

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

On June 13, 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 6:30 p.m. pursuant to the regular meeting schedule of the Board.

In attendance were Fund Trustees Wills, Hand, Fowler, Ford, and Cranmer. Also present for the meeting was legal counsel for the District. Present for portions of the meeting were Mr. Bryan Gorman and Mr. Darren Wright of The Bank of Edwardsville; Mr. John Falduto and Mr. Tom Sawyer of Sawyer Falduto; and Mr. Michael Stuart of MB Financial Bank. Mr. Alex Garber of MB Financial also participated in a portion of the meeting by conference call.

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

The Chair next called for presentation and review of proposals for investment management services.

The Board heard first from Mr. Gorman and Mr. Wright of The Bank of Edwardsville regarding its proposal for investment management services. Written materials which had been prepared for the presentation were reviewed with the Board. Proposed terms of engagement for investment management services were discussed. Thereafter, Mr. Gorman and Mr. Wright departed the meeting with the thanks of the Board.

The Board next heard from Mr. Falduto and Mr. Sawyer regarding the investment management services proposal submitted by their firm. Written materials were again presented to the Board and reviewed with the Board by Mr. Falduto and Mr. Sawyer and proposed terms of engagement were discussed. Thereafter, Mr. Sawyer and Mr. Falduto departed the meeting with the thanks of the Board.

Mr. Michael Stuart of MB Financial next joined the meeting and presented the investment manager's report of MB Financial along with Mr. Garber who participated by telephone conference. The Performance Report as of March 31, 2017 was presented in written form and reviewed with the Board. This included the portfolio composition report, performance summary, and account activity summary; the gross and net returns graphic; the asset composition for the equity portion of the fund; the fixed income asset composition report for the fund; the time rate of return report for selected fiscal periods; the market value versus invested capital graphic for the fund; the risk/return analysis for the fund; the comparative mutual fund returns report; the bond ratings report; and the maturity bucket report. These reports were reviewed with the Board. Mr. Garber and Mr. Stuart also addressed follow-up questions from the last quarterly meeting of the Pension Fund including a discussion on the differential in the number of trades of the Fund in 2016 as compared to 2015 and 2014 and a discussion of the timing of investment of funds in a large cap index mutual fund. Mr. Garber and Mr. Stuart indicated that the equities and fixed income investments of the Fund continue to be actively managed although the rebalancing in 2016 was less than in prior years. They also indicated that MB Financial is working toward increasing the allocation in the index funds. In response to a question posed from the Board regarding how the bank would react to market drop, they indicated that there would be a rebalancing by the sale of bonds and the purchase of stocks for the Fund. They noted that in so doing there would be some allocation in the large cap index fund. In response to a question presented by Mr. Hughes at the prior meeting, they noted that MB does not use limit or stop orders but, instead, rebalances the fund when market fluctuations occur by selling bonds and purchasing equities. They also noted that Main Street Advisors had been acquired by MB Financial which is anticipated to add some depth to the investment management process.

The Board next reviewed with Mr. Stuart and Mr. Garber the proposal of MB Financial Bank for continuing investment management services for the Fund including fees and terms of engagement for those services.

Thereafter, the meeting turned to the regular order of business.

The minutes of the meeting of the Board held on March 14, 2017 were presented and upon motion of Mr. Fowler, seconded by Mr. Wills, and unanimously approved, the minutes were approved as presented.

The Treasurer's Report was presented as prepared by the Hughes Accounting firm for the quarter ending April 30, 2017 which reflected a Fund balance at market of \$6,865,586.71 compared to a cost basis of \$6,581,339.00 at the same date. The Balance Sheet for the Fund at April 30, 2017 reflecting the assets held by the Fund and the Profit & Loss Statement for the period February through April 2017 reflecting net income of \$118,569.71 for the period were presented and reviewed. Thereafter, upon motion duly made, seconded and unanimously approved, the Treasurer's Report was accepted as presented.

The Warrant Report was presented and upon motion duly made, seconded and unanimously approved, the warrants were approved as presented.

The meeting next turned to administrative matters. It was noted that the only administrative matter to come before the Board was the submission by Mr. Hand of his resignation as a member of the Pension Board pending a replacement being named by the District Board of Trustees. The written resignation was ordered to be filed of record.

There followed discussion regarding further action by the Board on the proposals for investment management and custodial services which had been presented to the Board. It was agreed that the materials submitted to the Board should be referred to Mr. Hughes for his review and analysis with an anticipated decision to be made at the next meeting of the Board in September.

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

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Thomas Wills, Secretary of the Board of Trustees