

Quarterly Report

Prepared by

**Mitchell,
& Vaught
Taylor Inc.**
Investment Advisors

**Hoffman Estates
Firefighters Pension Fund**

4th Quarter 2014

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<p>4Q2014</p>	<p>As noted in the Q3 executive summary, we increased the allocation to the T Rowe Price health fund, as well as underweighting the international portion of the portfolio.</p> <p>The Investment Policy, approved at the October meeting, was signed by President Orr and Secretary Fijalkowski. It has been sent to the Illinois Department of Insurance.</p> <p>Per request of Finance Director (and Pension Trustee) Musiala, we provided portfolio information to the Village auditors.</p> <p>Per request of Village Treasurer Helgerson, we provided information about the fees charged by the separate account managers and mutual funds.</p> <p>Attended and spoke at the Illinois Public Pension Advisory Committee conferences in Schaumburg and Hoffman Estates.</p> <p>Attended and spoke at the Associated Fire Fighters of Illinois Pension Conference in Lisle.</p> <p>Our certified compliance officer attended the annual NRS compliance conference.</p> <p>Met with manager firms Baird and Wisdom Tree</p> <p>Attended custodian training events at TD Ameritrade.</p>																		
<p>3Q2014</p>	<p>Per MVT recommendation and board approval at the Q2 meeting; the following rebalancing took place, starting on July 11th:</p> <table data-bbox="511 1266 1144 1581"> <tr> <td>William Blair (Fixed Income)</td> <td>+1,012,885</td> </tr> <tr> <td>Rothschild (Large Value)</td> <td>+ 856,653</td> </tr> <tr> <td>Artisan Midcap Value Fund</td> <td>(707,007)</td> </tr> <tr> <td>Vanguard Growth Index Signal</td> <td>(672,374)</td> </tr> <tr> <td>Baird Midcap Institutional</td> <td>(780,508)</td> </tr> <tr> <td>Vanguard Explorer Admiral Shares</td> <td>(727,790)</td> </tr> <tr> <td>Adelante (REIT)</td> <td>+ 1,018,140</td> </tr> <tr> <td>UMB Scout International</td> <td>(terminated)</td> </tr> <tr> <td>Artisan Intl Value Fund</td> <td>+ 4,127,405</td> </tr> </table> <p>Per MVT recommendation and board approval at the Q2 meeting; the target for the Blair fixed income portfolio was changed from the Barclays Intermediate Aggregate, to the Barclays Aggregate. The Investment Policy was changed to reflect that amendment.</p> <p>The Investment Policy was amended and is prepared for possible approval.</p> <p>Hosted a pension trustee training conference at U.S. Cellular.</p>	William Blair (Fixed Income)	+1,012,885	Rothschild (Large Value)	+ 856,653	Artisan Midcap Value Fund	(707,007)	Vanguard Growth Index Signal	(672,374)	Baird Midcap Institutional	(780,508)	Vanguard Explorer Admiral Shares	(727,790)	Adelante (REIT)	+ 1,018,140	UMB Scout International	(terminated)	Artisan Intl Value Fund	+ 4,127,405
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	<p>Attended and spoke at the Illinois Public Pension Advisory Committee conference in St. Charles.</p> <p>Met with manager firms Artisan, Baird, Neuberger Berman, Nuveen, BMO, Alliance Bernstein, MFS, Pioneer, Wisdom Tree</p> <p>Attended custodian training events at both Schwab and TD Ameritrade.</p>
2Q2014	<p>MVT was selected as the consultants for both the Moline Police and Moline Fire Pension funds.</p> <p>Planned for the pension trustee conference on August 16th, at U.S. Cellular.</p> <p>Attended and spoke at the Illinois Public Pension Advisory Committee's spring conference.</p> <p>Attended and spoke at the Illinois City/County Managers Association conference.</p> <p>Attended the annual investor conference of Warren Buffet's Berkshire Hathaway.</p> <p>Met with manager firms Baird, Pioneer Funds, Mirae Asset Management, T-Rowe Price, Principal Group, Goldman Sachs, Heartland Advisors, Artisan Partners, Neuberger Berman.</p> <p>Attended due diligence meetings with American Funds, at their headquarters.</p> <p>Attended the Chicago and Champaign, IL - IICLE Annual Estate Planning conferences.</p> <p>Emily Agosto passed another part of the Illinois CPA exam (two down, two to go).</p> <p>Attended a TD Ameritrade event in Indianapolis, IN.</p>
1Q2014	<p>We continued to discuss the investment policy statement with Board attorney, Barbara Bell.</p> <p>We met in our offices with your managers: Heartland Value, Scout International, Vanguard, and Oakmark International.</p> <p>We attended the two-day Morningstar/Ibbotson economic conference; and met with the T.Rowe Price management team.</p> <p>We attended the TD Ameritrade conference in January and met with several managers.</p> <p>We hosted a Woman's Investment Seminar.</p> <p>All members of our firm attended a mandatory internal compliance conference.</p>

	<p>Attended the IGFOA conference.</p> <p>Met with managers from Causeway Capital, WisdomTree, Nuveen, Ivy Funds, and Cohen&Steers.</p> <p>We are planning the trustee training event again for US Cellular. The date is currently planned for August 16th and does offer 8 hours of training credit.</p>
4Q2013	<p>The names on all of the accounts have been updated to show President Robert Orr, Secretary Matthew Fijalkowski, Finance Director Rachel Musiala, and Treasurer Stan Helgerson.</p> <p>Our firm has now been verified as “GIPS compliant” by outside accounting firm Ashland Partners.</p> <p>We presented at the annual AFFI Pension conference in Bloomington.</p> <p>We presented at the IPPAC seminar.</p> <p>We had due diligence meetings with T.Rowe Price at their headquarters.</p> <p>We attended the Schwab Annual Conference in Washington DC.</p> <p>We had investment presentations from Wisdom Tree, Skyline, Invesco, Ivy Funds, Goldman Sachs, DWS, and Nuveen.</p> <p>Emily Agosto, from our staff, passed the first portion of the CPA exam.</p> <p>Our Compliance Officer, Dwight Ower attended the National Regulatory compliance conference to maintain his certifications.</p>
3Q2013	<p>As per our discussion at the last meeting, we have updated the target allocation to match the state statute of 65% maximum allocation to non-fixed investments and minimum 35% to fixed investments.</p> <p>Due to the management changes at T Rowe Price we sold the remaining half of New America fund and replaced with the Vanguard Growth index fund.</p> <p>We transferred over \$300k to the Village to meet the minimum cash balance in the investment policy.</p> <p>We presented at the St. Charles IPPAC pension conference.</p> <p>We attended a meeting with the regional executives from Charles Schwab.</p> <p>We had discussions with our fixed income analytics product team from Bond Edge.</p>

	<p>We had due diligence meetings with Artisan and Heartland.</p> <p>We had investment presentations from DWS, Neuberger Berman, Invesco, Goldman Sachs, Van Eck, WisdomTree, and Skyline.</p> <p>Yocius has been named a board member at the Illinois Fire Safety Alliance.</p>
2Q2013	<p>Discussed with Rachel Musiala, the minimum cash requirements for the fund. The monthly pension amount is \$280,000. We agreed that \$600,000 should be the minimum in the cash account and the maximum should be \$1,000,000.</p> <p>We transferred \$4 million from the Blair fixed income account and moved it to the equity account(s) to move closer to our target of 60% equity and 40% fixed.</p> <p>Due to some management changes at T Rowe Price we replaced one-half of the New America fund with a lower cost index fund (Vanguard Growth).</p> <p>We moved into the institutional class of funds for Columbia (Acorn International), Heartland (Heartland Value) and Vanguard (Explorer).</p> <p>We sponsored a training event that included speakers from the State of Illinois (John Sinsheimer), Rothschild (Chris Travers), JudsonUniversity (Michelle Kilbourne), Baird (Tom Gavin), Heartland (Jeff Kohl), Goldman Sachs (David Gonzalez) as well as Project CURE and several MVT speakers.</p> <p>We attended the Pioneer annual conference.</p> <p>We had due diligence meetings with Baird, Vanguard, American Funds, T Rowe Price, and Blair.</p> <p>We attended presentations by the portfolio managers for Artisan International fund and the Heartland Value fund.</p> <p>We also had due diligence meetings with potential management teams from Managers Investments and MFS.</p> <p>Attended and presented at the Illinois Public Pension Advisory Committee (IPPAC) conference.</p>
1Q2013	<p>Increased the total equity percent from 52% (end of January) to 56% (now). Strategy is to move overall equity allocation to 65% by investing new tax receipts in equity and moving additional money from the Blair fixed income account.</p> <p>We had due diligence meetings with the management team of your large cap manager Rothschild, at their New York headquarters.</p>

	<p>We had due diligence meetings with WisdomTree, Clearbridge/Legg Mason, Neuberger Berman, Columbia, and Goldman Sachs in our office.</p> <p>We had a meeting with the senior management of Charles Schwab, your custodian, to discuss some of the concerns we had with the new account and transfer process for Hoffman Estates.</p> <p>We attended the two-day Morningstar/Ibbotson economic conference.</p> <p>We attended the TD Ameritrade conference in January and met with many of your managers.</p> <p>All members of our firm attended a mandatory internal compliance conference.</p> <p>We moved one step closer to GIPS verification of our firm.</p> <p>New account performance start dates are as follows: Blair: 1/31/2013 Rothschild: 1/31/2013 Adelante: 1/31/2013</p> <p>Using the current Investment Policy as a guide, the Hoffman Firefighters Target includes 60% Equity Blend plus 40% Barclays Intermediate Aggregate. The Equity blend includes 35% SP500, 20% MSCI EAFE, and 5% Wilshire REIT index.</p>
4Q 2012	<p>As of the end of December, 2012 all of the new accounts have been setup and all former US Bank account positions have been transferred. There are five accounts now established for the Pension fund. Four are separate account managers namely; Mitchell, Vaught & Taylor (fixed income-government), William Blair (fixed income-aggregate), Rothschild (equity-large value), and Adelante (equity-real estate). The remaining account contains all of the allowable equity mutual funds. The balances of each are included in the asset allocation report.</p>

Hoffman Estates Firefighters Pension Fund

Portfolio Asset Allocation

4th Quarter 2014

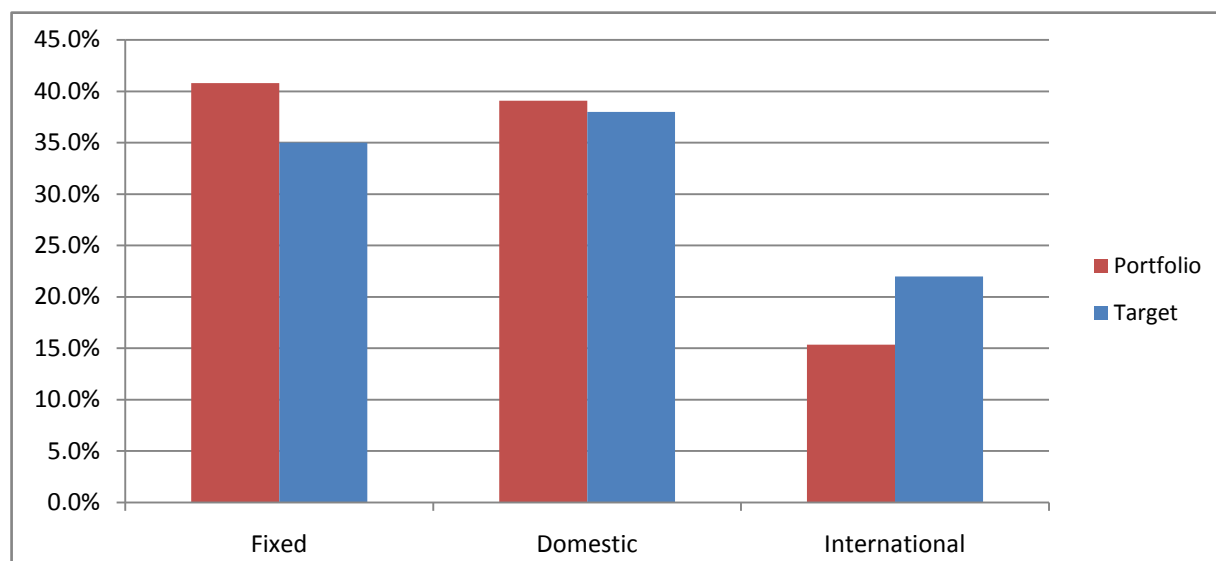


Manager Summary

	<u>Actual</u>	<u>%</u>	<u>Target</u>	<u>Difference</u>
<u>Fixed</u>	28,811,912	40.8%	35.0%	4,097,542
William Blair Aggregate Bond	20,701,376	29.3%		
MVT Core Government	8,030,440	11.4%		
Cash	80,096	0.1%		
<u>Equity</u>	41,800,574	59.2%	65.0%	(4,097,542)
<u>Domestic</u>	27,602,726	39.1%	38.0%	769,982
Russell 3000 IShare	9,976,184	14.1%		
Rothschild (Large Value)	8,936,292	12.7%		
T Rowe Price Health	3,779,471	5.4%		
Vanguard Growth Admiral	2,239,133	3.2%		
Baird Midcap Institutional	706,192	1.0%		
Vanguard Explorer Admiral Shares	696,752	1.0%		
Heartland Value Institutional	673,321	1.0%		
Artisan Midcap Value Fd	595,380	0.8%		
<u>Real Estate</u>	3,351,650	4.7%	5.0%	(178,975)
Adelante (REIT)	3,351,650	4.7%		
<u>International</u>	10,846,198	15.4%	22.0%	(4,688,549)
Oakmark International	3,634,631	5.1%		
Artisan Intl Value Fund	3,528,875	5.0%		
Oppenheimer Developing Markets Instl	2,513,980	3.6%		
Columbia Acorn International Institutior	1,168,713	1.7%		

Total Pension Fund

70,612,486



Hoffman Estates Firefighters Pension Fund

Executive Summary

4th Quarter 2014



Activity Summary this Quarter

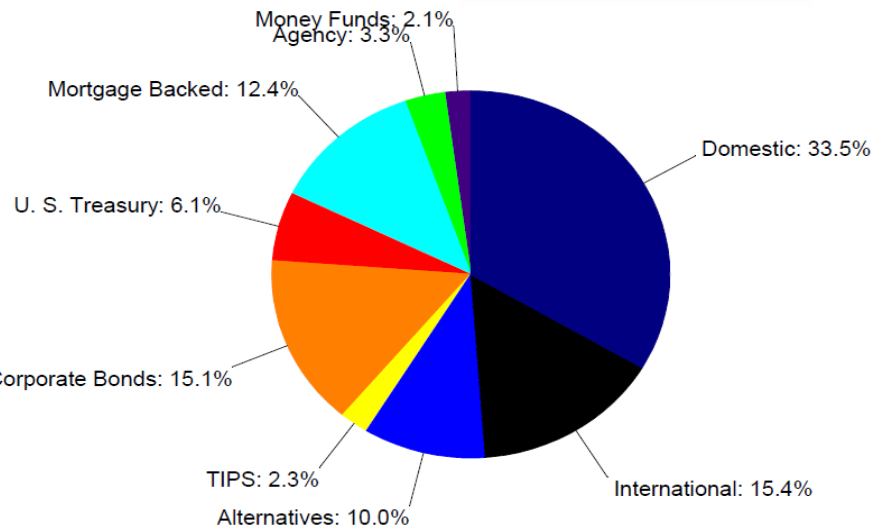
Beginning Value:	\$	68,912,064
Contribute & Withdraw:	\$	(5,066)
Net Investment Gain:	\$	1,705,487
Ending Value:	\$	70,612,486
Consulting Fee:	\$	11,594
Income	\$	577,296

Since: 12/31/2012

Cumulative Return:	22.77%	Corporate Bonds: 15.1%
Annualized Net Return:	10.80%	
Net Investment Gain:	\$ 9,999,925	

Net Performance this Quarter

Fixed Income	1.04%	\$ 264,750
Equities	3.55%	\$ 1,440,738
Total Fund	2.47%	\$ 1,705,487
Target	2.19%	



Portfolio Strengths

- Fixed - Despite the fact that 3rd quarter US GDP was revised to up 5%; US (and global) interest rates continue to fall and the yield curve is flattening to levels last seen in 2009. During the period, the US 10 year rate got as high as 2.45% (early in the quarter) and as low as 2.07% (in December), and finished at 2.17% which was lower than the 3rd quarter by 13.5%. Longer maturity positions outperformed shorter, with Corporates and TIPS the best sectors.
- Equity - Another very strong quarter for US equities, which ended the year with a +11% gain, even after mild corrections in October and early December. Given very strong rental demand, the REIT manager Adentante was the best performer followed by the T Rowe Price health care fund. By size, small caps beat both mid and large and growth slightly outperformed value.

Weaknesses

- Fixed - Since domestic interest rates continue to fall (-28.4% in 2014) and since bond prices move inversely to that, the single biggest factor of performance, regardless of sector, was bond maturity, with shorter weaker than longer duration securities.
- Equity - Due in large part to falling energy prices, the developing market economies were very weak in the quarter, and thus the Oppenheimer fund underperformed in the period. The international developed funds were also weak, but did beat their target.

Strategies

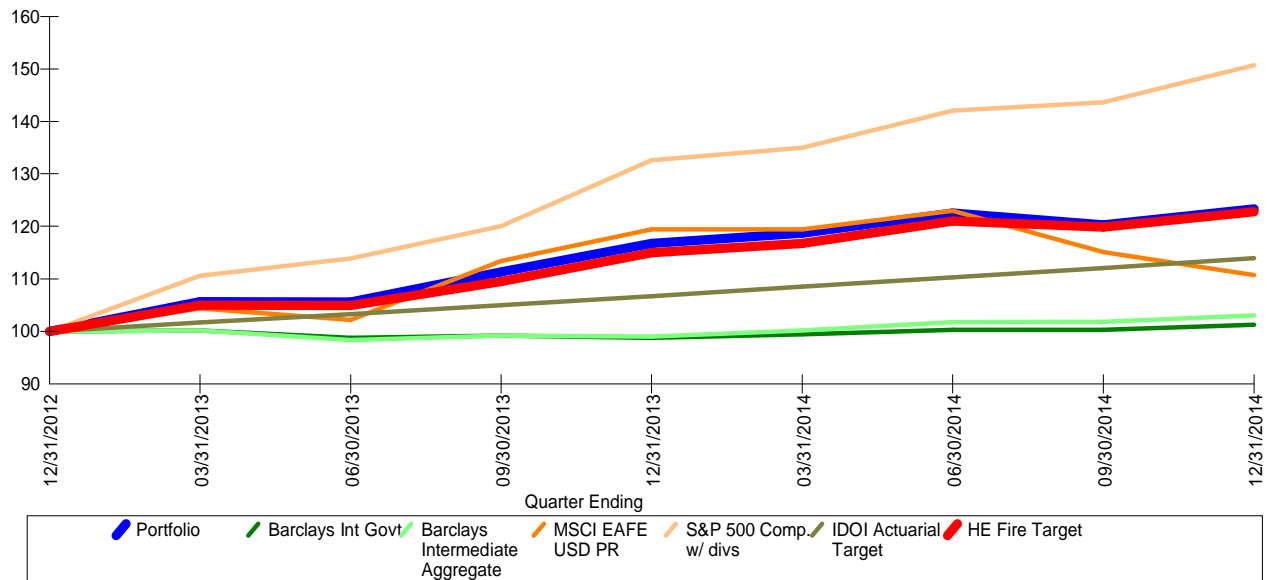
- Portfolio - Despite the 3rd quarter upward US GDP revision, falling interest rates (and falling energy prices) have us concerned about a deflationary, low growth global economy. Given that scenario we will continue to position the fixed income portfolio to be duration neutral versus the target and look to add yield from corporate issues. In equities, we have been underweight in the international sector as well as a bias towards domestic large cap, value oriented managers. We anticipate maintaining that stance for the first quarter, as well as a preference toward continuing tactical investments in REIT's and healthcare.



Portfolio Performance Review

Hoffman Estates Firefighters Pension Fund

Graphical Comparative Performance



Total Portfolio	Q4	2014	Oct	Nov	Dec	Incept
Time Weighted (gross)	2.5	5.6	1.8	1.4	-0.6	11.1
Barclays Intermediate Aggr	1.2	4.1	0.8	0.6	-0.2	1.5
Barclays Int Govt	0.9	2.5	0.7	0.5	-0.3	0.6
S&P 500 Comp. w/ divs	4.9	13.7	2.4	2.7	-0.3	22.8
MSCI EAFE USD PR	-3.9	-7.3	-1.5	1.2	-3.5	5.2
IDOI Actuarial Target	1.6	6.7	0.5	0.5	0.5	6.7
HE Fire Target	2.2	6.6	1.4	1.5	-0.8	10.8
Time Weighted (net)	2.5	5.3	1.8	1.3	-0.6	10.8
Barclays Intermediate Aggr	1.2	4.1	0.8	0.6	-0.2	1.5
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Returns for periods exceeding 12 months are annualized

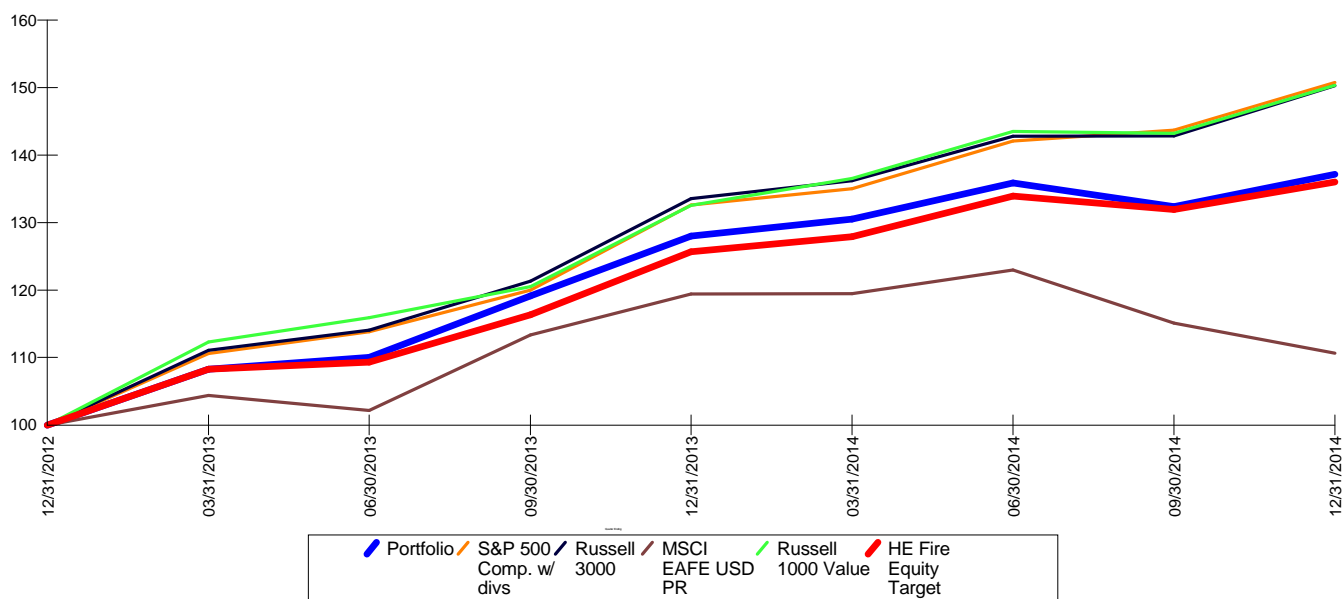
This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns.



Portfolio Performance Review

Hoffman Estates Equity

Graphical Comparative Performance



Total Portfolio	Q4	2014	Oct	Nov	Dec	*Incept
Time Weighted (gross)	3.6	7.2	2.4	1.8	-0.6	17.1
S&P 500 Comp. w/ divs	4.9	13.7	2.4	2.7	-0.3	22.8
Russell 3000	5.2	12.6	2.8	2.4	0.0	22.6
MSCI EAFE USD PR	-3.9	-7.3	-1.5	1.2	-3.5	5.2
Russell 1000 Value	5.0	13.5	2.2	2.0	0.6	22.6
HE Fire Equity Target	2.8	8.2	1.8	2.1	-1.2	16.6
Time Weighted (net)	3.6	6.9	2.4	1.8	-0.6	16.9
S&P 500 Comp. w/ divs	4.9	13.7	2.4	2.7	-0.3	22.8
Russell 3000	5.2	12.6	2.8	2.4	0.0	22.6
MSCI EAFE USD PR	-3.9	-7.3	-1.5	1.2	-3.5	5.2
Russell 1000 Value	5.0	13.5	2.2	2.0	0.6	22.6
HE Fire Equity Target	2.8	8.2	1.8	2.1	-1.2	16.6

* Return since inception date of 12/31/2012

Returns for periods exceeding 12 months are annualized

Hoffman Estates Domestic

Portfolio Aggregation

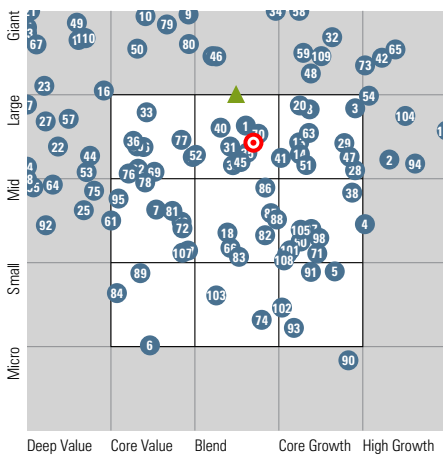
Data as of
12/31/2014

Currency
USD

Risk-Free Rate
USTREAS T-Bill Auction Ave 3 Mon

Benchmark
S&P 500 TR USD

Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	22.12	29.64
Large Core	21.60	28.06
Large Growth	23.69	30.13
Mid Value	6.17	4.93
Mid Core	9.00	4.47
Mid Growth	7.75	2.73
Small Value	2.89	0.05
Small Core	3.35	0.00
Small Growth	3.42	0.00
Large Cap	67.41	87.82
Mid-Small Cap	32.59	12.18
Value	31.19	34.62
Core	33.96	32.53
Growth	34.86	32.85

○ Portfolio ● Portfolio Constituents ▲ Benchmark

Top 10 Constituents

	% Weighting
1 iShares Russell 3000	32.52
2 T. Rowe Price Health Sciences	12.24
3 Vanguard Growth Index Adm	7.30
4 Baird MidCap Inst	2.30
5 Vanguard Explorer Adm	2.27
6 Heartland Value Plus Inst	2.18
7 Artisan Mid Cap Value Investor	1.93
8 Simon Property Group Inc	1.39
9 Johnson & Johnson	0.96
10 Wells Fargo & Co	0.91

Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	21.30	17.22
Price/Book	2.95	2.49
Price/Sales	2.74	1.78
Price/Cash Flow	11.28	7.80
Dividend Yield %	1.92	2.09

Style Box Growth Factors

	Portfolio	Benchmark
Long-Term Earning Growth %	10.21	9.73
Historical Earnings Growth %	18.76	8.14
Book Value Growth %	8.42	7.56
Sales Growth %	0.77	3.08
Cash Flow Growth %	16.95	6.39

Equity Valuation Price Multiples

	Portfolio	Benchmark
Price to Earnings	19.85	18.65
Price to Book Value	2.61	2.73
Price to Sales	1.69	1.80
Price to Cash Flow	11.94	11.51

Financial Ratios

	Portfolio	Benchmark
ROE %	17.05	21.62
ROA %	5.94	8.25
Net Margin %	13.33	14.25
Debt to Capital %	37.75	36.61

Fixed Income Style

	Portfolio	Benchmark
Avg Eff Duration	—	—
Avg Eff Maturity	—	—
Avg Credit Quality	—	—
Avg Wtd Coupon	—	—
Avg Wtd Price	—	—

Misc

	Portfolio	Benchmark
% Market Value in Top 10 Holdings	64.00	17.50
Average Expense Ratio	0.39	—

Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	0.95	0.00
Stock	98.91	100.00
Bond	0.00	0.00
Other	0.14	0.00
Total	100.00	100.00

Equity Sector Breakdown

	Portfolio %	Benchmark %
Cyclical	38.95	30.95
Basic Matls	2.61	3.03
Cons Cyclical	9.47	10.58
Financial Svcs	13.96	15.24
Real Estate	12.92	2.10
Sensitive	32.05	41.35
Comm Svcs	2.26	3.86
Energy	6.36	8.44
Industrials	10.24	11.18
Technology	13.20	17.88
Defensive	28.99	27.70
Cons Defensive	5.06	9.76
Healthcare	20.86	14.71
Utilities	3.07	3.24

Fixed-Income Sector Breakdown

	Portfolio %	Benchmark %
Government	0.00	—
Municipal	0.00	—
Corporate	0.19	—
Securitized	0.00	—
Cash and Cash Equivalents	99.81	—
Derivative	0.00	—

Credit Rating Breakdown

	Portfolio %	Benchmark %
AAA	—	—
AA	—	—
A	—	—
BBB	—	—
BB	—	—
B or Below B	—	—
Not Rated	—	—

World Region Breakdown	Portfolio %	Benchmark %
Americas	98.78	98.98
North America	98.71	98.98
Latin America	0.07	0.00
Greater Europe	0.98	0.76
United Kingdom	0.04	0.12
Europe Developed	0.67	0.65
Europe Emerging	0.00	0.00
Africa/Middle East	0.26	0.00
Greater Asia	0.25	0.26
Japan	0.09	0.00
Australasia	0.03	0.00
Asia Developed	0.00	0.12
Asia emerging	0.13	0.14

Top 10 Country Breakdown	Portfolio %	Benchmark %
United States	98.18	98.98
Canada	0.50	0.00
Ireland	0.45	0.40
Israel	0.19	0.00
Switzerland	0.12	0.24
China	0.10	0.14
Japan	0.09	0.00
South Africa	0.07	0.00
Denmark	0.06	0.00
Other Countries	0.05	0.00

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Hoffman Estates International

Portfolio Aggregation

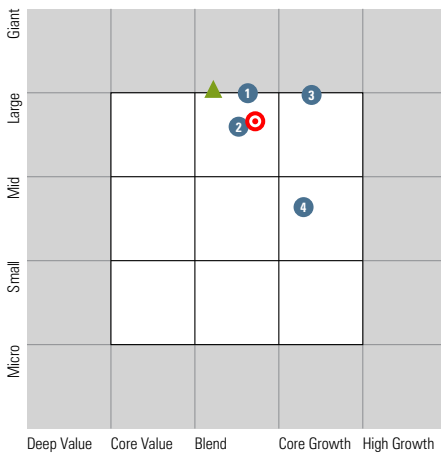
Data as of
12/31/2014

Currency
USD

Risk-Free Rate
USTREAS T-Bill Auction Ave 3 Mon

Benchmark
iShares MSCI EAFE

Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	15.35	33.61
Large Core	33.43	31.39
Large Growth	30.19	25.04
Mid Value	6.27	3.72
Mid Core	5.38	3.68
Mid Growth	6.65	2.54
Small Value	0.80	0.01
Small Core	1.18	0.00
Small Growth	0.73	0.00
Large Cap	78.97	90.05
Mid-Small Cap	21.03	9.95
Value	22.43	37.35
Core	39.99	35.07
Growth	37.58	27.58

● Portfolio ● Portfolio Constituents ▲ Benchmark

Top 10 Constituents

	% Weighting
1 Oakmark International I	33.46
2 Artisan International Value Investor	32.49
3 Oppenheimer Developing Markets Y	23.04
4 Columbia Acorn International R5	10.71
5 CASH	0.30

Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	15.99	14.68
Price/Book	1.76	1.54
Price/Sales	1.23	1.00
Price/Cash Flow	7.50	6.49
Dividend Yield %	2.10	3.09
Style Box Growth Factors		
Long-Term Earning Growth %	11.97	9.41
Historical Earnings Growth %	3.00	0.45
Book Value Growth %	-7.11	1.64
Sales Growth %	1.15	-2.30
Cash Flow Growth %	5.90	0.28

Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	6.37	0.42
Stock	91.94	98.43
Bond	0.28	0.00
Other	1.41	1.15
Total	100.00	100.00

Equity Sector Breakdown	Portfolio %	Benchmark %
Cyclical	48.81	45.73
Basic Matls	4.05	8.07
Cons Cyclical	21.01	11.59
Financial Svcs	22.30	22.45
Real Estate	1.45	3.63
Sensitive	32.96	28.35
Comm Svcs	1.38	5.36
Energy	3.43	5.92
Industrials	14.74	11.54
Technology	13.41	5.53
Defensive	18.23	25.92
Cons Defensive	12.71	11.02
Healthcare	5.47	11.18
Utilities	0.05	3.72

Equity Valuation Price Multiples	Portfolio	Benchmark
Price to Earnings	17.46	16.32
Price to Book Value	1.75	1.58
Price to Sales	1.21	1.04
Price to Cash Flow	11.06	8.82

World Region Breakdown	Portfolio %	Benchmark %
Americas	14.70	0.19
North America	9.28	0.15
Latin America	5.42	0.04
Greater Europe	55.58	65.90
United Kingdom	17.65	21.07
Europe Developed	33.52	44.20
Europe Emerging	2.55	0.00
Africa/Middle East	1.85	0.63
Greater Asia	29.73	33.91
Japan	9.04	21.41
Australasia	2.07	7.73
Asia Developed	5.85	4.74
Asia emerging	12.76	0.03

Fixed-Income Sector Breakdown	Portfolio %	Benchmark %
Government	4.05	0.00
Municipal	0.00	0.00
Corporate	7.89	55.15
Securitized	0.00	0.00
Cash and Cash Equivalents	88.06	40.24
Derivative	0.00	4.61

Financial Ratios	Portfolio	Benchmark
ROE %	16.01	15.47
ROA %	7.42	5.89
Net Margin %	11.08	13.32
Debt to Capital %	31.57	33.77

Top 10 Country Breakdown	Portfolio %	Benchmark %
United Kingdom	17.54	21.07
Switzerland	9.80	9.36
Japan	8.99	21.41
France	7.69	9.62
United States	7.61	0.15
China	6.24	0.01
Germany	4.28	8.59
India	4.05	0.00
Netherlands	3.41	2.70
South Korea	3.12	0.00

Credit Rating Breakdown	Portfolio %	Benchmark %
AAA	—	—
AA	—	—
A	—	—
BBB	—	—
BB	—	—
B or Below B	—	—
Not Rated	—	—

Fixed Income Style	Portfolio	Benchmark
Avg Eff Duration	—	—
Avg Eff Maturity	—	—
Avg Credit Quality	—	—
Avg Wtd Coupon	0.08	—
Avg Wtd Price	—	—

Misc	Portfolio	Benchmark
% Market Value in Top 10 Holdings	100.00	12.60
Average Expense Ratio	1.03	0.33

14q4 Hoffman Estates Equity v. Target

Portfolio
Hoffman Estates Equity

Benchmark
Target - Hoffman Equity

Currency
US Dollar

Attribution Detail 10/1/2014 to 12/31/2014

Name	Benchmark	Allocation %			Gross Return %			Contribution %			Attribution Effects %			
		Actual	Policy	+/-	Port	B-mark	+/-	Port	B-mark	+/-	Sector Allocation	Mgr Selection	Mgr B-mark Misfit	Active Ret
Alternative	Wilshire US REIT TR USD	7.97	8.33	-0.36	14.72	15.13	-0.41	1.07	1.23	-0.17	-0.11	-0.03	0.00	-0.14
Hoffman Estates Fire Adelante	Wilshire US REIT TR USD	7.97	—	—	14.72	15.13	-0.41	1.07	0.00	1.07	—	-0.03	0.00	-0.03
CASH	USTREAS T-Bill Auction Ave 3 Mon	0.08	0.00	0.08	0.01	—	—	0.00	0.00	0.00	0.00	0.00	0.00	0.00
USTREAS T-Bill Auction Ave 3 Mon	USTREAS T-Bill Auction Ave 3 Mon	0.08	—	—	0.01	0.01	0.00	0.00	0.00	0.00	—	0.00	0.00	0.00
Domestic	S&P 500 TR	66.03	58.33	7.69	5.77	4.93	0.84	3.76	2.87	0.89	0.15	0.00	0.50	0.65
Artisan Mid Cap Value Investor	Russell Mid Cap Value TR USD	1.43	—	—	1.82	6.05	-4.23	0.03	0.00	0.03	—	-0.07	0.02	-0.05
Baird MidCap Inst	Russell Mid Cap Growth TR USD	1.69	—	—	3.97	5.84	-1.87	0.07	0.00	0.07	—	-0.04	0.02	-0.02
Heartland Value Plus Inst	Russell 2000 Value TR USD	1.61	—	—	3.37	9.40	-6.03	0.05	0.00	0.05	—	-0.10	0.07	-0.03
Hoffman Estates Fire Rothschild LV	Russell 1000 Value TR USD	21.25	—	—	4.80	4.98	-0.18	1.01	0.00	1.01	—	-0.04	0.01	-0.03
iShares Russell 3000	Russell 3000 TR USD	23.96	—	—	5.25	5.24	0.01	1.25	0.00	1.25	—	-0.01	0.07	0.06
T. Rowe Price Health Sciences	S&P 1500 Health Care TR	9.04	—	—	11.42	7.83	3.59	0.97	0.00	0.97	—	0.28	0.24	0.53
Vanguard Explorer Adm	Russell 2000 Growth TR USD	1.67	—	—	6.67	10.06	-3.39	0.11	0.00	0.11	—	-0.06	0.08	0.03
Vanguard Growth Index Adm	Russell 1000 Growth TR USD	5.38	—	—	5.10	4.78	0.32	0.27	0.00	0.27	—	0.02	-0.01	0.01
International	MSCI EAFE PR USD	25.92	33.33	-7.41	-1.81	-3.86	2.05	-0.50	-1.32	0.83	0.42	0.56	-0.05	0.93
Artisan International Value Investor	MSCI ACWI Ex USA NR USD	8.45	—	—	0.27	-3.87	4.14	0.02	0.00	0.02	—	0.34	0.00	0.34
Columbia Acorn International R5	MSCI World ex USA PR USD	2.78	—	—	-2.37	-4.00	1.63	-0.07	0.00	-0.07	—	0.04	0.00	0.04
Oakmark International I	MSCI ACWI Ex USA NR USD	8.70	—	—	-0.22	-3.87	3.65	-0.02	0.00	-0.02	—	0.32	0.00	0.32
Oppenheimer Developing Markets Y	MSCI EM NR USD	5.99	—	—	-6.45	-4.50	-1.94	-0.43	0.00	-0.43	—	-0.14	-0.04	-0.19
Total		100.00	100.00	0.00	4.33	2.78	1.55	4.33	2.78	1.55	0.45	0.53	0.46	1.43

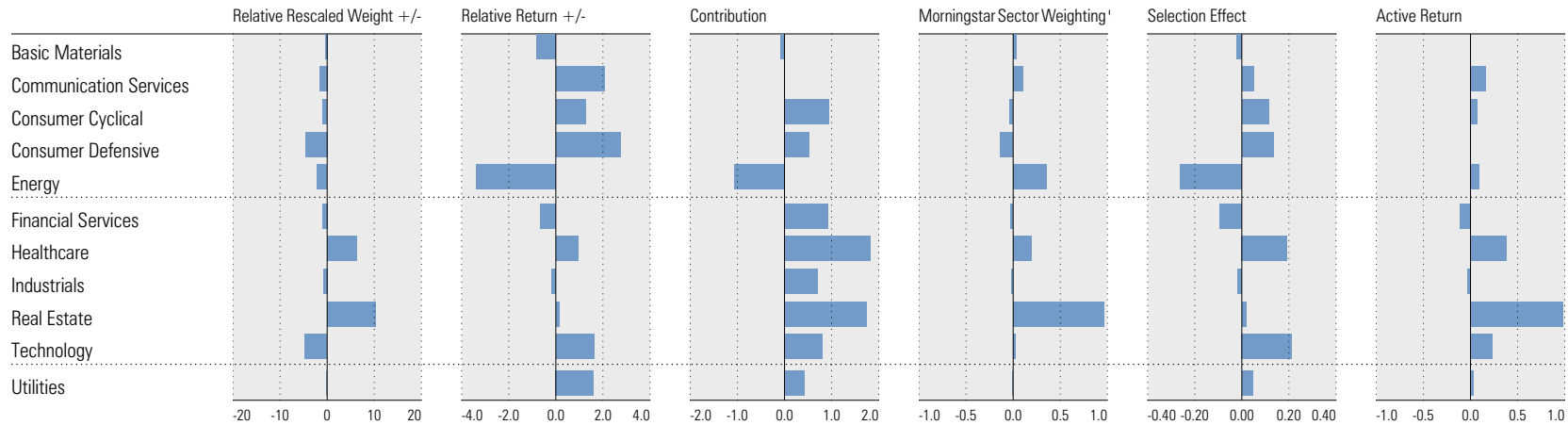
Hoffman Estates Domestic S&P 500 TR USD

Portfolio
Hoffman Estates Domestic

Benchmark
S&P 500 TR USD

Currency
US Dollar

Highlights 10/1/2014 to 12/31/2014



Leading Contributors

	Weight	Return	Contrb
Healthcare	20.88	8.93	1.84
Real Estate	12.31	14.88	1.75
Consumer Cyclical	9.36	10.10	0.94
Financial Services	13.93	6.56	0.92
Technology	13.23	5.99	0.80

Leading Detractors

	Weight	Return	Contrb
Energy	6.90	-14.13	-1.07
Basic Materials	2.76	-3.17	-0.09
Communication Services	2.36	0.51	0.01
Utilities	2.97	14.80	0.43
Consumer Defensive	5.05	10.68	0.53

Exposure

Top 10 Portfolio Holdings		Weight	Return
Apple Inc		1.86	10.03
Simon Property Group Inc		1.50	11.57
Johnson & Johnson		1.47	-1.26
Wells Fargo & Co		1.28	6.38
JPMorgan Chase & Co		1.21	4.59
Exxon Mobil Corporation		1.19	-1.00
Gilead Sciences Inc		1.19	-11.45
Pfizer Inc		1.06	6.26
Microsoft Corp		1.06	0.83
Bank of America Corporation		0.93	5.23

Holdings

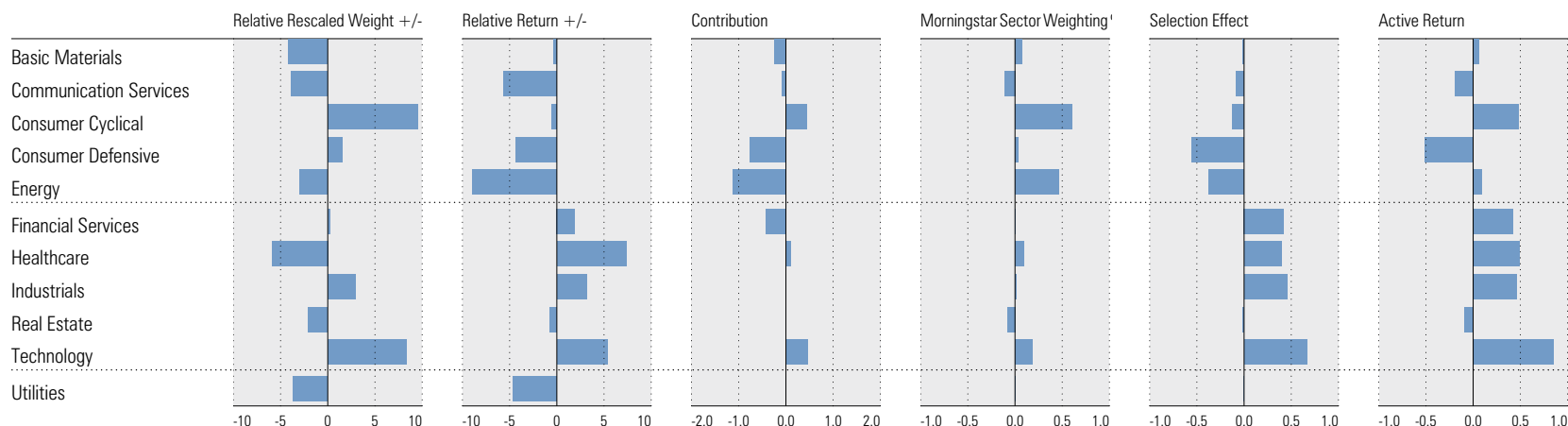
	Weight	Return	Contrb
Apple Inc	1.89	10.03	0.18
Simon Property Group Inc	1.52	11.57	0.17
Delta Air Lines Inc	0.43	36.36	0.14
Oracle Corporation	0.76	17.84	0.13
Kroger Co	0.56	23.87	0.13
Health Care REIT, Inc.	0.61	22.70	0.13
Equity Residential	0.76	17.45	0.13
Alexandria Real Estate Equities Inc	0.59	21.32	0.12
Incyte Corp Ltd	0.29	49.05	0.11
Home Depot Inc	0.71	14.97	0.10
Public Storage	0.80	12.31	0.09
3M Co	0.59	16.60	0.09
American Electric Power Co Inc	0.56	17.36	0.09
Allergan Inc	0.50	19.33	0.09
CMS Energy Corp	0.50	18.11	0.09

Holdings

	Weight	Return	Contrb
Gilead Sciences Inc	1.20	-11.45	-0.14
Marathon Oil Corp	0.48	-24.24	-0.13
Helmerich & Payne Inc	0.30	-30.56	-0.11
Kirby Corp	0.30	-31.49	-0.11
Dow Chemical Co	0.64	-12.23	-0.08
Puma Biotechnology Inc	0.32	-20.66	-0.07
ConocoPhillips	0.70	-8.83	-0.07
Halliburton Co	0.11	-38.76	-0.05
Schlumberger NV	0.29	-15.61	-0.05
Chevron Corp	0.78	-5.12	-0.04
International Business Machines Corp	0.24	-14.91	-0.04
Google Inc Class A	0.37	-9.81	-0.04
Whiting Petroleum Corp	0.05	-57.45	-0.04
Google Inc Class C	0.37	-8.83	-0.04
Ultra Petroleum Corp	0.07	-43.42	-0.03

Top 10 Benchmark Holdings

	Weight	Return
Apple Inc	3.64	10.03
Exxon Mobil Corporation	2.23	-1.00
Microsoft Corp	2.16	0.83
Johnson & Johnson	1.69	-1.26
General Electric Co	1.45	-0.46
Berkshire Hathaway Inc Class B	1.45	8.69
Wells Fargo & Co	1.41	6.38
Procter & Gamble Co	1.31	9.61
JPMorgan Chase & Co	1.26	4.59
Chevron Corp	1.23	-5.12

Hoffman Estates International v. MSCI EAFE**Portfolio**
Hoffman Estates International**Benchmark**
iShares MSCI EAFE**Currency**
US Dollar**Highlights 10/1/2014 to 12/31/2014****Leading Contributors**

	Weight	Return	Contrb
Technology	13.44	3.58	0.47
Consumer Cyclical	21.13	2.11	0.44
Healthcare	5.51	2.04	0.11
Real Estate	1.48	-0.25	0.00
Utilities	0.05	-8.42	0.00

Leading Detractors

	Weight	Return	Contrb
Energy	3.68	-27.47	-1.13
Consumer Defensive	12.68	-6.07	-0.77
Financial Services	22.17	-1.96	-0.43
Basic Materials	4.03	-5.95	-0.25
Communication Services	1.43	-6.36	-0.09

Exposure

Top 10 Portfolio Holdings	Weight	Return
Baidu Inc ADR	2.05	4.46
Samsung Electronics Co Ltd	1.88	7.60
Credit Suisse Group	1.69	-8.89
Lloyds Banking Group PLC	1.64	-5.13
Compass Group PLC	1.52	6.27
Diageo PLC	1.38	-0.40
Reed Elsevier PLC	1.34	7.09
Covidien PLC	1.26	19.10
CIE FINANCIERE RICHEMONT SA	1.25	8.99
ING Groep N.V.	1.24	-8.28

Holdings

	Weight	Return	Contrb
Covidien PLC	1.36	19.10	0.24
TE Connectivity Ltd	1.26	14.92	0.17
Samsung Electronics Co Ltd	2.03	7.60	0.15
Applied Materials Inc	0.95	15.83	0.15
CIE FINANCIERE RICHEMONT SA	1.36	8.99	0.12
Compass Group PLC	1.64	6.27	0.10
Reed Elsevier PLC	1.45	7.09	0.10
Daimler AG	1.13	8.79	0.10
Baidu Inc ADR	2.22	4.46	0.09
ICICI Bank Ltd ADR	0.51	17.62	0.08
Arch Capital Group Ltd	1.01	8.00	0.08
Toyota Motor Corp	1.10	6.99	0.08
Zee Entertainment Enterprises Ltd	0.40	18.58	0.07
Willis Group Holdings PLC	0.75	8.96	0.07
Kühne & Nagel International AG	0.83	7.88	0.06

Holdings

	Weight	Return	Contrb
Petroleo Brasileiro SA Petrobras ADR	0.53	-49.09	-0.31
Magnit PJSC	0.70	-34.20	-0.24
Yandex NV	0.51	-35.38	-0.19
Honda Motor Co Ltd	1.10	-15.10	-0.18
Credit Suisse Group	1.83	-8.89	-0.17
OAQ Novatek GDR	0.57	-24.76	-0.15
Tullow Oil PLC	0.29	-38.23	-0.14
BNP Paribas	1.24	-10.16	-0.13
Orkla ASA	0.45	-24.58	-0.12
ING Groep N.V.	1.34	-8.28	-0.11
Tenaris SA ADR	0.28	-33.12	-0.11
AMEC PLC	0.40	-24.58	-0.11
Carlsberg AS Class B	0.84	-12.50	-0.11
Lloyds Banking Group PLC	1.78	-5.13	-0.09
Serco Group PLC	0.16	-45.97	-0.09

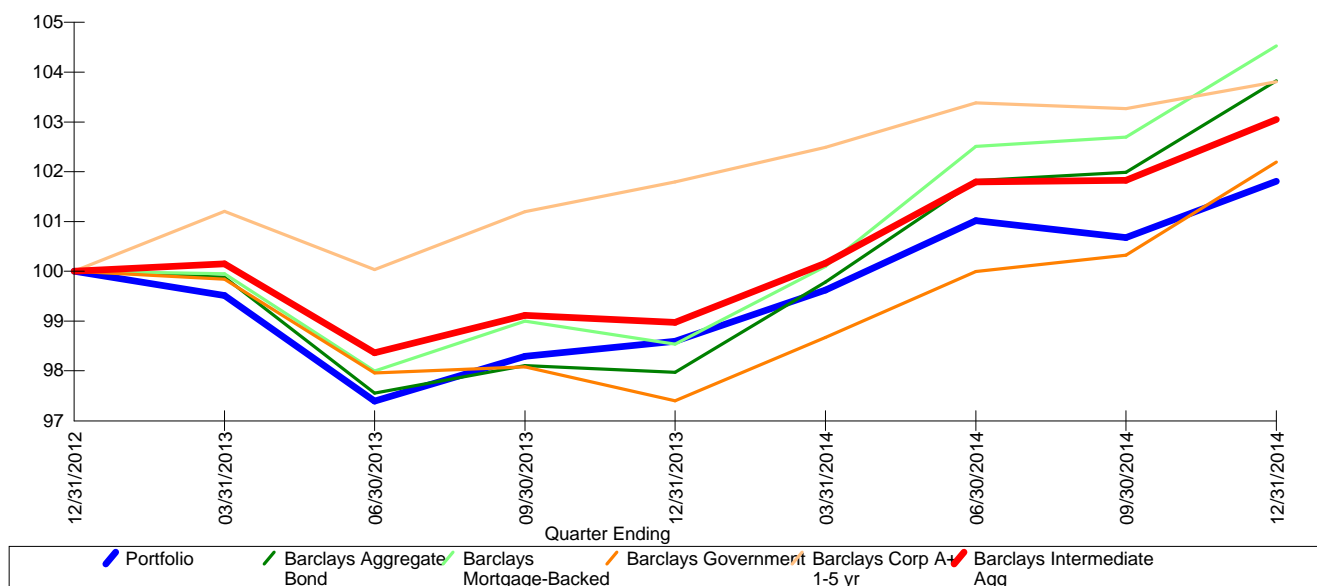
Top 10 Benchmark Holdings

	Weight	Return
Nestle SA	1.84	-0.14
Novartis AG	1.69	-1.49
Roche Holding AG Dividend Right Cert.	1.61	-8.32
HSBC Holdings PLC	1.48	-5.56
Toyota Motor Corp	1.26	6.99
Royal Dutch Shell PLC Class A	1.08	-10.96
BP PLC	1.00	-11.55
Total SA	0.99	-19.61
Sanofi	0.92	-19.08
Bayer AG	0.92	-2.40

Portfolio Performance Review

Hoffman Estates Total Bond

Graphical Comparative Performance



Total Portfolio	Q4	2014	Oct	Nov	Dec
Time Weighted (gross)	1.1	3.3	0.7	0.6	-0.2
Barclays Int Govt	0.9	2.5	0.7	0.5	-0.3
Barclays Government	1.9	4.9	0.9	0.8	0.1
Barclays Mortgage-Backed	1.8	6.1	1.0	0.7	0.2
Barclays Corp A+ 1-5 yr	0.5	2.0	0.5	0.4	-0.3
Barclays Aggregate Bond	1.8	6.0	1.0	0.7	0.1
Barclays Intermediate Agg	1.2	4.1	0.8	0.6	-0.2
Time Weighted (net)	1.0	2.9	0.6	0.6	-0.2
Barclays Int Govt	0.9	2.5	0.7	0.5	-0.3
Barclays Government	1.9	4.9	0.9	0.8	0.1
Barclays Mortgage-Backed	1.8	6.1	1.0	0.7	0.2
Barclays Corp A+ 1-5 yr	0.5	2.0	0.5	0.4	-0.3
Barclays Aggregate Bond	1.8	6.0	1.0	0.7	0.1
Barclays Intermediate Agg	1.2	4.1	0.8	0.6	-0.2

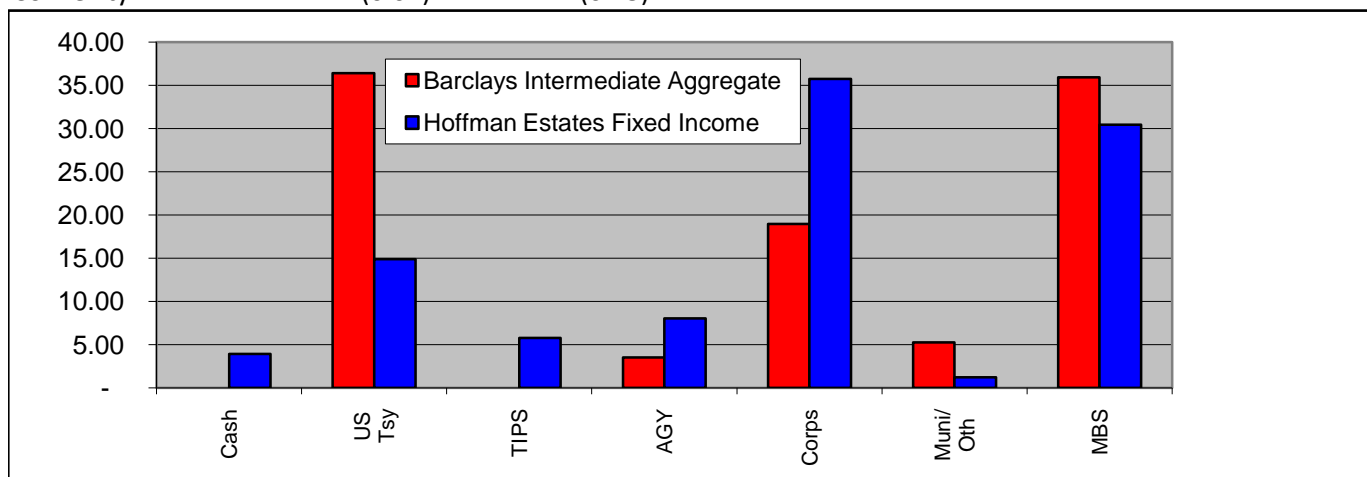
* Return since inception date of 06/30/2007

This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns.

Hoffman Estates Firefighters Pension Fund
Fixed Income - All
4th Quarter 2014



	Portfolio	Barclays Int Agg Index
Number of Bonds	118	
Current Yield	3.81	2.89
Maturity	5.91	4.40
Yield to Worst	2.09	1.88
Effective Duration	4.00	3.99
Convexity	(0.01)	(0.23)



Leading Contributors

Sector	Weight	Gross	Description	Maturity
CORP	0.70%	7.31	Bank of America Corp	02/07/2042
CORP	0.60%	6.43	Gilead Sciences Inc	12/01/2041
CORP	0.80%	5.54	Burlington Northern	05/01/2040
CORP	0.70%	5.32	JPM Chase	05/15/2038
CORP	0.70%	4.86	Comcast Corp Sr Glbl Nt 37	03/15/2037
CORP	0.80%	4.44	Express Scripts	11/15/2041
CORP	0.50%	4.37	Masco Corporation	03/15/2022
CORP	0.60%	4.01	Petro Mexicanos	06/02/2041
CORP	0.70%	3.86	Synchrony Financial	08/15/2024
MORT	0.80%	3.72	FHLMC A	12/01/2039

Leading Detractors

Sector	Weight	Gross	Description	Maturity
CORP	0.60%	(13.42)	Petrobras	01/15/2019
TIPS	1.20%	(2.21)	Treasury Inflation-Indexed	07/15/2019
CORP	0.60%	(0.95)	Bancolombia S A	06/03/2021
CORP	0.30%	(0.79)	JONES LANG LASALLE INC SR NOTE	11/15/2022
CORP	0.80%	(0.72)	Roper Industries	09/01/2019
CORP	0.70%	(0.51)	Goldman Sachs Gro Var	11/15/2018
CORP	0.70%	(0.25)	Synchrony Financial Bond	08/15/2017
CORP	0.60%	(0.21)	Johnson Controls Inc	03/30/2020
CORP	0.70%	(0.18)	Baidu Inc	06/09/2019
CORP	0.30%	(0.16)	TEVA	11/10/2016

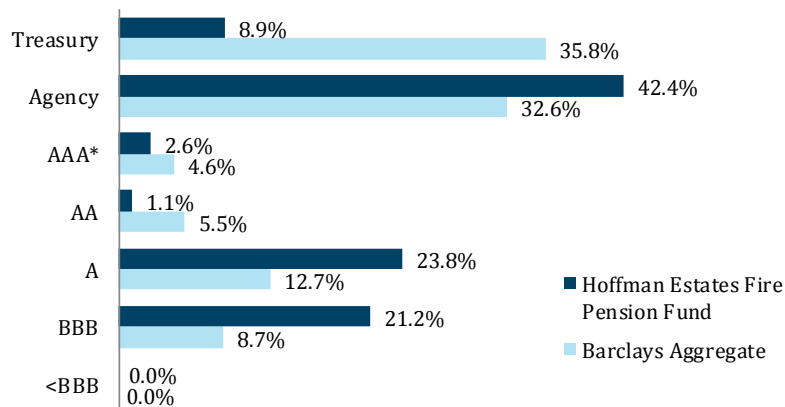
Core Fixed Income

Hoffman Estates Fire Pension Fund – December 31, 2014

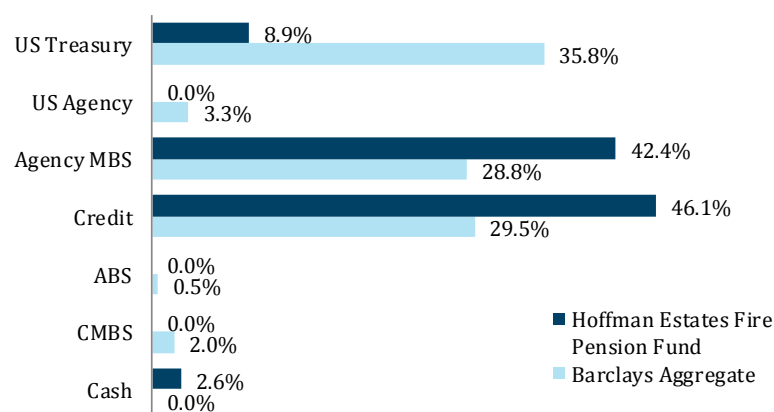
	Fourth Quarter	Year-to-Date	Trailing 1 Year	Inception
Hoffman Estates Fire Pension Fund	1.39	4.40	4.40	2.07
Hoffman Estates Fire Pension Fund Benchmark	1.79	4.78	4.78	2.13
Excess Performance	-0.40	-0.38	-0.38	-0.06

- During the fourth quarter, gross of fees, the portfolio trailed the performance of its benchmark by 40 bps.
- Since inception, 1/31/13 to 12/31/14, the portfolio trailed its benchmark by 6 bps per annum.
- The Hoffman Estates Fire Pension Fund Benchmark is comprised of the Barclays Intermediate Aggregate Index from 1/31/13 to 8/13/14 and the Barclays Aggregate Index thereafter.

Quality Rating Distribution



Sector Weights



Characteristics

	Hoffman Estates Fire Pension Fund	Barclays Aggregate
Effective Duration	5.00	5.20
Convexity	0.22	0.02
Average Yield	2.66%	2.16%

*Includes cash and money market holdings

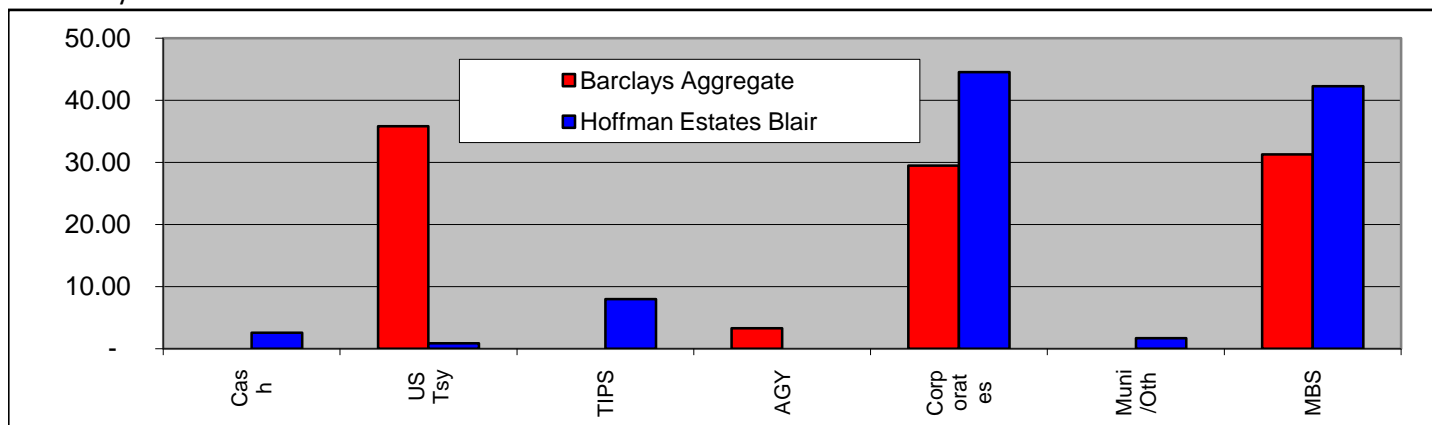
Inception date 1/31/2013.

Past returns are no guarantee of future performance. Performance for periods greater than one year is annualized. The Barclays Intermediate Aggregate Index includes all medium and larger issues of U.S. government, investment-grade corporate, asset-backed securities, mortgage-backed securities, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 10 years and are publicly issued. The Barclays Aggregate Index includes all medium and larger issues of U.S. government, investment-grade corporate, asset-backed securities, mortgage-backed securities, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 30 years and are publicly issued. Characteristics & sector weights source: BlackRock Solutions.

Hoffman Estates Firefighters Pension Fund
Fixed Income - Blair
4th Quarter 2014



	Portfolio	Barclays Agg Index
Number of Bonds	84	
Average Yield	2.66	2.16
Effective Duration	5.00	5.20
Convexity	0.22	0.02



Leading Contributors

Sector	Weight	Gross	Description	Maturity
CORP	0.94%	7.31	Bank of America Corp	02/07/2042
CORP	0.93%	6.43	Gilead Sciences Inc	12/01/2041
CORP	1.08%	5.54	Burlington Northern	05/01/2040
CORP	0.98%	5.32	JPM Chase	05/15/2038
CORP	0.99%	4.86	Comcast Corp Sr Glbl Nt 37	03/15/2037
CORP	1.10%	4.44	Express Scripts	11/15/2041
CORP	0.70%	4.37	Masco Corporation	03/15/2022
CORP	0.87%	4.01	Petro Mexicanos	06/02/2041
CORP	1.03%	3.86	Synchrony Financial	08/15/2024
MORT	1.09%	3.72	FHLMC A	12/01/2039

Leading Detractors

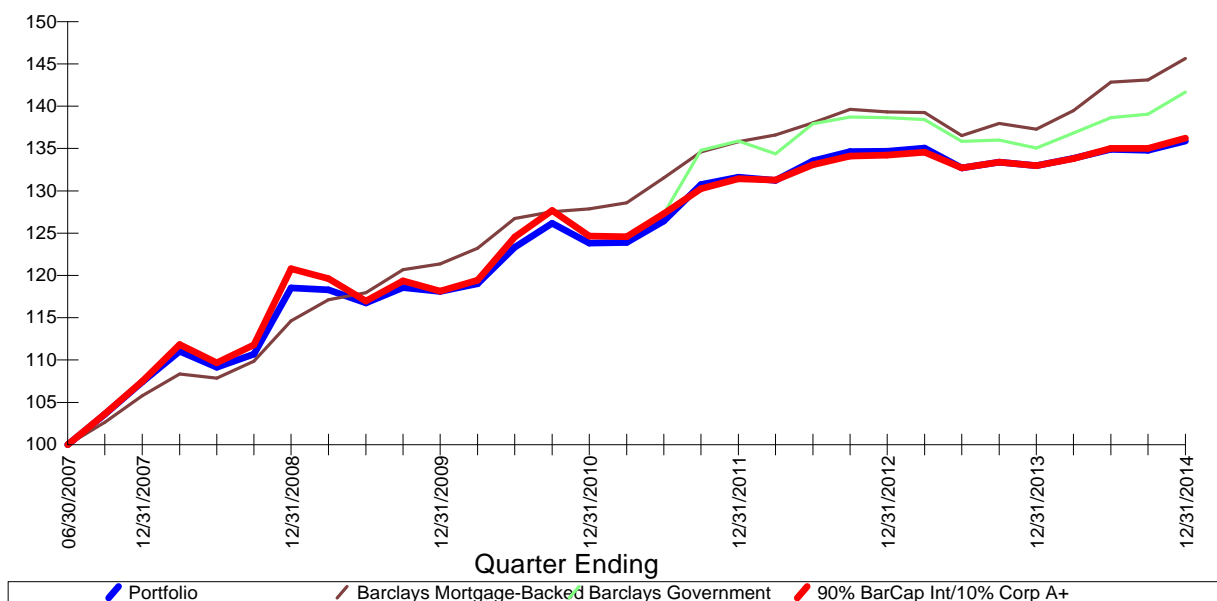
Sector	Weight	Gross	Description	Maturity
CORP	0.88%	(13.42)	Petrobras	01/15/2019
TIPS	1.79%	(2.21)	Treasury Inflation-Indexed	07/15/2019
CORP	0.80%	(0.95)	Bancolombia S A	06/03/2021
CORP	0.39%	(0.79)	JONES LANG LASALLE INC SR NOTE C	11/15/2022
CORP	1.15%	(0.72)	Roper Industries	09/01/2019
CORP	1.01%	(0.51)	Goldman Sachs Gro Var	11/15/2018
CORP	1.00%	(0.25)	Synchrony Financial Bond	08/15/2017
CORP	0.82%	(0.21)	Johnson Controls Inc	03/30/2020
CORP	0.99%	(0.18)	Baidu Inc	06/09/2019
CORP	0.98%	(0.09)	Discovery Communications	08/15/2019



Portfolio Performance Review

Hoffman Estates Firefighters MVT Bonds Fixed Income Acct #: 8153-3379

Graphical Comparative Performance



Total Portfolio	4th Qtr	2014	3 Yrs	5 Yrs	7 Yrs	*Incept
Time Weighted (gross)	0.8	2.2	1.1	2.8	3.4	4.2
Barclays Government	1.9	4.9	1.4	3.7	4.0	4.8
Barclays Mortgage-Backed	1.8	6.1	2.4	3.7	4.7	5.1
Barclays Corp A+ 1-5 yr	0.5	2.0	3.1			
90% BarCap Int/10% Corp	0.9	2.5	1.2	2.9	3.4	4.2
Time Weighted (net)	0.8	2.0	0.8	2.5	3.1	3.8
Barclays Government	1.9	4.9	1.4	3.7	4.0	4.8
Barclays Mortgage-Backed	1.8	6.1	2.4	3.7	4.7	5.1
Barclays Corp A+ 1-5 yr	0.5	2.0	3.1			
90% BarCap Int/10% Corp	0.9	2.5	1.2	2.9	3.4	4.2

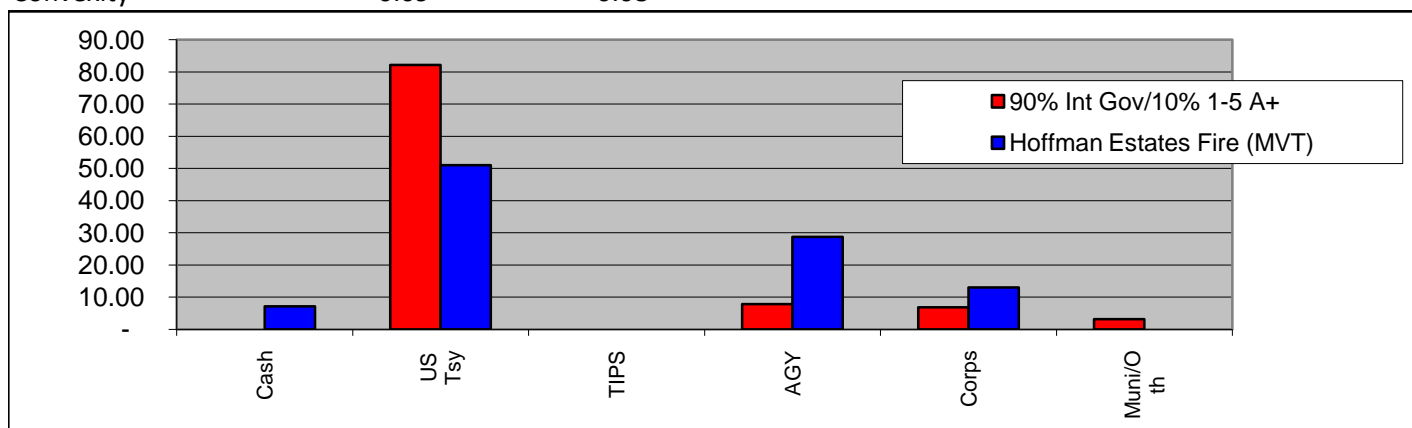
* Return since inception date of 06/30/2007

Returns for periods exceeding 12 months are annualized

Hoffman Estates Firefighters Pension Fund
Fixed Income - MVT
4th Quarter 2014



	Portfolio	90% Int Gov/10% 1-5 A+
Number of Bonds	34	
Current Yield	2.33	1.95
Maturity	3.48	3.78
Yield to Worst	1.23	1.26
Effective Duration	3.31	3.57
Convexity	0.09	0.08



Leading Contributors

Sector	Weight	Gross	Description	Maturity
TREAS	2.61%	2.94	Treasury Bond	11/15/2022
TREAS	4.09%	2.10	Treasury Bond	08/15/2021
AG	3.50%	1.91	FNMA	09/28/2020
TREAS	6.33%	1.55	Treasury Note	08/15/2020
CORP	0.20%	1.37	Citigroup	04/08/2019
TREAS	6.57%	1.37	Treasury Note	11/15/2019
AG	3.67%	1.34	FHLMC 3.75% 3/27/2019	03/27/2019
TREAS	5.11%	1.24	Treasury Strip	11/15/2018
TREAS	5.91%	0.94	Treasury Bond	08/15/2018
CORP	0.88%	0.81	John Deere Corp Bond	12/13/2018

Leading Detractors

Sector	Weight	Gross	Description	Maturity
CORP	1.17%	(0.16)	TEVA	11/10/2016
CORP	0.83%	(0.09)	Pepsi Inc	05/10/2016
CORP	1.15%	(0.04)	AT&T Inc Corporate Bond	02/15/2017
AG	2.59%	(0.02)	FNMA	07/28/2015
TREAS	4.49%	(0.02)	Treasury Note	06/30/2015
AG	3.37%	(0.01)	FNMA	11/26/2019
TREAS	4.59%	(0.01)	US Treasury Note	05/15/2023
AG	0.00%	0.01	FNMA	11/20/2014
TREAS	3.33%	0.03	Treasury Note	12/31/2020
AG	5.88%	0.04	FHLMC	11/17/2015

HOFFMAN ESTATES FIREFIGHTERS PENSION FUND
Tax Levy Report

Showing Assets and Liabilities of the Fund in
Accordance with Actuarial Reserve Requirements
As of January 1, 2013

Summary

Accrued Liability	\$	91,663,255
Actuarial Value of Assets	\$	60,867,862
Unfunded Accrued Liability	\$	30,795,393
Funded Ratio		66%

Liabilities

Reserves for Annuities and Benefits in Force

	Head Count:		Present Value:	
Retirement Annuities	41	\$	39,383,162	
Disability Annuities	8		5,743,711	
Surviving Spouse Annuities	5		1,788,176	
Minor Dependent Annuities	0		0	
Deferred Retirement Annuities	0		0	
Handicapped Dependent Annuities	0		0	
Dependent Parent Annuities	0		0	
Total:	54		\$ 46,915,049	
Accrued Liabilities for Active Members	92		\$ 44,748,206	
Total Accrued Liabilities			\$ 91,663,255	
Total Normal Cost for Active Members			\$ 2,550,743	
Total Normal Cost as a Percentage of Payroll				31%
Total Annual Payroll			\$ 8,272,945	
Amortization of Unfunded Liabilities:				
Total Accrued Liability			\$ 91,663,255	
90% Funded Ratio Target			\$ 82,496,930	
Actuarial Value of Assets			\$ 60,867,862	
Liabilities Subject to Amortization			\$ 21,629,068	
Amortization Period			28 years	
Amortization Payment, Beginning of Year			\$ 1,014,765	

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based expectations for all Article 4 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

Jason L. Franken
 Enrolled Actuary #11-06888
 Foster & Foster, Inc.

Scott J. Brandt
 Statistical Services, Public Pension Division
 Illinois Department of Insurance

HOFFMAN ESTATES FIREFIGHTERS PENSION FUND
Tax Levy Report

Assets

Actuarial Value of Assets

Current Year Gain/(Loss):

Market value of assets as of December 31, 2011	\$	54,918,658
Benefit payments during fiscal year 2012		(3,081,752)
Total contributions during fiscal year 2012		2,858,459
Expected return during fiscal year 2012		3,699,473
Expected market value of assets as of December 31, 2012	\$	58,394,838

Actual market value of assets as of December 31, 2012 \$ 59,649,650

Investment gain/(loss) during the fiscal year \$ 1,254,812

Development of Actuarial Value of Assets (market value less unrecognized amounts):

Market value of assets as of December 31, 2012	\$	59,649,650
Unrecognized gain/(loss) from fiscal 2012		1,003,850
Unrecognized gain/(loss) from fiscal 2011		(2,222,062)
Unrecognized gain/(loss) from fiscal 2010		N/A
Unrecognized gain/(loss) from fiscal 2009		N/A
Actuarial value of assets as of December 31, 2012	\$	60,867,862

Actuarially Determined Tax Levy

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of January 1, 2013 (total normal cost less 9.455% of payroll). \$ 1,768,536

Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 28 years as prescribed by Section 4-118 of the Illinois Pension Code. \$ 1,014,765

Interest to the end of the fiscal year \$ 187,873

Total suggested amount of Tax Levy to arrive at the annual requirements of the fund as prescribed by Section 4-118 of the Illinois Pension Code. * \$ 2,971,174

*The above figure is the suggested amount which should be obtained by the fund from the municipality exclusive of any other items of income, such as interest on investments, contributions from participants, etc. These items have already been taken into consideration in arriving at this amount.

HOFFMAN ESTATES FIREFIGHTERS PENSION FUND

Tax Levy Report

Actuarial Methods

The following methods have been prescribed in accordance with Section 4-118 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

Actuarial Assumptions

Interest rate	6.75%
Interest rate, prior fiscal year	6.75%
Healthy mortality rates	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Disabled mortality rates	RP-2000 Disabled Retiree Mortality
Decrements other than mortality	Experience tables
Rate of service-related deaths	5%
Rate of service-related disabilities	90%
Salary increases	Service-related table with rates grading from 12% to 4% at 30 years of service
Payroll growth	4.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions	80% of Members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The actuarial assumptions used for determining the above amounts are based on experience for all Article 4 funds for the State of Illinois in aggregate, not that of each individual fund. The Department of Insurance has approved the actuarial assumptions based on the results of an experience analysis performed by Foster & Foster, Inc. Contact the Department of Insurance for complete experience tables.

Data and Fund Information

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Tax Levy Report: attained age, annual salary or pension, completed years of service of each individual participant.

The fund specific information used in the production of this document was provided to the Illinois Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.