

THE RETIREMENT BOARD
of the
FIREMEN'S ANNUITY AND BENEFIT FUND
OF CHICAGO

Suite 1400
20 South Clark Street Chicago, IL 60603-1899
(312) 726-5823 Fax (312) 726-2316
Marshall Line 9261 <http://www.fabf.org>
(800) 782-7425

ELECTED TRUSTEES

MICHAEL J. SHANAHAN, President
TIMOTHY J. MCPHILLIPS, Secretary
PETER O'SULLIVAN, Active Trustee
DANIEL A. FORTUNA, Annuitant Member



EX-OFFICIO TRUSTEES

Deputy Fire Commissioner, ANTHONY P. VASQUEZ, Vice-President
City Treasurer, KURT A. SUMMERS JR.
City Comptroller, ERIN KEANE
City Clerk, ANNA VALENCIA

March 8, 2017

In addition to the benefits granted to members and spouses each month, the Secretary will also be presenting, for informational purposes only, items of interest that may affect our members. Questions regarding any member's specific situation should be addressed directly to the Fund Office.

MONTHLY NEWS AND INFORMATION FROM THE FUND SECRETARY

There continues to be some misinformation and confusion among the members concerning how the recent 3% Annual Automatic Increase (AAI) is being implemented.

The pension board has implemented all the benefits found in the recently passed legislation, PA99-0905. Certain retired members have taken exception that they were not granted the retroactive calculation. There does exist a group of approximately 214 retired members that did not receive a retroactive calculation. The reason for not granting the AAI retroactive calculation for these 214 members is that the language found in PA99-0905 clearly states that members already receiving the AAI are not entitled to the retroactive base calculation. I underlined the pertinent language taken directly from the pension code as follows:

Any fireman born before January 1, 1966 who qualifies for a minimum annuity and retires after September 1, 1967 but has not received the initial increase under this subsection before January 1, 2017 is entitled to receive an initial increase under this subsection on (1) January 1, 2017, (2) the first anniversary of the date of retirement, or (3) attainment of age 55, whichever occurs last, in an amount equal to 3% for each complete year following the date of retirement or attainment of age 55, whichever occurs later.

I understand why it was written the way it was, the drafters intended to grant a retroactive calculation of the base annuity up to the time the member was eligible for the AAI. However, this was the first time the retroactive calculation was ever introduced into our pension code. In my opinion, the real problem here occurred during the process of drafting the language; quite simply, it was drafted poorly. Because the language was drafted poorly, 214 retired members who have already started receiving the AAI are not entitled to the retroactive calculation. Was this the intent of the legislators? I don't think so, but that is what they very clearly wrote into the law. The crux of the problem is that the pension board was faced with implementing new poorly drafted language that was not ambiguous on its face. But, stakeholders that were involved in the drafting interjected 'legislative intent', which then creates some ambiguity. The law is clear on its own; it is without ambiguity. But adding 'legislative intent' to the discussion creates ambiguity. Intent is subjective and difficult to interpret. Clear concise language leaves no room for subjectiveness. Benefits should not rest on terms that are subjective or dependent on the interpretation of intent.

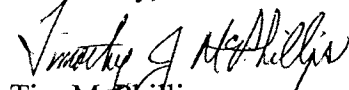
It is important that pension fund members are aware of the process and deliberations of the Pension Fund. Do members feel comfortable with a Board granting benefits that clearly aren't supported by law but feel compelled to follow the direction of two legislators that run counter to the language passed? If it is ok for the trustees to ignore any portion of the clear language of the pension code in this instance, would they be able to ignore the pension code in other instances?

In my opinion, as Fund Secretary, I felt the Board had the following options in front of them when deciding this matter:

1. **The Board could file for a declaratory judgement with the courts.** This would essentially ask the judge to clarify how the pension board should apply the law. As a trustee, I wanted to pursue this avenue so the members affected know that the pension board trustees are attempting to get to a resolution that is at least bound by some legal authority. I wanted reach out to the Police Pension Board to join us in the proceeding because initially they were also struggling with how to interpret the legislation. However, since that time the Police Pension Board has now decided that the language in their code is ambiguous and that is adequate to grant the benefit in favor of the member.
2. **Let Local 2 sue the pension fund.** The Board can wait for the court to rule should Local 2 decide to file a lawsuit. Local 2 has communicated to the FABF Board that they would pursue a lawsuit on behalf of the 214 affected members to make certain the benefits in question are granted. If the courts instruct the pension board to grant the benefit, I am confident the pension board would abide by that order.
3. **Change the law.** This would be the best alternative, but because the law didn't have the support in the Executive Branch and the required support in the Legislature has diminished, it isn't believed that any legislative change can be achieved.
4. **Grant the benefit based on the letters from two legislators.** The Board felt that was not an option because we would be violating our fiduciary obligation to all members of the pension fund by granting benefits that clearly aren't supported by law. In my opinion, by doing so, younger pension fund members could bring a suit against the Board for not acting as a fiduciary for their interests in the fund. They could successfully argue that the Board, by granting benefits not supported by the pension code, caused them harm by diminishing the security of their future benefit when the Board deliberately and recklessly misallocated fund assets that could be used to pay their future benefits.
5. **Get additional letters from Legislators clarifying the intent of the language.** Although this might be persuasive, the Board couldn't decide what exactly such a letter would have to say and how many legislators would be required to sign it to show the entire Legislature's intent.

The actions your Board has taken thus far shows a cautious, independent, deliberate body, that has made an effort to decide this matter in an open and transparent manner. Currently the Board has decided to leave their initial interpretation of the pension code stand.

Fraternally,



Tim McPhillips
Fund Secretary

REQUIRED DISCLAIMER

The information set forth herein is believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Firemen's Annuity & Benefit Fund of Chicago, the Retirement Board (the "Board") or any member of the Board except the Secretary. The information and expressions of opinion contained herein are subject to change without notice. All expressions of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. Financial information contained in this newsletter is as of a certain date, is unaudited and should not be relied on.

Firemen's Annuity & Benefit Fund of Chicago Summary of Regular Meeting dated 02/15/2017

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*** PLEASE POST * * PLEASE POST * * PLEASE POST * * PLEASE POST ***

To All Members:

Listed below are the names of individuals who have applied for a 75% Duty Disability benefit from the Pension Board. Their applications will be presented before this Board at the 03/15/2017 meeting.

Rank, Name, Assignment:

Date of Injury:

No New Hearings Currently Scheduled for March Meeting

Please contact the Pension Fund's Secretary, in writing, using the attached form, if you have any information could assist the Board in its investigation of whether or not it should grant a 75% disability benefit to any of the above individuals.

The Board can subpoena witnesses (Illinois Revised Statutes, Article 6-189) and compel them to attend and before it upon any matter concerning the Fund. Your cooperation will help maintain the integrity of this Fund.

Timothy McPhillips, Secretary

NAME _____ ADDRESS _____
PHONE _____ COMPANY ASSIGNMENT _____
NAME OF APPLICANT _____
NAME(S) OF WITNESS(ES) _____

FORWARD TO: Secretary
Firemen's Annuity & Benefit Fund
20 South Clark Street, Suite 1400
Chicago, IL 60603

Firemen's Annuity & Benefit Fund of Chicago
Summary of Regular Meeting dated 02/15/2017

MINIMUM FORMULA ANNUITIES:

012571 GERALD D MUNDY, AMBULANCE COMMANDER, AMBULANCE 5/ENGINE 75, Occupational Disability since 05/07/2006.

Ent CFD:	01/17/1978	\$8,251.87	beginning 01/02/2017
Retired:	01/02/2017		based on 78% of Final Average Salary
		\$247.56	annuity increment, 3%, begins 02/01/2018

- COLLECT \$1,408.63 FOR 1985-89, 1995 & 2003 EID
- REFUND \$882.48 FOR 1998, 2004 & 2006 EID

014727 DERRICK J NELSON, FIREFIGHTER, FIRE PREVENTION BUREAU CENTRAL

Ent CFD:	12/01/1994	\$4,387.38	beginning 01/10/2017
Retired:	01/10/2017		based on 57.5% of Final Average Salary
		\$131.62	annuity increment, 3%, begins 02/01/2018

- REFUND \$29,718.67 FOR SPOUSE CONTRIBUTIONS

011684 LUIS PONCE DE LEON, EMT LIEUTENANT, ENGINE 7

Ent CFD:	02/19/1980	\$7,472.79	beginning 01/25/2017
Retired:	01/25/2017		based on 75% of Final Average Salary
		\$224.18	annuity increment, 3%, begins 02/01/2018

Firemen's Annuity & Benefit Fund of Chicago
Summary of Regular Meeting dated 02/15/2017

WIDOW'S ANNUITIES:

908617 MARTHA J ADROWSKI, widow of JOHN J ADROWSKI, Retired since 06/23/1993.

Ent CFD: 06/01/1964 **\$2,271.01** beginning 11/27/2016

Deceased: 11/26/2016

909429 DONNA J CANNEDY, widow of EARL E CANNEDY, Retired since 04/04/1988.

Ent CFD: 01/01/1968 **\$1,237.50** beginning 01/12/2017

Deceased: 01/11/2017

908789 JANET CREWS, widow of WILLIAM J CREWS, Retired since 06/15/1993.

Ent CFD: 07/16/1965 **\$2,340.70** beginning 12/20/2016

Deceased: 12/19/2016

906417 JULIANNE GOODWIN, widow of FREDERICK J GOODWIN, Retired since 05/16/1986.

Ent CFD: 12/16/1953 **\$2,038.99** beginning 01/08/2017

Deceased: 01/07/2017

912130 PATRICIA R MORRIS, widow of CLAUDE NORWOOD, Retired since 11/20/2011.

Ent CFD: 02/01/1982 **\$3,336.21** beginning 01/17/2017

Deceased: 12/06/2016

907818 LEE MURPHY, widow of JOHN M MURPHY, Retired since 04/21/1982.

Ent CFD: 01/16/1959 **\$1,000.00** beginning 11/29/2016

Deceased: 09/06/2016

909194 BERTHA R OWCARZ, widow of GENE S OWCARZ, Retired since 11/29/2005.

Ent CFD: 10/16/1966 **\$3,199.30** beginning 01/01/2017

Deceased: 12/31/2016

Firemen's Annuity & Benefit Fund of Chicago
Summary of Regular Meeting dated 02/15/2017

DEATH BENEFITS:

008617 JOHN J ADROWSKI, FIRE ENGINEER, ENGINE 108, Retired since 06/23/1993.
Ent CFD: 06/01/1964 **\$6,000.00** to MARTHA J ADROWSKI, WIFE
Deceased: 11/25/2016

010867 MICHAEL ANDERSON, LIEUTENANT, TRUCK 62, Retired since 05/31/2007.
Ent CFD: 12/16/1978 **\$6,000.00** to MICHAEL ANDERSON JR, SON
Deceased: 12/18/2016

009429 EARL E CANNEDY, FIREFIGHTER, ENGINE 62, Retired since 04/04/1988.
Ent CFD: 01/01/1968 **\$6,000.00** to DONNA J CANNEDY, WIFE
Deceased: 01/10/2017

009047 JOSEPH A CORDERO SR, CAPTAIN, ENGINE 72, Retired since 04/11/1992.
Ent CFD: 08/16/1966 **\$6,000.00** to CARRIE ANN CORDERO LILOVICH, DAUGHTER
Deceased: 01/02/2016

008789 WILLIAM J CREWS, LIEUTENANT, AIR & SEA RESCUE, Retired since 06/15/1993.
Ent CFD: 07/16/1965 **\$6,000.00** to, TRUSTEE
Deceased: 12/18/2016

011229 THOMAS P DAWSON, FIREFIGHTER, ENGINE 79, Retired since 06/16/2010.
Ent CFD: 02/18/1980 **\$6,000.00** to THOMAS DAWSON III, SON
Deceased: 11/06/2016

006417 FREDERICK J GOODWIN, FIRE ENGINEER, ENGINE 121, Retired since 05/16/1986.
Ent CFD: 12/16/1953 **\$6,000.00** to JULIANNE GOODWIN, WIFE
Deceased: 01/06/2017

012458 MICHAEL K JAZWIEC, PARAMEDIC IN CHARGE, AMBULANCE 26, Retired since 11/30/1999.
Ent CFD: 02/10/1975 **\$6,000.00** \$3,000.00 to DEBRA KINNAL, DAUGHTER
\$3,000.00 to WENDY AUDETTE, DAUGHTER
Deceased: 12/27/2016

008906 ROBERT KEMPER, LIEUTENANT, ENGINE 108, Retired since 03/03/1995.
Ent CFD: 12/16/1965 **\$6,000.00** to TINA SCHEFFLER, DAUGHTER
Deceased: 01/02/2017

010404 BERNARD F LACEY, FIREFIGHTER, TRUCK 24, Retired since 09/11/1998.
Ent CFD: 02/16/1977 **\$6,000.00** to MALIK S LACEY, SON
Deceased: 12/28/2016

Firemen's Annuity & Benefit Fund of Chicago
Summary of Regular Meeting dated 02/15/2017

DEATH BENEFITS:

009194 GENE S OWCARZ, FIREFIGHTER, ENGINE 37, Retired since 11/29/2005.

Ent CFD: 10/16/1966 **\$6,000.00** to BERTHA ROSE OWCARZ, WIFE
Deceased: 12/30/2016

010356 ROBERT L WILLIS, FIREFIGHTER, TRUCK 42, Retired since 10/14/2003.

Ent CFD: 01/16/1974 **\$6,000.00** \$3,000.00 to NICOLE WILLIS, DAUGHTER
\$3,000.00 to ROBERT WILLIS JR, SON
Deceased: 10/29/2016

THE FOLLOWING BENEFIT RECALCULATIONS WERE PRESENTED AS ADDENDUMS TO THE MEETING AGENDA:

BENEFIT RECALCULATIONS FOR MINIMUM WIDOW'S PER SENATE BILL 440 DUE TO UPDATED FEDERAL REGISTER

BENEFIT RECALCULATIONS FOR MINIMUM RETIREES PER SENATE BILL 777 DUE TO UPDATED FEDERAL REGISTER

APPROVAL OF REVISED COLA INCREASES DUE TO SB440

***Firemen's Annuity & Benefit Fund of Chicago
Summary of Regular Meeting dated 02/15/2017***

HEARINGS:

THE FOLLOWING APPLICATION FOR DUTY DISABILITY WAS NOT GRANTED:

016343 DENISE HIPPS GLENN, PARAMEDIC IN CHARGE, AMBULANCE 34
Ent CFD: 05/16/2003

The vote on the motion to grant was:

Yeas: (None)

Nays: FORTUNA KEANE McPHILLIPS O'SULLIVAN SHANAHAN VALENCIA VASQUEZ

Not Present: SUMMERS JR

THE FOLLOWING APPLICATION FOR DUTY DISABILITY WAS NOT GRANTED:

018657 DONNA M RUCH, PARAMEDIC, ACADEMY
Ent CFD: 06/16/2015

The vote on the motion to grant was:

Yeas: (None)

Nays: FORTUNA KEANE McPHILLIPS SHANAHAN VALENCIA VASQUEZ

Not Present: O'SULLIVAN SUMMERS JR

The Board will review and adopt Findings of Fact in the foregoing matters at their March 15, 2017 meeting

***Firemen's Annuity & Benefit Fund of Chicago
Summary of Regular Meeting dated 02/15/2017***

The following annuitants have passed away since the last regular meeting of the Board:

EARL E CANNEDY	Annuity	Died 01/11/2017
MARGARET CYGAN	Widow's Annuity	Died 01/09/2017
EDWARD DUFFY	Annuity	Died 01/13/2017
ADELINE P HARPER	Widow's Annuity	Died 12/31/2016
RICHARD E DONATI	Annuity	Died 01/23/2017
DAVID FERGUSON	Annuity	Died 01/13/2017
BARBARA W BUIKEMA	Widow's Annuity	Died 01/22/2017
JOHN S PONCE	Annuity	Died 01/31/2017
KATHLEEN E CARROLL	Widow's Annuity	Died 12/20/2016
EILEEN K REILLY	Widow's Annuity	Died 02/01/2017
JOHN T MEURIS	Annuity	Died 02/02/2017
SAMMYE SUBLETTE	Widow's Annuity	Died 02/04/2017
RUTH L HEALY	Widow's Annuity	Died 02/05/2017
THERESA CARROLL	Widow's Annuity	Died 06/01/2016

Firemen's Annuity & Benefit Fund of Chicago
Summary of Regular Meeting dated 02/15/2017

ANNUITIES GRANTED

<u>Resigned From:</u>	<u>Month:</u>	<u>Year to Date:</u>
Active Duty	2	38
Duty Disability	0	1
Occupational Disease Disability	1	1
Ordinary Disability	0	0
Total Minimum Formula Annuities Granted	3	40
Total Earned Annuities Granted	0	0
Total Annuities Granted	3	40

DISABILITIES GRANTED

<u>Type:</u>	<u>Month:</u>	<u>Year to Date:</u>
Duty Disability	0	3
Occupational Disease Disability	0	1
Ordinary Disability	0	0
Total Disabilities Granted	0	4
Total Disabilities Denied	2	2

WIDOW'S ANNUITIES GRANTED

<u>Type:</u>	<u>Month:</u>	<u>Year to Date:</u>
Regular Widow's Annuity	7	19
Compensation Widow's Annuity	0	0
Total Widow's Annuities Granted	7	19

CHILD'S ANNUITIES GRANTED

<u>Type:</u>	<u>Month:</u>	<u>Year to Date:</u>
Full Child's Annuity	0	0
Child of Duty Death Annuity	0	0
Child of Ordinary Death Annuity	0	0
Total Children Annuities Granted	0	0