

GODFREY FIRE PROTECTION DISTRICT
MINUTES OF BOARD OF TRUSTEES
OF THE GODFREY FIRE PROTECTION DISTRICT
PAID FIREFIGHTERS' PENSION FUND

On March 14, 2017, the regular meeting of the Board of Trustees of the Godfrey Fire Protection District Paid Firefighters' Pension Fund was held at Fire Station No. 2, 1712 West Delmar, Godfrey, Illinois at 6:00 p.m. The meeting commenced one-half hour earlier than the regular meeting starting time pursuant to published notice.

Attending the meeting were Fund Trustees Hand, Wills, Ford, Cranmer, and Fowler. Also present for the meeting were Mr. Joseph R. Hughes, Mr. Michael Stuart, and legal counsel for the District.

The chair noted that a special meeting of the Board had previously been scheduled for March 2, 2017, however, that meeting did not occur due to the lack of a quorum.

The Chair first called for public comments. There were no public comments.

The minutes of the meeting held on December 13, 2016 were presented and upon motion of Mr. Ford, seconded by Mr. Wills, and unanimously approved, the minutes were approved as presented.

The Treasurer next presented the Financial Statements of the Fund which had been prepared by the Hughes' firm. The reports included the Market Value Report reflecting the holdings of the Fund as of the quarter ending January 31, 2017; the Fund Balance Sheet as of January 31, 2017; and the Profit & Loss Statement for the period November 2016 through January 2017.

The Chair next called upon Mr. Hughes to discuss with the Board the passive investment strategy proposal of MB Financial. Mr. Hughes also indicated that he had made a review of the active management of the equity portfolio of the Fund by MB and he presented the results of his review to the Board. It was agreed that this would be discussed further with Mr. Stuart who was delayed in arriving at the meeting.

The Board next discussed soliciting for requests for proposal for investment management and advisory services. It was noted that the Board had previously considered taking this step but had deferred the action due to a pending disability claim which has now been resolved. There was discussion regarding the advisability of seeking such proposals at this time, and a motion was made by Mr. Ford, seconded by Mr. Wills, and unanimously approved to proceed to seek proposals for such services.

Mr. Stuart then joined the meeting. He presented the Performance Report as of December 31, 2016 of MB Financial Bank Asset Management & Trust Group. This included the Portfolio Composition, Performance Summary, and Account Activity Summary Report for the period December 31, 2007 through December 31, 2016; the Gross and Net Returns for Quarter; the Time Weighted Returns for Selected Fiscal Periods for the assets held by the Fund; and the Market Value versus Invested Capital for the total Fund for the report in graphic form. Mr. Stuart noted that the equities portion of the portfolio had sustained a loss in value for the quarter. There followed a discussion with the Board of the allocation of a portion of the equity portfolio to a passive investment strategy and Mr. Stuart indicated that this step would be taken through the Vanguard Index Equity Fund. He reiterated that MB Financial prefers an active management

strategy. There was a brief discussion regarding issues of duration and the individual stock investment strategy of the Bank. Mr. Wills raised a question regarding the level of trading activity under the active management approach of the Bank and Mr. Stuart indicated that the Bank is satisfied with the companies in which investments have been made. He suggested that even though price appreciation has not occurred in those stocks, they have had good earnings and the Bank believes they are sound investments. There was discussion of whether the Bank has assumed an offensive or defensive position with regard to its investment in stock strategies. Mr. Hughes reviewed his computations with the meeting. It was noted that the Fund is currently operating with approximately \$40,000.00 annual deficit on a cash flow basis. A lengthy discussion ensued regarding the use of a passive investment strategy to match market performance in contrast to the performance of the actively managed stocks in the portfolio. Mr. Stuart reiterated that \$137,000.00 had been moved to a passive investment position in February.

Following the conclusion of Mr. Stuart's report, the meeting turned to correspondence. It was noted that the only correspondence received related to training opportunities and this was circulated to the Board.

It was noted that there were no administrative matters to be taken up by the Board.

Thereafter, there being no further, or other, matters to come before the Board, upon motion duly made, seconded and unanimously approved, the meeting was adjourned.

Thomas Wills, Secretary of the
Board of Trustees