call was taken and the vote was all ayes, no nays and the motion passed.

Meeting Dates: Listed below are the dates of upcoming meetings scheduled in 2013:

Tuesday, October 22, 2013

The above will be held at 7:30 a.m. in the conference room located in the Glenview Fire Station Headquarters temporarily located at 2500 E. Lake Avenue, Glenview IL.

Adjournment: Trustee Rounsfull motioned to adjourn, Trustee Dvorak seconded and the vote was all ayes, no nays and the meeting adjourned at 7:50 a.m.

C. Bjankini, Recording Secretary

Analysis to determine appropriate assumed investment return

per the investment advisor's "model returns" report

long-term historical returns on:	
stocks	9.8%
bonds	5.4%
long-term historical inflation rate	3.0%

expected portfolio asset allocations:

stocks	55.0%	9.8%	5.39%
bonds	45.0%	5.4%	<u>2.43%</u>
			7.82%
less: fund expenses (percentage of assets)			<u>-0.25%</u>
			<u><u>7.57%</u></u>

in order to revise the expected return on bonds, in light of the existing low interest rate environment, we have revised the long-term return on bonds to an amount equal to 2% real return (expected inflation rate, plus 2%)

stocks	55.0%	9.8%	5.39%
bonds			
inflation (historical average)		3.0%	
2% real return		<u>2.0%</u>	
	45.0%	5.0%	<u>2.25%</u>
			7.64%
less: fund expenses (percentage of assets)			<u>-0.25%</u>
			<u><u>7.39%</u></u>

the calculations can be further revised to take into consideration a low inflationary environment

stocks	55.0%	9.8%	5.39%
bonds			
inflation (assumed rate)		2.5%	
2% real return		<u>2.0%</u>	
	45.0%	4.5%	<u>2.03%</u>
			7.42%
less: fund expenses (percentage of assets)			<u>-0.25%</u>
			<u><u>7.17%</u></u>

an average of the two return assumptions above:

historical inflation environment	7.39%
low inflation environment	7.17%
Average	<u><u>7.28%</u></u>

Therefore, the board has determined that the use of a 7.25% assumed investment return is appropriate based on the historical returns, and giving consideration to the current economic environment