

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON OCTOBER 30, 2014, AT THE VILLAGE HALL, 7760 QUINCY STREET, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

1. CALL TO ORDER

The meeting was called to order at the hour of 3:01 p.m. by President Umberto Davi.

2. ROLL CALL

Those present at roll call were President Davi, Trustee Tim Kobler, Trustee Scott Eisenbeis, Trustee Joe Pec, and Trustee Carrie Dittman. Also present: Terese Krafcheck and Ted Kirpach of MB Financial.

3. APPROVAL - MINUTES OF THE REGULAR MEETING - July 30, 2014.

The Board reviewed the minutes from the July 30, 2014 meeting. Trustee Kobler advised of a correction on item #7 in that the MOTION should read "...to approve the application for Membership into the Willowbrook Police Pension Fund".

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the minutes with correction of the regular meeting of the Police Pension Fund Board of Trustees held on July 30, 2014.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL - APPLICATIONS FOR MEMBERSHIP INTO THE WILLOWBROOK POLICE PENSION FUND

The Board reviewed the applications from new officers Eric Babczak and James Martino for membership into the Willowbrook Police Pension Fund. These officers will fall under the Tier 2 pension plan.

After a brief discussion by the Board, the following motion was made:

MOTION: Made by Trustee Kobler, seconded Trustee Eisenbeis to approve the applications of Officers Eric Babczak and James Martino for Membership into the Willowbrook Police Pension Fund.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. REPORT - EXPENSES INCURRED JULY THRU SEPTEMBER 2014 AND DETAIL OF PENSION BENEFITS PAID

Trustee Dittman reviewed the expenses incurred July thru September 2014. She noted that the report includes the payout of \$50,394.61 for Police Pension benefits, widow benefit of \$3,209.37, and a disability benefit of \$4,399.25. The second page details these distributions per retiree/pensioner. An amount of \$2,200.00 was paid for actuary services, the quarterly fee for MB Financial Bank was \$7,968.83, and registration conference fees of \$915.00.

The following motion was made:

MOTION: Made by Trustee Pec, seconded by Trustee Eisenbeis to approve the expenses incurred for July thru September 2014.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. APPROVAL OF INVESTMENTS MADE JULY THRU SEPTEMBER 2014 - QUARTERLY INVESTMENT REPORT - MB FINANCIAL BANK

Terese Krafcheck, a representative of MB Financial Bank, summarized the quarterly investment report for the Police Pension Board.

Ms. Krafcheck reported that the total fund value is at \$18,512.778.00. She advised the portfolio allocations are targeted at 55% in equities, 45% in fixed income. This quarter equities are at 46.8% and fixed income at 47.5%.

The Performance Summary for this quarter has seen negative numbers for the first time in a while. The fund finished at a -0.79% vs. the Blended Index at -0.88%. The 1, 3, and 5 year marks are still very strong and are in line, if not high performing, above the bench mark.

Equities were down -0.77% vs. -1.15% benchmark for the quarter. The Fixed Income Portfolio category was down at -0.34% vs. the benchmark at 0.10%. The Alternative Strategies Fund was down to -4.40% vs. the benchmark at -6.37%. However, for the last few quarters, the Alternative Strategies has been the best performing asset classifications.

The total funds gains/losses were down -\$260,063.00, but if you look at the fiscal year to date, it is a positive \$482,019.00, with a closing balance of \$18,512,778.00.

Mr. Kirpach highlighted the investment returns. No significant changes on the Asset Composition. The US Large Cap Value has been the strongest performer vs. Internationals funds which were the weakest. Treasury Funds were down, affecting the Fixed Income. The average maturity in the portfolio is 4.67 years vs. the Blended Index at 6.35 years; making the Fixed Income a shorter maturity period. Common stocks were up 2.01% vs. the S&P 500 at 1.13% for the quarter. Fiscal year to date is up 12% vs. 8.35% for the S&P.

The market value has been a nice steady upward direction since late 2008/early 2009. The Risk/Return Analysis Total Fund has taken on more risk, however with more of a return.

In the Mutual Fund Return, International Equity was being watched for some time and the Oppenheimer International Growth Fund was added, which over a long period of time should do well.

Economic overview for the quarter has been a very positive year. Volatility has been quiet for the past 2 years although it has increased since September.

Trustee Kobler asked if MB Financial can insert a section in their report for "Total of Fund since inception", to make comparisons. Ms. Krafcheck will check to see if it can be placed back in the report.

Ms. Krafcheck advised that the Investment Policy Statement has been updated and reorganized to re-iterate what the state statute allows and provides. The purpose for this Investment Policy Statement is to show what was added or updated to coincide in Equities and range of allocations of return on page 12 and on page 14 with the long term expected rates of return. Changes to the indemnity page were made through the recommendations of another attorney.

Ms. Krafcheck requested this item be placed on the Police Pension Board agenda in January 2015, so that it can be officially changed and adopted.

After a discussion by the Board, the following motion was made:

MOTION: Made by Trustee Eisenbeis, seconded by Trustee Kobler to approve MB Financial's Quarterly report.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. REPORT - 2014 AUDITED FINANCIAL STATEMENTS

Trustee Dittman advised this is the final Police Pension Fund financial statements from the April 30, 2014 audit, which was approved at the October 14, 2014 Village Board meeting. The Village received an unqualified or "clean" opinion, as a result of this audit.

The Village's independent auditors had no comments or suggestions for improvement for the Police Pension Fund relating to the April 30, 2014 annual audit.

After a brief discussion by the Board, the following motion was made:

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the 2014 Audited Financial Statements for the Willowbrook Police Pension Fund.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

8. REPORT - ACTUARIAL VALUATION REPORT AS OF MAY 1, 2014

Trustee Dittman reviewed the Actuarial Valuation Report as prepared by Tepfer Consulting Group, Ltd. This report includes both statutory and recommended contributions for fiscal year ending April 30, 2016. This funds the FY 2015/16 not the current one (FY 2014/15). The Village will include this report during their budget preparations for the 2015/16 fiscal year.

The actuary is recommending a Village contribution for fiscal year ending April 30, 2016 of \$614,530, which is the statutory minimum. This is a \$94,615 increase over the prior year's contribution and will be proposed during the Village Board's FY 2015/16 budget planning process.

Mr. Tepfer agreed that the 7.5% rate was a little aggressive, so it was dropped to 7.25%. This was the only change in assumption in the report.

After a brief discussion by the Board, the following motion was made:

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the 2014 Actuarial Valuation Report.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

9. REPORT - 2014 ANNUAL REPORT TO THE VILLAGE

Trustee Dittman reviewed the mandatory required annual reporting to the Village by the Police Pension Board for fiscal year ending April 30, 2014, which was prepared by the Pension Board's actuary, Art Tepfer.

President Davi signed the report and the report will be submitted to the Village Board.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the 2014 Annual Report to the Village.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

10. REPORT - ANNUAL DEPARTMENT OF INSURANCE REPORT

Trustee Dittman reviewed the annual Department of Insurance report which was filed on October 13, 2014. The required certification form must be signed and submitted to the Department of Insurance by October 31, 2014. This will be mailed overnight to meet the deadline requirement.

After a brief discussion by the Board, the following motion was made:

MOTION: Made by President Davi, seconded by Trustee Kobler to approve the 2014 Annual Department of Insurance report for the Willowbrook Police Pension Fund.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

11. VISITOR BUSINESS

None presented.

12. NEW BUSINESS

A. Military Buy Back - Officer Pelliccioni

In the recent past, Officer Pelliccioni had requested a calculation to purchase military time for his upcoming retirement. Trustee Dittman advised the calculations were completed and given to Officer Pelliccioni for his review. As of today's date, no response has been received from Officer Pelliccioni.

13. OLD BUSINESS

A. ANNUAL AFFIDAVIT FOR BENEFIT DISTRIBUTION - UPDATE

The last two (2) 2014 affidavit forms have been received and completed by William Bozek and Martha Kleven.

B. LEGAL RFP AND LIST OF ATTORNEYS

Trustee Dittman composed a cover letter and are seeking proposals from qualified law firms to provide general legal services on an "as needed" basis for the Police Pension Fund. Once received back, the Pension Board of Trustees will review and accept one of the seven (7) firms.

President Davi suggested additional verbiage be added to the letter for the firms to include any additional fees or retainers they may require. After these changes, the RFP's will be sent out by November 3, 2014. The deadline for the return of the RFP's will be December 31, 2014 at 4:00 p.m.

14. COMMUNICATIONS

None presented.

15. ADJOURNMENT

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to adjourn the meeting of the Board of Trustees of the Police Pension Fund at the hour of 4:17 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

Date

President

Minutes transcribed by Debbie Hahn.