

**MINUTES OF A SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE
FRANKLIN PARK POLICE PENSION FUND
AND THE
FRANKLIN PARK FIREFIGHTERS' PENSION FUND**

A special meeting of the Board of Trustees of the Franklin Park Police Pension Fund and the Franklin Park Fire Pension Fund was held on September 11, 2012 at 1:00pm at the Franklin Park Village Hall conference room located at 9500 W. Belmont Avenue, Franklin Park, IL 60131, pursuant to notice, to discuss and analyze a sound funding policy.

The meeting began at 1:00 p.m.

THOSE PRESENT WERE:

Franklin Park Police Pension Fund: President Steve Witnik
Vice President Richard Viken
Asst. Secretary James Winje
Absent: Secretary Jack Krecker and Trustee Aaron Jimenez

Franklin Park Fire Pension Fund: Secretary, Tony Tarasiuk
Trustee Daniel Antioho

Lauterbach & Amen, LLP: Certified Public Accountants for Franklin Park Police and Fire Pension Funds
Todd Schroeder, Actuary - Presenter
Allison Barrett, Partner - Presenter
Becky Davis, Pension Services Administrator

PURPOSE OF THE MEETING

A presentation by Lauterbach & Amen, LLP, with input from the Pension Board advisors, to assist the Franklin Park Village Officials, Fire and Police Pension Funds, to develop a sound funding policy through actuarial discussion and analysis. A copy of the power point presentation was distributed to the members present. Today is the first meeting of three to consider an optimum funding policy independent of dollar impact and to determine what data will be addressed at the second meeting (to be scheduled at a later date in October) to discuss dollars; a third meeting will then be scheduled to present the resulting plan.

Discussion of the goals and objectives of developing a sound funding policy were:

- to provide benefit security for participants by paying benefits when due;
- achieve affordability and budget stability that can be managed on a year to year basis;
- control effective funding of costs, and
- inter-period equity to be fair to the tax payers

Topics covered and discussed in this first meeting were:

- Overview – Establishing a framework for the discussion to follow
- Step 1: Components of the Contribution – Understand the distinction between Normal Cost and Amortization of the Unfunded Liability
- Step 2: Normal Cost Component – Selection of the actuarial cost method
- Step 3: Amortization Component – How to handle current unfunded liability
- Step 4: Actuarial Value of Plan Assets – Methods to manage volatility
- Step 5: Plan Assumptions – Projecting the benefits to be paid
- Step 6: Plan Assumptions – Expected Return on Plan Assets
- Step 7: Wrap-up – What to expect from upcoming meetings

The decisions made during the meeting will be reflected in the second meeting which will include a sensitivity analysis with impacts and:

- Calculations based on Entry Age Normal (EAN) and Projected Unit Credit (PUC)
- Amortization component decisions – level dollar basis and level percent of pay basis
- Target funding level to be obtained and addressed
- Methods to value assets – 5 year smoothing

The goals for the second meeting will be:

- Review the dollar implications of the optimum funding policy
- Discuss the alternatives that were to be evaluated
- Compare the optimum policy vs. other policies
- Explore the option to manage the GAP
- Establish goal posts to monitor future progress
- Discuss a presentation approach to the municipality

A date for the next meeting is being discussed to be held after the Franklin Park Firefighters' next Board meeting on October 23, 2012 at 10:15 a.m., which remains to be finalized.

The meeting ended at 2:45 p.m.

Respectfully Submitted,



Steve Witnik, President

Date approved: 10/30/12

Minutes prepared by Pension Services Administrator, Becky Davis.