

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON JULY 30, 2013, 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 3:05 p.m. by President Umberto Davi.

2. ROLL CALL

Those present at roll call were President Davi, Trustees Timothy Kobler and Scott Eisenbeis; and Interim Director of Finance Carrie Dittman. Also present: Terese Krafcheck, Ted Kirpach, and Bob Deneulenaere of MB Financial.

Absent: Trustee Joseph Pec.

3. APPROVAL - MINUTES OF THE REGULAR MEETING - April 17, 2013

The Board reviewed the minutes from the April 17, 2013 meeting.

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis to approve the minutes of the regular meeting of the Police Pension Fund Board of Trustees held on April 17, 2013.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL OF EXPENSES INCURRED APRIL THRU JUNE 2013

Interim Director Dittman reviewed the expenses incurred April thru June 2013. She noted that there is a split between April and June due to the fiscal year. The first page has one month of expenses for April 2013. The second and third page is for two months of expenses for May and June 2013. Both reports include regular retirement benefits, surviving spouse/widow benefits, disability expenses, and financial advisory services for the second quarter.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis, to approve the expenses incurred for April thru June 2013.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. APPROVAL OF INVESTMENTS MADE APRIL THRU JUNE 2013 -
QUARTERLY INVESTMENT REPORT - MB FINANCIAL BANK

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

Ms. Krafcheck advised the second quarter ending June 30, 2013 was favorable. The total fund value is at \$16,404.041.00. She summarized the portfolio allocations are targeted at 55% in equities, 45% in fixed income. The market was at 53% in equities and 47% in fixed income.

This quarter, the fund was down -0.14 vs. the blended benchmark at -0.74%. Based on the 12-month period, the fund is up 4.25% vs. the benchmark of 3.44%.

Equities for the quarter are up 2.36% vs. the benchmark at 1.41%. There was a lot of pull back in the fixed income area. The fixed income is down -1.98% vs. the benchmark at -2.22%, Mutual Fund Real Estate down -3.88% and commodities were down -7.26%.

Cash equivalents remain flat at 0.0%. There is an error in the Account Activity Summary in the additions category. This was change from \$646.00 to \$00.00. This change will be seen on the next quarterly report.

Change due to investments for the quarter were -\$22,200 with the year to date total at \$668,925.00.

Mr. Kirpach advised there were no long term changes with equities. The bond performances have changed and have begun to be sold. The portfolio diversification with the purchase of corporate bonds over the last several years has provided value to performance. The average maturity for the portfolio is shorter than the benchmark at 4.95 vs. 6.36. The portfolio is at a lower risk which is where you want to be in a rising interest rate environment.

Mr. Kirpach advised that looking at the Market Value vs. Invested Capital has been good. As of June 30, 2013, the fund value was at \$16.404 million. The fund put in approximately \$9.294 million and the investments have contributed \$7.1 million since 1998. The fund is taking on a little more risk, however it is getting a bigger rate of return.

Ms. Krafcheck feels the Investment Policy Statement needs to be revised due to the high yield bonds and emerging market. The

current Investment Policy Statement does not include these and should be placed on the agenda for the next meeting for updating.

Mr. Kirpach advised the economic outlook for the rest of 2013 looks good. The federal government is purchasing \$87 billion in bonds each month which has put cash out in the market place and pushed up the price of bonds on the yield point. Unemployment is still greater than 7.5% and hopefully with people going back to work, they will begin to purchase more, helping to drive the economy more.

Interim Director Dittman asked for a copy of the Bonds Rating report and Duration report as of April 30, 2013 for the auditors. Ms. Krafcheck advised she would forward to Director Dittman.

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

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

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. VISITOR BUSINESS

None presented.

7. NEW BUSINESS

President Davi advised that the annual 2013 IPPFA Conference will be held on October 1-5, 2013 in Lake Geneva, WI. Trustee Kobler has reserved two rooms at Timber Ridge Lodge.

8. OLD BUSINESS

- A. Director Dittman advised that Secretary Hahn has sent two letters to Ruth Kleven and William Bozek regarding the annual address confirmation form. To date, no information has been received from either pensioner.

After a brief discussion, one additional letter will be sent advising that if the requested information is not received prior to their August pension check date, their automatic payment will be cancelled and a written check will be mailed.

B. Director Dittman advised that no contact has been made by Frederick Willey's daughter for the \$18,601.98 unclaimed funds from his pension.

9. COMMUNICATIONS

None presented.

10. ADJOURNMENT

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis to adjourn the meeting of the Board of Trustees of the Police Pension Fund at the hour of 3:43 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

Date

President

Minutes transcribed by Debbie Hahn.