

# BOARD OF TRUSTEES OF THE FIREFIGHTERS' PENSION FUND

901 W DEVON AVENUE • PARK RIDGE, ILLINOIS 60068 • 847.318.5283

Posted: February 04, 2015

## NOTICE OF THE QUARTERLY MEETING

The Board of Trustees of the Park Ridge Firefighters' Pension Fund will conduct a quarterly meeting on Tuesday, February 10, 2015 at 10:00 AM at Park Ridge Fire Station 36, 1000 N. Greenwood Ave., Park Ridge, IL 60068.

## AGENDA FOR THE QUARTERLY MEETING

CALL TO ORDER  
ROLL CALL

PUBLIC COMMENT

APPROVAL OF MINUTES  
19 November 2014

### TREASURER'S REPORT

Discussion / Action Monthly Accounting Statements – Lauterbach & Amen  
October 2014 – \$ 255,553.36  
November 2014 – \$ 238,861.46  
December 2014 - \$262,678.16

Discussion – Coordination of GASB 67 implementation  
McDonnell Inv't Advisors – Presentation  
Discussion/ Action Smith Barney Report (Mary Tomanek)  
Discussion / Action Investment Strategies

### COMMUNICATIONS OR REPORTS

Carolyn Clifford- Board Attorney  
Review of 2015 timeline  
Update on state/national pension issues

### OLD BUSINESS

Discussion / Follow up to joint actuarial process with City and final tax levy for Fund  
Discussion / Action Approval of Annual Fiduciary Liability Insurance

### NEW BUSINESS

Discussion / Action New Hire Application  
Discussion / Action Retirement Applications  
Discussion / Action on Disability Application  
Discussion / Action Repayment of Refund  
Annual servicer certifications from Illinois finance entities  
Preparation of List of Required Filers for Statement of Economic Interest to County  
Discussion / Action on Board Rules and Forms Updates  
Discussion / Action Annual Attorney Retainer  
Discussion Request for Proposal for Investment Advisor / Consultant

### CLOSED SESSION -- If needed

### BENEFIT OF THE BOARD

Discussion - Preparation of Election/Appointment processes for spring 2015  
Discussion / Action Administrative Assistant for Pension Board

### PENSION TRUSTEE TRAINING

Discussion / Action annual pension Training Approval of Expenses for the Year  
Upcoming training opportunities  
Required Open Meetings Act training for trustees – Illinois Attorney General Website

PUBLIC COMMENT  
ADJOURNMENT

Respectfully submitted,



JD Bruchsaler  
Board Secretary

• Peoria (Spring)  
• (fall)

— wolf/BKO

— STATUS? oro. complete? copy  
\$1.751

• 50 active  
• 45 retired



# **Park Ridge Fire Pension Fund 4<sup>th</sup> Quarter 2014**

## **Quarter in Review**

In the US, 2014 was a pivotal year as monetary policy normalized, the dollar strengthened, and the price of crude oil dropped significantly.

For the quarter, domestic equities increased however all other regions globally were negative.

Nearly all US bond benchmarks posted positive returns for the quarter. Banks increased holdings of treasuries, (+26% in Q3) and heavy foreign purchases helped to offset the impact of Quantitative Easing ending. 10 year foreign sovereign debt: Germany 0.42%, France 0.65%, Japan 0.29%, UK 1.49%. 10 year US Treasury: 1.82%

## **Looking Ahead**

Further US deleveraging and recovery is expected in 2015. We believe the Federal Reserve will leave the Federal Funds Rate unchanged until 2016; US inflation remains low, employment improving, but still weak to no wage growth. We expect currency movements, aggressive central bank monetary policy, fiscal stimulus and lower oil prices will benefit overseas equity markets. We are anticipating a resurgence of the American middle class in 2015!!

## **Graystone During the Quarter**

Assisted with transfer of funds from Fayez and Madison to Vanguard Total Stock Market Index Fund

Participated in City Council Actuarial discussions and presentations

Developed Plan Participant Workshops

20% reduction in future CG Advisor fee for mutual funds

Attended Morgan Stanley Retirement Director Forum

## **Manager/Fund Issues**

Passive equity strategies outperformed for the Quarter and Year to Date

## Recommendations

Transfer \$1,000,000 Atlanta LgCore to Vanguard Total Stock Mkt Index Fund

Consider increasing allocations to equities and corporate bonds. Liquidate \$2,655,000 US Treasury 7.5% due 11/15/16. Transfer \$1,000,000 to Vanguard Total Stock Market Index Fund. Add the remainder to the corporate bond portfolio managed by McDonnell

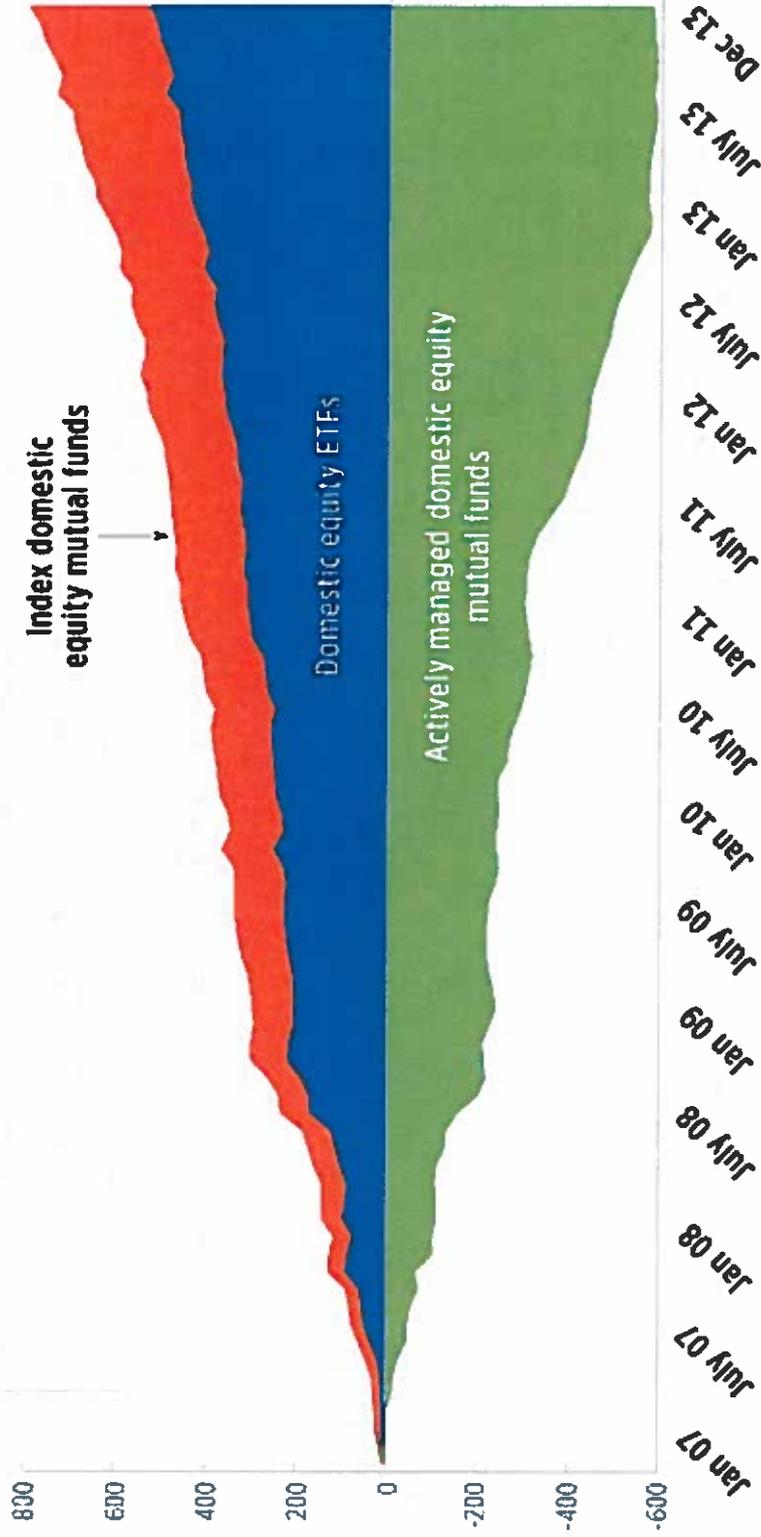
*Return*

*↳ corp*

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# Exchange Traded and Mutual Fund Index Trend

Cumulative flows to and net share issuance of domestic equity mutual funds and ETFs, billions of dollars; monthly, 2007-2013



Source: ICI 2014 Investment Company Fact Book - A Review of Trends and Activities in the U.S. Investment Industry

## Important Information

The views expressed herein are those of the author and do not necessarily reflect the views of Graystone or Morgan Stanley or its affiliates. All opinions are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is no guarantee of future results. This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who review it. The strategies and/or investments discussed in this material may not be suitable for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Smith Barney's Financial Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise agreed to in writing by Morgan Stanley Smith Barney. This material was not intended or written to be used for the purpose of avoiding tax penalties that may be imposed on the taxpayer. Individuals are urged to consult their tax or legal advisors before establishing a retirement plan and to understand the tax, ERISA and related consequences of any investments made under such plan. The information set forth was obtained from sources believed to be reliable, but we do not guarantee its accuracy or completeness. Past performance is no guarantee of future results. Actual results may vary and past performance is no guarantee of future results.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change in weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention.

As further described in the offering documents, an investment in alternative investments can be highly illiquid, are speculative and not suitable for all investors. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; lack of liquidity in that there may be no secondary market for the fund and none is expected to develop; volatility of returns; restrictions on transferring interests in the Fund; potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; less regulation and higher fees than mutual funds; and manager risk.

Individual funds will have specific risks related to their investment programs that will vary from fund to fund.

REITs are subject to special risk considerations similar to those associated with the direct ownership of real estate. Real estate valuations may be subject to factors such as changing general and local economic, financial, competitive, and environmental conditions. REITs may not be suitable for every investor. Dividend income from REITs will generally not be treated as qualified dividend income and therefore will not be eligible for reduced rates of taxation.

Interest in municipal bonds is generally exempt from federal income tax. However, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, local tax-exemption typically applies if securities are issued within one's city of residence.

International investing may not be suitable for every investor and is subject to additional risks, including currency fluctuations, political factors, withholding, lack of liquidity, the absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets.

S&P 500 Index is an unmanaged, market value-weighted index of 500 stocks generally representative of the broad stock market. An investment cannot be made directly in a market index.

Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index. Investing in smaller companies involves greater risks than those associated with investing in more established companies, including significant stock price fluctuations and illiquidity.

## Important Information, continued

The Barclays Capital U.S. Aggregate Index covers the U.S. Dollar-denominated, investment-grade, fixed-rate, taxable bond market segment of SEC-registered securities. The index includes bonds from the U.S. Treasury, Government-Related Corporate, Mortgage-Backed, Asset-Backed, and Commercial Mortgage-Backed Securities sectors. An investment cannot be made directly in a market index. Bonds are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying bonds will lose the interest payments from the investment and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made. NOTE: High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

Barclays Capital U.S. Credit Bond Index is composed of all publicly issued, fixed-rate, non-convertible, investment-grade, domestic corporate debt (collateralized mortgage obligations are not included). Total return comprises price appreciation/depreciation and income as a percentage of the original investment. This index is rebalanced monthly by market capitalization. An investment cannot be made directly in a market index.

Barclays Capital Municipal Bond Index is a broad measure of the municipal bond market with maturities of at least one year. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. An investment cannot be made directly in a market index.

The MSCI EAFE<sup>®</sup> Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of May 2005 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. An investment cannot be made directly in a market index.

The MSCI World Index is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of 23 developed-country markets. An investment cannot be made directly in a market index.

HFR Indices are compiled by Hedge Fund Research, Inc. ("HFR"), an industry service provider. They are based on the performance of hedge funds in various strategies as reported by the hedge fund managers to HFR. While the HFR Indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown). The HFR Indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. All data is net of all fees, denominated in U.S. dollar and equal-weighted. The information underlying the indices and the classification of the underlying funds have not been independently verified by either HFR or Morgan Stanley Smith Barney, and neither HFR nor Morgan Stanley Smith Barney make any representation as to their accuracy. Past performance does not guarantee future results. Real results may vary.

The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships (MLP)s that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return bases. An investment cannot be made directly in a market index.

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**Park Ridge Firefighters' Pension Fund**

**Monthly Financial Report**

**For the Month Ended  
December 31, 2014**

**Prepared by:  
Lauterbach & Amen, LLP**

**Park Ridge Firefighters' Pension Fund**  
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# Accountant's Compilation Report



January 8, 2015

Members of the Pension Board of Trustees  
Park Ridge Firefighters' Pension Fund  
Park Ridge, IL 60068

We have compiled the accompanying modified cash basis statement of net position of the Park Ridge Firefighters' Pension Fund as of December 31, 2014 and the related modified cash basis statement of changes in net position for the eight months then ended, and the accompanying other supplementary information as referred to in the table of contents. We have not audited or reviewed the accompanying financial statements and other supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and other supplementary information are in accordance with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements and other supplementary information in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and other supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements for Standards and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management in presenting financial information in the form of financial statements and other supplementary information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and other supplementary information.

Management has elected to omit substantially all of the disclosures, Management Discussion and Analysis (MD&A), and Required Supplementary Information (RSI) required by the modified cash basis of accounting. If the omitted disclosures were included in the financial statements and other supplementary information, they might influence the user's conclusions about the Pension Fund's assets, liabilities, fund balance, revenues and expenses. Accordingly, these financial statements and other supplementary information are not designed for those who are not informed about such matters.

We are not independent with respect to the Park Ridge Firefighters' Pension Fund.

Cordially,

*Lauterbach & Amen, LLP*

Lauterbach & Amen, LLP

Financial Statements

# Financial Statements

Income Statement  
Balance Sheet  
Cash Flow Statement

Statement of Retained Earnings  
Statement of Financial Position

**Park Ridge Firefighters' Pension Fund**  
**Statement of Net Position - Modified Cash Basis**  
**As of December 31, 2014**

**Assets**

|                            |                      |
|----------------------------|----------------------|
| Cash and Cash Equivalents  | \$ 2,778.00          |
| Investments, at Fair Value |                      |
| Money Market Mutual Funds  | 1,652,277.89         |
| Fixed Income               | 17,153,351.55        |
| Stock Equities             | 12,786,358.01        |
| Mutual Funds               | 8,851,010.22         |
| Total Cash and Investments | <u>40,445,775.67</u> |
| Accrued Interest           | 227,406.27           |
| Prepays                    | <u>16,126.55</u>     |
| Total Assets               | <u>40,689,308.49</u> |

**Liabilities**

|                     |                 |
|---------------------|-----------------|
| Expenses Due/Unpaid | <u>9,936.17</u> |
| Total Liabilities   | <u>9,936.17</u> |

**Net Position Held in Trust for Pension Benefits** 40,679,372.32

See Accountants' Compilation Report

**Park Ridge Firefighters' Pension Fund**  
**Statement of Changes in Net Position - Modified Cash Basis**  
**For the Eight Months Ended December 31, 2014**

**Additions**

|                               |                     |
|-------------------------------|---------------------|
| Contributions - Employer      | \$ 752,836.72       |
| Contributions - Employee      | <u>276,189.53</u>   |
| Total Contributions           | <u>1,029,026.25</u> |
|                               |                     |
| Investment Income             |                     |
| Interest and Dividends Earned | 1,006,902.21        |
| Net Change in Fair Value      | <u>1,113,384.24</u> |
| Total Investment Income       | 2,120,286.45        |
| Less: Investment Expense      | <u>(98,286.20)</u>  |
| Net Investment Income         | <u>2,022,000.25</u> |
|                               |                     |
| Total Additions               | <u>3,051,026.50</u> |

**Deductions**

|                      |                     |
|----------------------|---------------------|
| Administration       | 37,960.09           |
| Benefits and Refunds |                     |
| Benefits             | 1,874,617.36        |
| Refunds              | <u>85,577.06</u>    |
|                      |                     |
| Total Deductions     | <u>1,998,154.51</u> |

**Change in Position** 1,052,871.99

**Net Position Held in Trust for Pension Benefits**

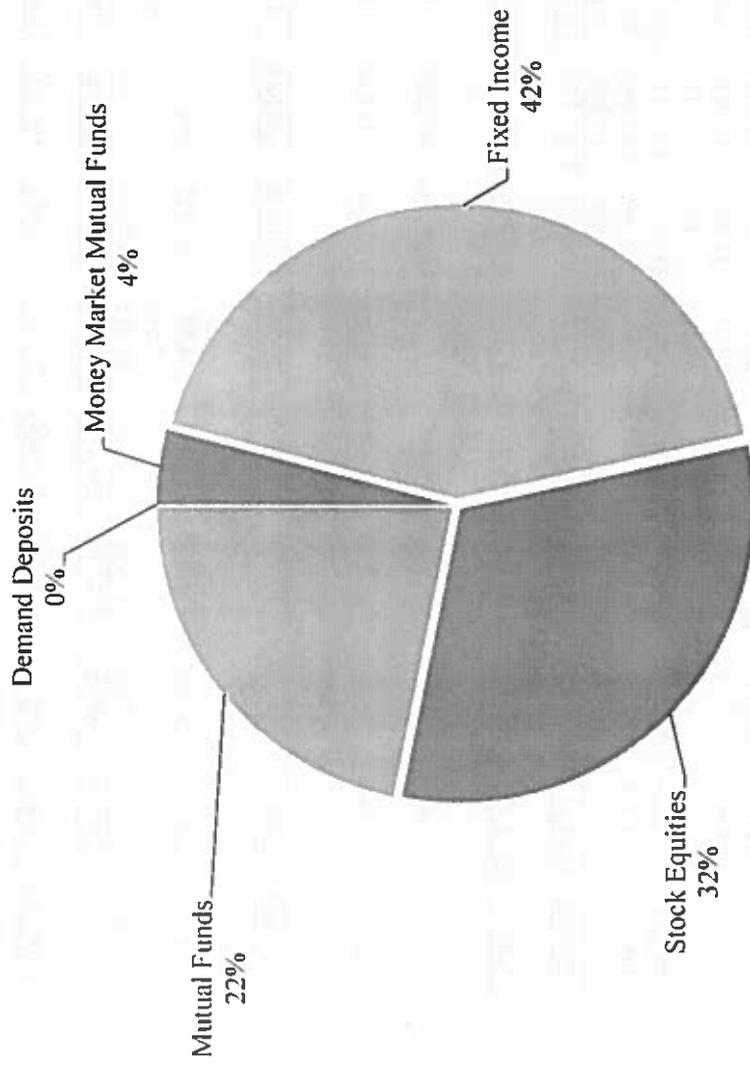
|                   |                      |
|-------------------|----------------------|
| Beginning of Year | <u>39,626,500.33</u> |
| End of Period     | <u>40,679,372.32</u> |

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## Other Supplementary Information

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# Park Ridge Firefighters' Pension Fund Cash and Investments

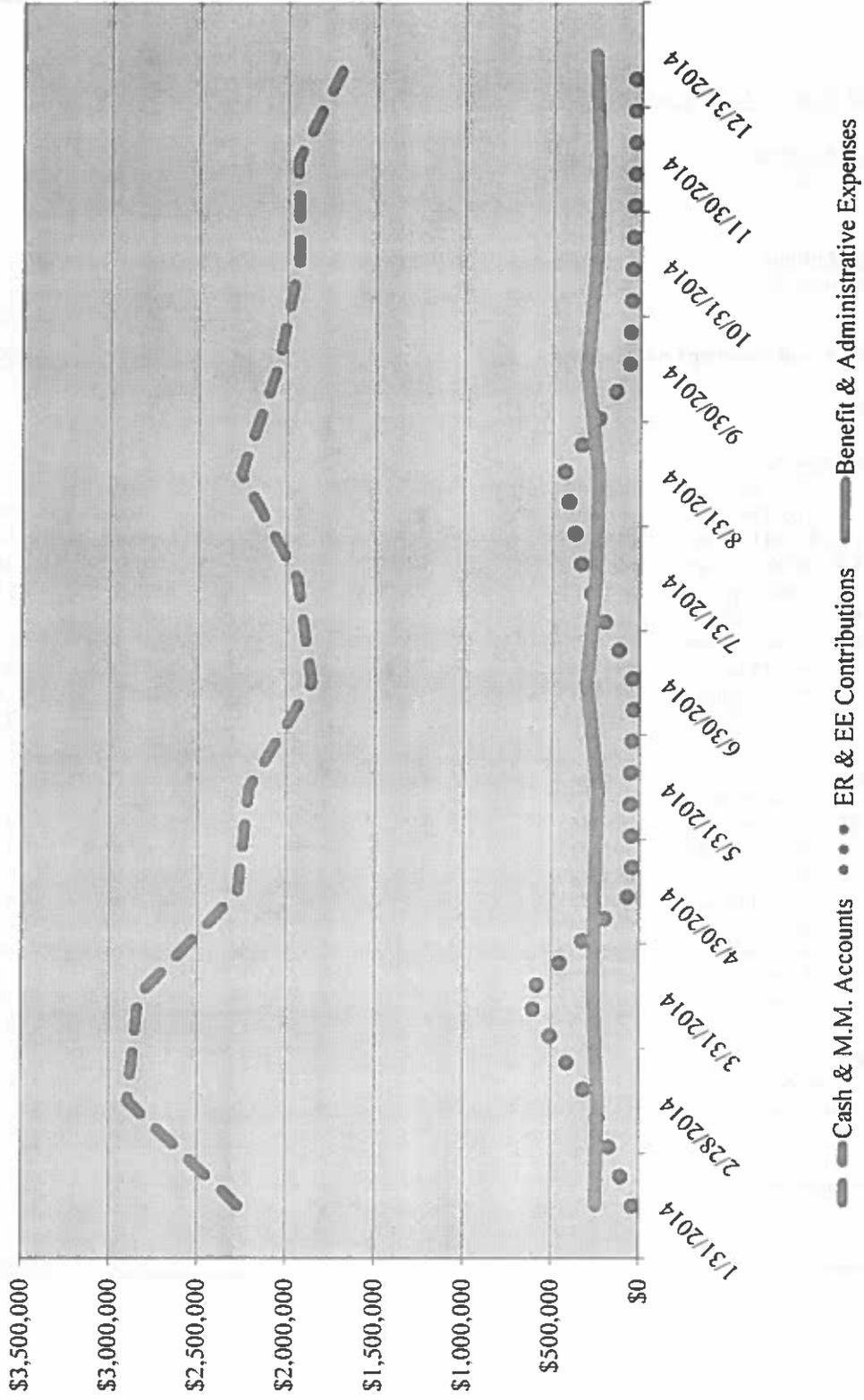


**Park Ridge Firefighters' Pension Fund**  
**Cash Analysis Report**  
**For the Twelve Periods Ending December 31, 2014**

| Financial Institutions                      | 1/31/14          | 2/28/14          | 3/31/14          | 4/30/14          | 5/31/14          | 6/30/14          | 7/31/14          | 8/31/14          | 9/30/14          | 10/31/14         | 11/30/14         | 12/31/14         |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Balance          |
| CK - Harris Bank #317-540-                  | 9,085            | 10,000           | 10,000           | 6,834            | 10,000           | 10,000           | 8,735            | 8,100            | 10,000           | 6,940            | 10,000           | 2,778            |
|   | <u>9,085</u>     | <u>10,000</u>    | <u>10,000</u>    | <u>6,834</u>     | <u>10,000</u>    | <u>10,000</u>    | <u>8,735</u>     | <u>8,100</u>     | <u>10,000</u>    | <u>6,940</u>     | <u>10,000</u>    | <u>2,778</u>     |
| SB - Pension #918712                        | 60,269           | 49,317           | 55,793           | 40,156           | 56,976           | 66,664           | 62,251           | 64,673           | 62,679           | 65,734           | 36,484           | 41,269           |
| SB - Madison #918720                        | 284,586          | 314,971          | 300,027          | 283,689          | 275,323          | 287,097          | 256,839          | 242,370          | 206,097          | 257,258          | 301,090          | 215,529          |
| SB - RBC #918751                            | 27,441           | 27,965           | 53,333           | 42,130           | 42,556           | 41,712           | 45,703           | 46,309           | 18,839           | 26,981           | 27,868           | 42,132           |
| SB - Atlanta #918750                        | 130,282          | 124,113          | 199,490          | 221,126          | 178,262          | 66,205           | 93,365           | 117,542          | 143,815          | 125,513          | 109,146          | 125,652          |
| SB - Cambiar #918749                        | 103,512          | 95,990           | 143,652          | 147,946          | 100,869          | 98,317           | 136,954          | 51,097           | 102,028          | 71,994           | 112,586          | 66,435           |
| SB - Wells #918748                          | 81,569           | 47,261           | 60,532           | 43,485           | 53,864           | 34,204           | 13,807           | 16,068           | 12,879           | 17,122           | 18,849           | 25,931           |
| SB - Advisor #918783                        | 111              | 111              | 111              | 111              | 111              | 111              | 111              | 111              | 111              | 111              | 111              | 111              |
| SB - Wire Acct #253-90510-17                | 75,643           | 350,039          | 759,402          | 565,090          | 380,747          | 130,327          | 231,057          | 430,711          | 205,305          | 19,649           | 19,340           | 23,064           |
| SB - Fixed Income #918794                   | 1,495,615        | 1,874,707        | 874,719          | 874,727          | 1,070,747        | 1,070,756        | 1,055,765        | 1,262,062        | 1,262,073        | 1,262,084        | 1,249,986        | 1,050,076        |
| SB - Fixed Income #017455                   | -                | -                | 375,512          | 46,508           | 39,534           | 51,763           | 35,039           | 18,599           | 33,867           | 85,847           | 57,497           | 62,080           |
|   | <u>2,259,029</u> | <u>2,884,475</u> | <u>2,822,573</u> | <u>2,264,969</u> | <u>2,198,990</u> | <u>1,847,156</u> | <u>1,930,891</u> | <u>2,249,542</u> | <u>2,047,694</u> | <u>1,932,293</u> | <u>1,932,957</u> | <u>1,652,278</u> |
| Totals                                      | <u>2,268,114</u> | <u>2,894,475</u> | <u>2,832,573</u> | <u>2,271,803</u> | <u>2,208,990</u> | <u>1,857,156</u> | <u>1,939,626</u> | <u>2,257,642</u> | <u>2,057,694</u> | <u>1,939,233</u> | <u>1,942,957</u> | <u>1,655,056</u> |
| <b>Contributions</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Current Tax                                 | 5,675            | 242,910          | 591,082          | 8,786            | 9,349            | -                | 288,476          | 407,865          | 30,940           | 3,992            | 4,258            | 7,956            |
| Personal Property Replacement Tax           | -                | -                | 20,680           | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Contributions - Current Year                | 32,228           | 31,485           | 30,612           | 31,191           | 46,180           | 30,702           | 31,580           | 31,024           | 30,809           | 45,602           | 30,108           | 30,184           |
| Contributions - Prior Year                  | -                | -                | 3,434            | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Interest Received from Members              | -                | -                | 2,566            | -                | -                | -                | -                | -                | -                | -                | -                | -                |
|   | <u>37,903</u>    | <u>274,395</u>   | <u>648,374</u>   | <u>39,977</u>    | <u>55,529</u>    | <u>30,702</u>    | <u>320,056</u>   | <u>438,889</u>   | <u>61,750</u>    | <u>49,594</u>    | <u>34,367</u>    | <u>38,140</u>    |
| <b>Expenses</b>                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Benefits                                    | 229,260          | 231,250          | 234,327          | 234,327          | 234,327          | 234,327          | 234,327          | 234,327          | 234,327          | 234,327          | 234,327          | 234,327          |
| Refunds/Transfers of Service Administration | -                | -                | -                | -                | 37,515           | -                | -                | -                | 48,062           | -                | -                | -                |
|   | <u>16,921</u>    | <u>4,543</u>     | <u>27,600</u>    | <u>19,989</u>    | <u>3,826</u>     | <u>31,875</u>    | <u>17,236</u>    | <u>5,259</u>     | <u>23,938</u>    | <u>21,226</u>    | <u>4,534</u>     | <u>28,351</u>    |
|   | <u>246,181</u>   | <u>235,793</u>   | <u>261,927</u>   | <u>254,316</u>   | <u>238,153</u>   | <u>303,718</u>   | <u>251,564</u>   | <u>239,586</u>   | <u>306,327</u>   | <u>255,553</u>   | <u>238,861</u>   | <u>262,678</u>   |
| Total Contributions less Expenses           | <u>(208,278)</u> | <u>38,602</u>    | <u>386,447</u>   | <u>(214,339)</u> | <u>(182,624)</u> | <u>(273,016)</u> | <u>68,492</u>    | <u>199,303</u>   | <u>(244,577)</u> | <u>(205,959)</u> | <u>(204,495)</u> | <u>(224,538)</u> |

See Accountants' Compilation Report

## Park Ridge Firefighters' Pension Fund Cash Analysis Summary

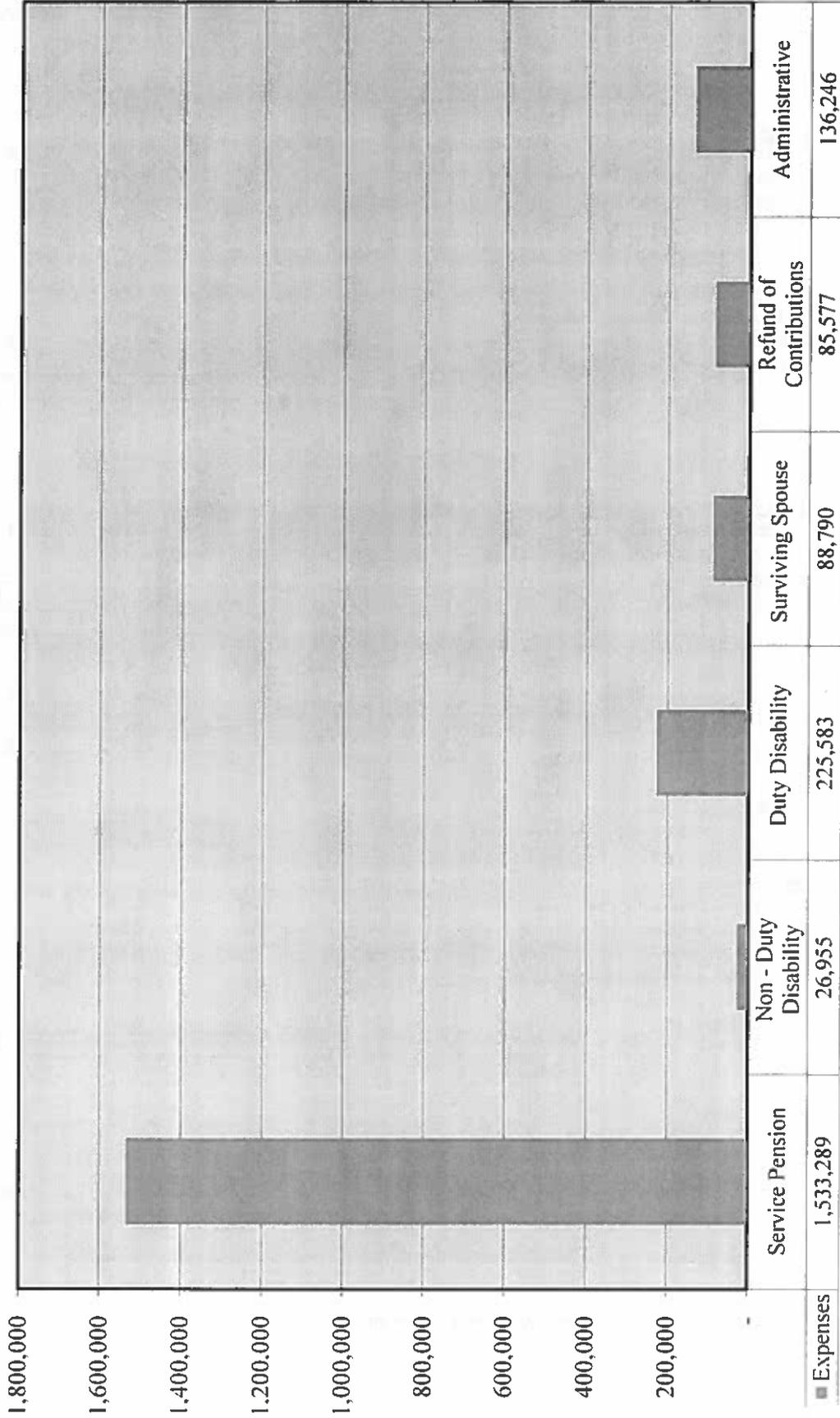


## Park Ridge Firefighters' Pension Fund Revenue Report as of December 31, 2014

|  | <u>Received<br/>this Month</u> | <u>Received<br/>this Year</u> |
|--|--------------------------------|-------------------------------|
| <b><u>Revenues</u></b>                           |                                |                               |
| <b><u>Municipal and Member Contributions</u></b> |                                |                               |
| <b><u>Municipal Contributions</u></b>            |                                |                               |
| 41-210-00 - Current Tax                          | 7,956.36                       | 752,836.72                    |
|  | 7,956.36                       | 752,836.72                    |
| <b><u>Member Contributions</u></b>               |                                |                               |
| 41-410-00 - Contributions - Current Year         | 30,183.98                      | 276,189.53                    |
|  | 30,183.98                      | 276,189.53                    |
| <b>Total Municipal and Member Contributions</b>  | 38,140.34                      | 1,029,026.25                  |
| <b><u>Investment Income</u></b>                  |                                |                               |
| <b><u>Interest and Dividends</u></b>             |                                |                               |
| 43-105-10 - SB - Wire Acct #253-90510-17         | 0.00                           | 16.18                         |
| 43-252-11 - SB - Fixed Income #918794            | 0.00                           | 598,379.06                    |
| 43-252-12 - SB - Fixed Income #017455            | 7,405.64                       | 54,013.06                     |
| 43-450-01 - SB - Stock Equities #918712          | 4,781.91                       | 35,458.76                     |
| 43-450-02 - SB - Stock Equities #918720          | 7,922.81                       | 31,309.04                     |
| 43-450-03 - SB - Stock Equities #918751          | 695.84                         | 5,703.66                      |
| 43-450-04 - SB - Stock Equities #918750          | 3,867.56                       | 32,061.99                     |
| 43-450-05 - SB - Stock Equities #918749          | 4,242.50                       | 27,247.16                     |
| 43-450-06 - SB - Stock Equities #918748          | 3,611.69                       | 8,643.91                      |
| 43-550-08 - SB - Mutual Funds #918783            | 235,312.81                     | 274,544.69                    |
|  | 267,840.76                     | 1,067,377.51                  |
| <b><u>Gains and Losses</u></b>                   |                                |                               |
| 44-252-11 - SB - Fixed Income #918794            | (50,063.85)                    | (10,501.30)                   |
| 44-252-12 - SB - Fixed Income #017455            | (12,847.61)                    | (11,450.93)                   |
| 44-450-01 - SB - Stock Equities #918712          | (9,683.88)                     | 114,743.49                    |
| 44-450-02 - SB - Stock Equities #918720          | 31,661.16                      | 317,649.54                    |
| 44-450-03 - SB - Stock Equities #918751          | 28,425.46                      | 114,764.64                    |
| 44-450-04 - SB - Stock Equities #918750          | (4,413.94)                     | 303,155.67                    |
| 44-450-05 - SB - Stock Equities #918749          | (5,286.74)                     | 89,222.82                     |
| 44-450-06 - SB - Stock Equities #918748          | (23,173.94)                    | 143,536.87                    |
| 44-550-08 - SB - Mutual Funds #918783            | (359,140.97)                   | 52,263.44                     |
|  | (404,524.31)                   | 1,113,384.24                  |
| <b><u>Other Income</u></b>                       |                                |                               |
| 45-200-00 - Accrued Interest                     | 68,555.80                      | (60,475.30)                   |
| 49-000-01 - Other Income                         | 0.00                           | 0.00                          |
|  | 68,555.80                      | (60,475.30)                   |
| <b>Total Investment Income</b>                   | (68,127.75)                    | 2,120,286.45                  |
| <b>Total Revenues</b>                            | (29,987.41)                    | 3,149,312.70                  |

See Accountants' Compilation Report

## Park Ridge Firefighters' Pension Fund Expenses



**Park Ridge Firefighters' Pension Fund  
Expense Report as of December 31, 2014**

|   | <u>Expended<br/>this Month</u> | <u>Expended<br/>this Year</u> |
|---|--------------------------------|-------------------------------|
| <b><u>Expenses</u></b>                        |                                |                               |
| <b><u>Pensions and Benefits</u></b>           |                                |                               |
| 51-020-00 - Service Pensions                  | 191,661.12                     | 1,533,288.96                  |
| 51-030-00 - Non-Duty Disability Pensions      | 3,369.38                       | 26,955.04                     |
| 51-040-00 - Duty Disability Pensions          | 28,197.89                      | 225,583.12                    |
| 51-050-00 - Occupational Disease Pensions     | 0.00                           | 0.00                          |
| 51-060-00 - Surviving Spouse Pensions         | 11,098.78                      | 88,790.24                     |
| 51-070-00 - Children's Pensions               | 0.00                           | 0.00                          |
| 51-080-00 - Parent's Pensions                 | 0.00                           | 0.00                          |
| 51-090-00 - Handicapped Annuitant Pensions    | 0.00                           | 0.00                          |
| 51-100-00 - Refund of Contributions           | 0.00                           | 85,577.06                     |
| 51-110-00 - Transfers to Other Pensions       | 0.00                           | 0.00                          |
|   | <u>234,327.17</u>              | <u>1,960,194.42</u>           |
| <br><b><u>Administrative</u></b>              |                                |                               |
| <b><u>Professional Services</u></b>           |                                |                               |
| 52-170-01 - Actuarial Services                | 0.00                           | 1,000.00                      |
| 52-170-03 - Accounting & Bookkeeping Services | 2,890.00                       | 8,260.00                      |
| 52-170-04 - Medical Services                  | 1,575.00                       | 2,675.00                      |
| 52-170-05 - Legal Services                    | 2,440.00                       | 12,661.46                     |
|   | <u>6,905.00</u>                | <u>24,596.46</u>              |
| <br><b><u>Investment</u></b>                  |                                |                               |
| 52-190-01 - Investment Manager/Advisor Fees   | 21,128.99                      | 88,772.99                     |
| 52-190-02 - Custodial Fees                    | 0.00                           | 9,513.21                      |
|   | <u>21,128.99</u>               | <u>98,286.20</u>              |
| <br><b><u>Electronic Data</u></b>             |                                |                               |
| 52-210-01 - D/P Equipment Purchases           | 267.00                         | 801.00                        |
|   | <u>267.00</u>                  | <u>801.00</u>                 |
| <br><b><u>Other Expense</u></b>               |                                |                               |
| 52-290-25 - Conference/Seminar Fees           | 0.00                           | 1,520.00                      |
| 52-290-26 - Association Dues                  | 0.00                           | 775.00                        |
| 52-290-27 - Travel Expense                    | 0.00                           | 2,145.90                      |
| 52-290-31 - Telecommunications Expense        | 50.00                          | 400.00                        |
| 52-290-34 - IDOI Filing Fee Expense           | 0.00                           | 7,595.33                      |
| 52-290-35 - Other Expense                     | 0.00                           | 126.40                        |
|   | <u>50.00</u>                   | <u>12,562.63</u>              |
| <br><b>Total Administrative</b>               | <br><u>28,350.99</u>           | <br><u>136,246.29</u>         |
| <br><b>Total Expenses</b>                     | <br><u>262,678.16</u>          | <br><u>2,096,440.71</u>       |

See Accountants' Compilation Report

**Park Ridge Firefighters' Pension Fund**  
**Member Contribution Report**  
**As of Month Ended - December 31, 2014**

| Name                    | Thru<br>Prior Fiscal<br>Year * | Current<br>Fiscal<br>Year | Service<br>Purchase | Refunds | Total<br>Contributions |
|-------------------------|--------------------------------|---------------------------|---------------------|---------|------------------------|
| Ascione, Joseph A.      | \$ 68,784.84                   | 5,550.36                  | 0.00                | 0.00    | 74,335.20              |
| Bieniek, John C.        | 144,812.84                     | 5,274.72                  | 0.00                | 0.00    | 150,087.56             |
| Blane, Aaron M.         | 89,465.23                      | 5,550.36                  | 0.00                | 0.00    | 95,015.59              |
| Boeringa, John III      | 156,732.61                     | 6,649.26                  | 0.00                | 0.00    | 163,381.87             |
| Bruchsaler, John D.     | 115,390.09                     | 5,594.11                  | 0.00                | 0.00    | 120,984.20             |
| Buckley, Christopher P. | 107,314.80                     | 5,581.32                  | 0.00                | 0.00    | 112,896.12             |
| Cleary, Christopher T.  | 39,770.22                      | 5,478.16                  | 0.00                | 0.00    | 45,248.38              |
| Debs, Timothy C.        | 151,466.60                     | 6,413.04                  | 0.00                | 0.00    | 157,879.64             |
| Decker, Derek R.        | 95,510.35                      | 6,163.92                  | 0.00                | 0.00    | 101,674.27             |
| Falco, Nicholas         | 109,018.08                     | 5,278.32                  | 0.00                | 0.00    | 114,296.40             |
| Finn, Jeffery M. Jr.    | 8,222.07                       | 4,168.76                  | 0.00                | 0.00    | 12,390.83              |
| Garland, Gregory        | 72,610.68                      | 5,550.35                  | 0.00                | 0.00    | 78,161.03              |
| Hanson, John M.         | 127,615.65                     | 7,184.22                  | 0.00                | 0.00    | 134,799.87             |
| Harris, Paul D.         | 76,520.68                      | 5,550.36                  | 0.00                | 0.00    | 82,071.04              |
| Herling, Christopher D. | 45,755.87                      | 5,478.16                  | 0.00                | 0.00    | 51,234.03              |
| Hohmeier, David P.      | 148,808.39                     | 5,601.84                  | 0.00                | 0.00    | 154,410.23             |
| Isom, Michael A.        | 103,789.61                     | 5,581.32                  | 0.00                | 0.00    | 109,370.93             |
| Jarka, Matthew          | 100,127.03                     | 5,581.32                  | 0.00                | 0.00    | 105,708.35             |
| Knautz, Jeremy          | 37,444.78                      | 5,478.16                  | 0.00                | 0.00    | 42,922.94              |
| Krause, Ronald W.       | 163,172.44                     | 6,432.12                  | 0.00                | 0.00    | 169,604.56             |
| Kuester, Aaron K.       | 0.00                           | 2,904.79                  | 0.00                | 0.00    | 2,904.79               |
| Kuzmanovich, Zivko      | 103,756.23                     | 5,581.32                  | 0.00                | 0.00    | 109,337.55             |
| Laube, Jeffrey J.       | 60,432.15                      | 5,478.16                  | 0.00                | 0.00    | 65,910.31              |
| Lazenby, Wedge C.       | 107,507.90                     | 6,171.70                  | 0.00                | 0.00    | 113,679.60             |
| Malcomson, David L. II  | 68,935.45                      | 5,550.36                  | 0.00                | 0.00    | 74,485.81              |
| McFarlin, Jesse T.      | 8,087.65                       | 4,145.14                  | 0.00                | 0.00    | 12,232.79              |
| Mleko, Geoffrey S.      | 87,612.00                      | 5,550.36                  | 0.00                | 0.00    | 93,162.36              |
| Naffziger, Joel F.      | 115,191.08                     | 5,594.11                  | 0.00                | 0.00    | 120,785.19             |
| Norton, Timothy J.      | 167,278.92                     | 6,979.81                  | 0.00                | 0.00    | 174,258.73             |
| Ortlund, John L.        | 122,436.12                     | 6,163.92                  | 0.00                | 0.00    | 128,600.04             |
| Pavone, Brian M.        | 89,159.90                      | 5,550.36                  | 0.00                | 0.00    | 94,710.26              |
| Piltaver, John M.       | 48,408.06                      | 5,478.16                  | 0.00                | 0.00    | 53,886.22              |
| Plach, Kevin S.         | 126,700.97                     | 6,502.86                  | 0.00                | 0.00    | 133,203.83             |
| Portell, Alvin T.       | 158,450.11                     | 6,430.50                  | 0.00                | 0.00    | 164,880.61             |
| Sankey, Scott E.        | 98,854.93                      | 6,960.06                  | 0.00                | 0.00    | 105,814.99             |
| Schneider, Timothy A.   | 47,449.30                      | 5,478.16                  | 0.00                | 0.00    | 52,927.46              |
| Scott, John F.          | 95,411.15                      | 5,272.44                  | 0.00                | 0.00    | 100,683.59             |
| Sempoch, Robert J.      | 60,954.91                      | 5,478.16                  | 0.00                | 0.00    | 66,433.07              |
| Skinner, Kurt F.        | 102,429.59                     | 5,581.32                  | 0.00                | 0.00    | 108,010.91             |
| Smaha, William C.       | 47,441.51                      | 5,478.16                  | 0.00                | 0.00    | 52,919.67              |

**Park Ridge Firefighters' Pension Fund  
Member Contribution Report  
As of Month Ended - December 31, 2014**

| Name                              | Thru<br>Prior Fiscal<br>Year * | Current<br>Fiscal<br>Year | Service<br>Purchase | Refunds     | Total<br>Contributions |
|-----------------------------------|--------------------------------|---------------------------|---------------------|-------------|------------------------|
| Sorensen, Jeffrey T.              | 140,311.99                     | 8,756.48                  | 0.00                | 0.00        | 149,068.47             |
| Vaci, Daniel                      | 2,149.85                       | 3,795.21                  | 0.00                | 0.00        | 5,945.06               |
| Villari, Frank J.                 | 107,511.58                     | 5,581.32                  | 0.00                | 0.00        | 113,092.90             |
| Weingart, Kenneth I.              | 83,454.77                      | 6,137.32                  | 0.00                | 0.00        | 89,592.09              |
| Wilson, Aaron A.                  | 4,731.30                       | 4,085.68                  | 0.00                | 0.00        | 8,816.98               |
| Wolff, Raymond                    | 40,374.64                      | 5,478.16                  | 0.00                | 0.00        | 45,852.80              |
| Woodford, Gregory A.              | 86,675.14                      | 5,550.36                  | 0.00                | 0.00        | 92,225.50              |
| Zermeno, Anthony J.               | 100,439.67                     | 5,244.36                  | 0.00                | 0.00        | 105,684.03             |
|                                   | 4,244,479.73                   | 271,098.92                | 0.00                | 0.00        | 4,515,578.65           |
| <b>Terminated/Removed Members</b> |                                |                           |                     |             |                        |
| Koletsos, Nicholas                | 37,515.07                      | 0.00                      | 0.00                | (37,515.07) | 0.00                   |
| Zywanski, Michael A.              | 42,971.38                      | 5,090.61                  | 0.00                | (48,061.99) | 0.00                   |
| <b>Total</b>                      | 4,324,966.18                   | 276,189.53                | 0.00                | (85,577.06) | 4,515,578.65           |

\* Prior Fiscal Year Balances Corrected at 9/24/2014

Park Ridge Firefighters' Pension Fund  
Vendor Checks Report

| Vendor Name                        | Chk. No. | Check Date | Amount           |            |
|------------------------------------|----------|------------|------------------|------------|
| JOHN D BRUCHSALER *                | 30052    | 10/02/14   | 462.21           |            |
| JOSEPH EGAN*                       | 30053    | 10/02/14   | 462.21           |            |
|                                    |          | Subtotal   | <u>924.42</u>    |            |
| JOHN D BRUCHSALER *                | 30054    | 10/17/14   | 50.00            |            |
| IPPPA                              | 70043    | 10/21/14   | 775.00           | Electronic |
| OTTOSEN BRITZ KELLY COOPER & GILBI | 70044    | 10/21/14   | 1,300.00         | Electronic |
|                                    |          | Subtotal   | <u>2,075.00</u>  |            |
| LAUTERBACH & AMEN LLP              | 70045    | 10/30/14   | 1,315.00         | Electronic |
| CITY OF PARK RIDGE                 | 14704    | 10/31/14   | 11,766.28        | Electronic |
| FAYEZ SAROFIM & CO                 | 50309    | 10/31/14   | 5,792.86         |            |
| FAYEZ SAROFIM & CO                 | 50310    | 10/31/14   | 4,556.25         |            |
| MADISON INVESTMENT ADVISORS, LLC   | 50307    | 10/31/14   | 6,253.96         |            |
| MCDONNELL INVESTMENT MGMT LLC      | 50308    | 10/31/14   | 638.70           |            |
| NIU                                | 50306    | 10/31/14   | -380.00          |            |
| STATE DISBURSEMENT UNIT            | 14705    | 10/31/14   | 1,234.60         |            |
|                                    |          | Subtotal   | <u>29,862.65</u> |            |
| JOHN D BRUCHSALER *                | 30055    | 11/10/14   | 113.26           |            |
| OTTOSEN BRITZ KELLY COOPER & GILBI | 70046    | 11/13/14   | 3,565.00         | Electronic |
| LAUTERBACH & AMEN LLP              | 70047    | 11/17/14   | 1,730.00         | Electronic |
| CITY OF PARK RIDGE                 | 14755    | 11/28/14   | 11,766.28        | Electronic |
| STATE DISBURSEMENT UNIT            | 14756    | 11/28/14   | 1,234.60         |            |
|                                    |          | Subtotal   | <u>13,000.88</u> |            |
| FAYEZ SAROFIM & CO                 | 50312    | 11/30/14   | -663.01          |            |
| FAYEZ SAROFIM & CO                 | 50313    | 11/30/14   | 452.05           |            |
| MADISON INVESTMENT ADVISORS, LLC   | 50311    | 11/30/14   | -663.01          |            |
|                                    |          | Subtotal   | <u>-873.97</u>   |            |
| DIGITAL PAPER SOLUTIONS INC        | 30056    | 12/22/14   | 267.00           |            |
| EXAMWORKS INC                      | 30057    | 12/22/14   | 1,575.00         |            |
| JOHN D BRUCHSALER *                | 30058    | 12/22/14   | 50.00            |            |
| LAUTERBACH & AMEN LLP              | 70048    | 12/22/14   | 2,890.00         | Electronic |
|                                    |          | Subtotal   | <u>4,782.00</u>  |            |
| OTTOSEN BRITZ KELLY COOPER & GILBI | 70049    | 12/24/14   | 2,440.00         | Electronic |
| ATALANTA SOSNOFF CAPITAL LLC       | 50315    | 12/31/14   | 6,485.00         |            |
| CAMBIAR INVESTORS LLC              | 50318    | 12/31/14   | 5,300.57         |            |
| CITY OF PARK RIDGE                 | 14806    | 12/31/14   | 11,766.28        | Electronic |
| MCDONNELL INVESTMENT MGMT LLC      | 50314    | 12/31/14   | 1,267.13         |            |
| RBC GLOBAL ASSET MGMT (U.S.) INC   | 50316    | 12/31/14   | 4,351.54         |            |
| STATE DISBURSEMENT UNIT            | 14807    | 12/31/14   | 1,234.60         |            |
| WELLS FARGO FUNDS MANAGEMENT, LI   | 50317    | 12/31/14   | 3,724.75         |            |
|                                    |          | Subtotal   | <u>34,129.87</u> |            |
|                                    |          | TOTAL      | <u>93,114.11</u> |            |



**Park Ridge Firefighters' Pension Funds**  
**Request for Proposal (RFP) for Investment Advisory Services**  
\_\_\_\_\_, 2015

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**I. Introduction**

The **Board of Trustees of the Park Ridge Firefighters' Pension Fund** (hereinafter "Board" or "Pension Fund") is requesting proposals from qualified investment management firms or other financial institutions to serve as the investment consultant, overseeing the assets of the Pension Fund. Firms or institutions submitting proposals must meet the minimum eligibility requirements for investment consultant set forth in Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5), and comply with other applicable state and federal laws for vendors doing business with a public entity. Investment practices and procedures must comply with Illinois law and the Pension Funds' investment policy.

The Board reserves the right to reject any and all proposals. Proposals submitted will be evaluated by the Board. During the review process, the Board has the right to request additional information and corrections from any or all of those submitting proposals. Once the Board has reviewed the proposals, it may request oral presentations from any or all of those submitting proposals. All costs incurred with the submission of proposals are solely those of the proposer. The Board and/or Pension Fund will not reimburse any expenses of those submitting proposals.

All questions or communications pertaining to this RFP shall be presented in writing to the Secretary of the Board:

J.D. Bruchsaler, Secretary  
Park Ridge Firefighters' Pension Fund  
901 W. Devon Avenue  
Park Ridge, IL 60068  
jbruchsaler@prfirepension.com

Questions must be submitted in writing via email. Please provide a return email address and phone number for responses.

**II. Description of the Pension Fund**

The Park Ridge Firefighters' Pension Fund, Cook County, Illinois, is an Article 4 pension fund organized pursuant to the Illinois Pension Code (40 ILCS 5/4-101 *et seq.*) for the benefit of its members and of their surviving spouses, children and certain other dependents. The Pension Fund has total assets of approximately \_\_\_\_\_.



### **III. Delivery of Proposals**

Please forward **seven (7) copies of the proposal** in a sealed envelope labeled "Request for Proposal for Investment Management Services" to:

J.D. Bruchsaler, Secretary  
Park Ridge Firefighters' Pension Fund  
901 W. Devon Avenue  
Park Ridge, IL 60068  
jbruchsaler@prfirepension.com

The proposals must be received by **4:00 p.m. on Friday, \_\_\_\_\_, 2015** to be considered.

### **IV. Terms for Making Proposal**

#### **A. Firm Information**

1. Name of Firm
2. Address
3. Name, telephone number, email address and title of individual with authority to commit firm.
4. Please disclose any entity that is a parent of, or owns a controlling interest in your firm. Please also disclose any entity that is a subsidiary of, or in which a controlling interest is owed by, your firm.

#### **B. Description of Organization**

1. Name of Asset Management Organization
2. Firm
  - a. The year the firm was founded.
  - b. List specific municipal or government accounts currently under management:
    - i. specifically highlight Illinois Fire Pension Fund accounts;
    - ii. specifically detail the total market value of the portion your firm manages; and
    - iii. highlight the number of years the firm has worked with each Fund.
  - c. List the Illinois Fire Pension Fund accounts that have terminated their relationship with your firm in the last ten (10) years and provide the year of termination.
3. Individuals who would have primary responsibility for the management of this account.
  - a. Name and Title.



- b. Biographies of key personnel.
  - c. Number of accounts under management for this individual.
  - d. Years of personal Illinois Fire Pension Fund management experience.
  - e. Names, responsibilities and tenure of key members of the Illinois Fire Pension Fund management team that have left the firm within the last three (3) years.
  - f. Representatives at pension board meetings.
- 4. Describe any special expertise and experience your firm has in providing investments consulting services to fire and police pension funds in Illinois.
  - 5. Discuss your firm's insurance coverage.
  - 6. Describe the competitive advantage your firm enjoys over its competitors.

**C. Business Arrangements**

- 1. List brokers executing more than 10% of your dollar volume over the last twelve (12) months and disclose their percentages.
- 2. List total value of the soft dollar received over the last twelve (12) months and their source.
- 3. Please disclose and describe all sources of income you receive in connection with investment consulting or advisory services to pension funds, either direct or indirect. What third parties will you receive compensation from, including, but not limited to, commissions, 12(b)(1) fees, referral fees, etc.?
- 4. Discuss recommendations for custody. Are you affiliated with this custodian? Do you receive any compensation for this custodian in regard to this client? Are any custodian services delegated to other firms? Itemize all cost to client should they choose to take your recommendations in regard to custody.
- 5. Does your firm practice in any underwriting activities, either direct or in arrangements with other financial institutions? Please disclose what bonds or stocks in your current portfolios are the result of such transactions and explain what fees or compensation your firm receives in such transactions.

**D. Investment Procedures and Approaches**

- 1. Briefly describe the philosophy and methodology of your security selection for the equities and fixed income. If you feel any of the more common "investment styles" apply to your philosophy, please so indicate.
- 2. Describe your capabilities in developing, implementing and modifying investment guidelines and objectives.
- 3. Explain your views on passive versus active management. What is your recommended allocation between active and passive management?
- 4. To what extent does your firm manage individual bonds and equities, as opposed to choosing equity or other managers as sub-advisors?



5. Describe your role in implementing manager transitions and/or rebalancing strategic asset allocations targets.
6. What are your approaches to rebalancing or reallocating asset classes, styles, and sectors for or on behalf of the funds? How do you add value in this process?

**E. Investment Performance**

1. Please submit composite performance data for the last one-year, three-year, five-year and ten-year periods ending December 31, 2013, April 30, 2014 and December 31, 2014. Also, provide performance for each full year your firm has managed Illinois Fire Pension Funds through December 31, 2013, April 30, 2014 and December 31, 2014.. Please provide equity and fixed income composite performance separately. Specify if these returns comply with the CFA Institute – GIPS performances presentation standards. Fixed income returns should include accrued interest. Indicate the composition of the composite and compare the composite performance against the appropriate market index/benchmark. The composite should contain ONLY Illinois Fire Pension Fund accounts managed by your firm. Disclose if any Illinois Fire Pension Fund clients were left out of the composite. If so, why were they left out?
2. Please provide an example of your reporting format for quarterly meetings.
3. How much flexibility is there in your reporting format? Can reports be customized at our request? Are there charges for such changes? Within what time can requested changes in reporting be made, i.e., at the beginning of the relationship only, or anytime changes are needed? Are reports available in electronic format?
4. Describe the benchmark that your firm feels the equity and fixed income portions of the portfolio should be managed against and why.

**F. Fees**

1. Proposed fee structure, including full disclosure of direct and indirect fees, commissions, penalties and other compensation, including reimbursement for expenses, start-up fees, annual fees, and all other fees.
2. Detailed description of the services to be provided in the exchange for the proposed fees.
3. Sample investment contract with fee schedule (please attach).

**G. Miscellaneous**

1. Please explain the difference between an investment “consultant” and an investment “advisor” or “manager.” Please explain the role each professional provides to a public pension fund. Based on your explanation, please explain the pros and cons of pension funds of our size using each model.
2. Please provide a list of at least five (5) Illinois Fire Pension Fund client references with contact names, addresses, and telephone numbers. If you do



not have five Illinois Fire Pension Fund client references, please give at least five other client references.

3. Please provide a list of formal complaints, sanctions, or litigation against your firm in the last five (5) years.
4. Has your firm, its principal or affiliate ever:
  - i. been of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation for any similar federal, state or self-regulatory body or organization;
  - ii. been a party to any litigation concerning fiduciary responsibility to other investment related matters; or,
  - iii. submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)?

If yes to any, please provide details.

5. Provide a list of any/or all affiliates with financial institutions, insurance companies, mutual funds, and/or brokerage firms. Please provide a description of each affiliation.
6. Please state whether you are willing to acknowledge you are a fiduciary of the pension funds as defined in Section 101.2 of the Illinois Pension Code (40 ILCS 5/1-101.2).
7. Please state whether you agree to venue for any judicial proceeding to be in the state in which the Board sit.
8. If requested, what other services could your firm provide (on-site training, etc.) for trustees and staff?
9. Does your firm provide pensioner payment and tax reporting services? If yes, please describe and provide sample forms and procedures for this service.
10. Specify how your firm will handle transfer of assets. Describe how your firm will assist in transition management.



**Park Ridge Firefighters' Pension Fund**  
**Request for Proposal (RFP) for Investment Consulting Services**  
\_\_\_\_\_, 2015

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**I. Introduction**

The Board of Trustees of the Park Ridge Firefighters' Pension Fund (hereinafter "Board" or "Pension Fund") is requesting proposals from qualified investment consultant firms or other financial institutions to assist it in developing and carrying out investment policies that are designed to ensure that sufficient assets are available to meet current and future benefit obligations. Firms or institutions submitting proposals must meet the minimum eligibility requirements for investment consultants set forth in Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5), and comply with other applicable state and federal laws for vendors doing business with a public entity. Investment practices and procedures must comply with Illinois law and the Pension Fund's investment policy. Pursuant to Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5), an agreement for services entered into between the Board and a firm or institution submitting a proposal in response to this request for proposals may not exceed five (5) years.

The Board reserves the right to reject any and all proposals. Proposals submitted will be evaluated by the Board. During the review process, the Board has the right to request additional information and corrections from any or all of those submitting proposals. Once the Board has reviewed the proposals, they may request oral presentations from any or all of those submitting proposals. All costs incurred with the submission of proposals are solely those of the proposer. The Board and/or Pension Fund will not reimburse any expenses of those submitting proposals.

All questions or communications pertaining to this RFP shall be presented in writing to the Secretary of the Board:

J.D. Bruchsaler, Secretary  
Park Ridge Firefighters' Pension Fund  
901 W. Devon Avenue  
Park Ridge, IL 60068  
jbruchsaler@prfirepension.com

Questions must be submitted in writing via email. Please provide a return email address and phone number for responses.

**II. Description of the Pension Fund**

The Park Ridge Firefighters' Pension Fund, Cook County, Illinois, is an Article 4 pension fund organized pursuant to the Illinois Pension Code (40 ILCS 5/4-101 *et seq.*) for the benefit of its members and of their surviving spouses, children and certain other dependents. The Pension Fund has total assets of approximately \_\_\_\_\_.



### III. Delivery of Proposals

Please forward **seven (7) copies of the proposal** in a sealed envelope labeled "Request for Proposal for Investment Consulting Services" to:

J.D. Bruchsaler, Secretary  
Park Ridge Firefighters' Pension Fund  
901 W. Devon Avenue  
Park Ridge, IL 60068  
jbruchsaler@prfirepension.com

The proposals must be received by **4:00 p.m. on Friday, \_\_\_\_\_, 2015** to be considered.

### IV. Scope of Services

The Board is seeking the services of an investment consultant firm to assist them on an on-going basis in the selection, monitoring, and evaluation of its investment programs and investment managers. Services to assist the Board are to include, but are not limited to the following:

1. Systems Review. Conduct an initial, comprehensive review of the current investment program, to include the following:
  - (a) an assessment of the program's current design;
  - (b) a review of the current portfolio structure;
  - (c) an evaluation of the current investment manager lineup; and a written report containing our observations and recommendations for the program where appropriate.
  
2. Development of Investment Policy and Guidelines. Meet with the Board to develop written investment policies and guidelines that will govern future management of the client's assets. In formulating such policies and guidelines, will consider the following:
  - (a) current financial condition of Pension Fund and their future plans;
  - (b) the Fund's liabilities, liquidity and distribution needs;
  - (c) level and nature of contributions, if any;
  - (d) desired investment policy and risk profile;
  - (e) the risk tolerances and preferences of the trustees;
  - (f) quantitative asset allocation analysis and portfolio optimization techniques; and
  - (g) applicable federal and state laws and regulations of the Illinois Department of Insurance.



3. Selection of Investment Manager(s). Assist the Board in selecting an investment manager(s) if and when needed. Assistance will consist of:
  - (a) analyzing investment manager(s) and performing complete due diligence on each such investment manager(s);
  - (b) recommending new investment manager(s) to the Board, as necessary;
  - (c) discussing and reviewing with the Board the qualifications of potential investment managers;
  - (d) interviewing potential investment manager(s) and reviewing with the Boards the results of such interview(s); and
  - (e) organizing final presentations by the investment manager(s) and assisting the Board in the final selection of an investment manager(s).
4. Performance Evaluation. On a calendar-quarter basis, calculate the rates of return for each component of the Pension Fund's investment program. Will prepare quarterly written reports that will include:
  - (a) an analysis and summary of the most recent events in the financial markets;
  - (b) an analysis of the allocation of the Pension Fund's investments across asset classes and/or managers and changes in that allocation; and
  - (c) a review of the investment results of all managers, funds and asset classes in the context of their objectives and benchmarks, along with specific commentary on factors affecting performance.
5. Meetings. Be available to attend the Board's quarterly meetings to discuss the investment program.
6. General Consultation. Accommodate all reasonable requests for information and/or analysis of a general nature.

**V. Terms for Making Proposal**

**A. Firm Information**

1. Name of Firm
2. Address
3. Name, telephone number, email address and title of individual with authority to commit firm.
4. Please disclose any entity that is a parent of, or owns a controlling interest in your firm. Please also disclose any entity that is a subsidiary of, or in which a controlling interest is owed by your firm.



**B. Description of Organization**

1. Name of Asset Management Organization
2. Firm
  - a. The year the firm was founded.
  - b. List specific municipal or government accounts currently under management:
    - i. specifically highlight Illinois Fire Pension Fund accounts;
    - ii. specifically detail the total market value of the portion your firm manages; and
    - iii. highlight the number of years the firm has worked with each Fund.
  - c. List the Illinois Fire Pension Fund accounts that have terminated their relationship with your firm in the last ten (10) years and provide the year of termination.
3. Portfolio Managers, Relationship Managers and Administrators who would have primary responsibility for the management of this account.
  - a. Name and Title.
  - b. Biographies of key personnel.
  - c. Number of accounts under management for the portfolio manager and assigned to the administrator.
  - d. Years of personal Illinois Fire Pension Fund management experience.
  - e. Names, responsibilities and tenure of key members of the Illinois Fire Pension Fund management team that have left the firm within the last three (3) years.
  - f. Representatives at pension board meetings.
4. Describe any special expertise and experience your firm has in providing investment consultant services to fire and police pension funds in Illinois.
5. Discuss your firm's insurance coverage.
6. Describe the competitive advantage your firm enjoys over its competitors.

**C. Business Arrangements**

1. List brokers executing more than 10% of your dollar volume over the last twelve (12) months and disclose their percentages.
2. List total value of the soft dollar received over the last twelve (12) months and their source.



3. Please disclose and describe all sources of income you receive in connection with investment consulting and advisory services to pension funds, either direct or indirect. What third parties will you receive compensation from, including, but not limited to, commissions, 12(b)(1) fees, referral fees, etc.?
4. Discuss recommendations for custody. Are you affiliated with this custodian? Do you receive any compensation for this custodian in regard to this client? Are any custodian services delegated to other firms? Itemize all cost to client should they choose to take your recommendations in regard to custody.
5. Does your firm practice in any underwriting activities, either direct or in arrangements with other financial institutions? Please disclose what bonds or stocks in your current portfolios are the result of such transactions and explain what fees or compensation your firm receives in such transactions.

**D. Investment Procedures and Approaches**

1. Briefly describe the philosophy and methodology of your security selection for the equities and fixed income. If you feel any of the more common "investment styles" apply to your philosophy, please so indicate.
2. Describe your capabilities in developing, implementing and modifying investment guidelines and objectives.
3. Explain your views on passive versus active management. What is your recommended allocation between active and passive management?
4. To what extent does your firm manage individual bonds and equities, as opposed to choosing equity or other managers as sub-advisors?
5. Describe your role in implementing manager transitions and/or re-balancing strategic asset allocations targets.
6. What are your approaches to rebalancing or reallocating asset classes, styles, and sectors for or on behalf of the funds? How do you add value in this process?

**E. Investment Performance**

1. Please submit composite performance data for the last one-year, three-year, five-year and ten-year periods ending December 31, 2013, April 30, 2014 and December 31, 2014. Also, provide performance for each full year your firm has managed Illinois Fire Pension Funds for the same time periods. Please provide equity and fixed income composite performance separately. Specify if these returns comply with the CFA Institute – GIPS performances presentation standards. Fixed income returns should include accrued interest. Indicate the composition of the composite and compare the composite performance against the appropriate market index/benchmark. The composite should contain ONLY Illinois Fire Pension Fund accounts managed by your firm. Disclose if any Illinois Fire Pension Fund clients were left out of the composite. If so, why were they left out?
2. Please provide an example of your reporting format for quarterly meetings.



3. How much flexibility is there in your reporting format? Can reports be customized at our request? Are there charges for such changes? Within what time can requested changes in reporting be made, i.e., at the beginning of the relationship only, or anytime changes are needed? Are reports available in electronic format?
4. Describe the benchmark that your firm feels the equity and fixed income portions of the portfolio should be managed against and why.

**F. Fees**

1. Proposed fee structure, including full disclosure of direct and indirect fees, commissions, penalties and other compensation, including reimbursement for expenses, start-up fees, annual fees, and all other fees.
2. Detailed description of the services to be provided in the exchange for the proposed fees.
3. Sample investment contract with fee schedule (please attach).

**G. Miscellaneous**

1. Please explain the difference between an investment "consultant" and an investment "advisor" or "manager." Please explain the role each professional provides to a public pension fund. Based on your explanation, please explain the pros and cons of pension funds of our size using each model.
2. Please provide a list of at least five (5) Illinois Fire Pension Fund client references with contact names, addresses, and telephone numbers. If you do not have five Illinois Fire Pension Fund client references, please give at least five other client references.
3. Please provide a list of formal complaints, sanctions, or litigation against your firm in the last five (5) years.
4. Has your firm, its principal or affiliate ever:
  - i. been of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation for any similar federal, state or self-regulatory body or organization;
  - ii. been a party to any litigation concerning fiduciary responsibility to other investment related matters; or,
  - iii. submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)?

If yes to any, please provide details.

5. Provide a list of any/or all affiliates with financial institutions, insurance companies, mutual funds, and/or brokerage firms. Please provide a description of each affiliation.
6. Please state whether you are willing to acknowledge you are a fiduciary of the pension funds as defined in Section 101.2 of the Illinois Pension Code (40 ILCS 5/1-101.2).



7. Please state whether you agree to venue for any judicial proceeding to be in the state in which the Boards sit.
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