

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON OCTOBER 22, 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 8:02 a.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 via conference call. Also present: Terese Krafcheck, Bob Deneulenaere, and Amber Powers of MB Financial.

Absent: Trustee Joseph Pec.

3. APPROVAL - MINUTES OF THE REGULAR MEETING - July 30, 2013

The Board reviewed the minutes from the July 30, 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 July 30, 2013.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. 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 third quarter ending September 30, 2013 was favorable. The total fund value is at \$15,748.741.00. She summarized the portfolio allocations are targeted at 55% in equities, 45% in fixed income, as was the market.

This quarter, the fund was at 3.83% vs. the benchmark of 3.46%. The 9-month percentage was at 8.24% vs. the benchmark of 7.02% and the 12-month percentage was at 9.5% vs. 7.67%. The 5-year percentage was 7.92% vs. the benchmark at 6.82%. This is over 1%, which is very exciting for the actuarial reports.

Equities for the quarter are at 7.08% vs. the benchmark at 6.90%. The fixed income is back in the positive area at 0.64%, vs. the benchmark at 0.39%. Although, the 9 and 12-month numbers are still in the negative territory, this will be the case for the next 3-5 years. The alternative strategies are a new line item only by title (Alternate Strategies), which are by combining the Real Estate,

Commodities and Infra-Structure Fund. Those numbers combined at 4.12% vs. the blended benchmark at 0.64%, which was added during the quarter.

Cash equivalents of -\$646.00, was the reversal of the incorrect posting of \$646 last quarter. This will zero out at end of the year.

Changes due to investments for the quarter were \$627,944 with the year to date total at \$1,296,869.

Amber Powers advised there was a bit of a rebound for third quarter, which was good. The fixed income duration has been shortened to be ready for when rates go up. This probably won't happen until 2015. The Large Cap Blend strategy out-performed the S&P 500 by 11 points due to the technology sector. The telecom sector was liquidated due to under-performance.

Ms. Krafcheck advised that looking at the Market Value vs. Invested Capital has been good. As of September 30, 2013, the fund value was at \$15.7 million. There was a change in the Small Cap Equity was liquidated and moved into the Undiscovered Managers Behavioral Value fund. Also, the Alternative Asset Classes added the DWS RREEF Global Infrastructure fund, which invests in companies that out-source itself (ie - Toll road, parking, bridges, pipe lines).

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

Ms. Krafcheck reviewed the changes to the Willowbrook Police Pension Fund Investment Policy.

5. APPROVAL - APPLICATION FOR MEMBERSHIP INTO THE WILLOWBROOK POLICE PENSION FUND

The Board reviewed the applications from new officers Jose Lopez and Joel Rudnick for membership into the Willowbrook Police Pension Fund.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis to approve Officers Jose Lopez and Joel Rudnick's application.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

*President Davi deferred Items 6, 7, 8, 9, 10, 12, and 13, until Interim Director of Finance Carrie Dittman is contacted via conference call.

11. VISITOR'S BUSINESS

None presented.

14. COMMUNICATIONS - I.P.P.F.A. ANNUAL MEMBERSHIP DUES

The Board reviewed the IPPFA annual membership dues invoice.

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis to approve payment of \$775.00 for the IPPFA annual membership dues.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

*Interim Director of Finance Carrie Dittman joined the meeting via conference call at 8:23 a.m.

6. REPORT - EXPENSES INCURRED JULY THRU SEPTEMBER 2013

Interim Director Dittman reviewed the expenses incurred July thru September 2013. She noted that the report include expenses for regular retirement benefits, surviving spouse/widow benefits, disability benefits, financial advisory services, and the IPPFA annual conference fees.

The Board requested a breakdown by individuals for the regular retirement benefits. Interim Director Dittman will add to the quarterly expense report beginning in January 2014.

MOTION: Made by President Davi, seconded by Trustee Kobler to approve the expenses incurred July thru September 2013.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. REPORT - 2013 DRAFT AUDITED FINANCIAL STATEMENTS

Interim Director Dittman reviewed the draft Police Pension Fund Financial Statement from the April 30, 2013 audit. Final copies will be distributed at the Village Board meeting on October 28, 2013.

The Village, which includes the Police Pension Fund, received an unqualified or "clean" opinion for the audit. The independent auditors had no comments or suggestions for improvement.

President Davi requested an internal memo from Interim Director Dittman to breakdown the costs for conference fees and "other".

8. REPORT - ACTUARIAL VALUATION REPORT AS OF MAY 1, 2013

Interim Director Dittman reviewed the annual Actuarial Valuation Report prepared by Tepfer Consulting Group, Ltd. This report includes both statutory and recommended contributions for the fiscal year ending April 30, **2015**, under the new actuarial valuation method (projected unit credit) and the existing valuation method (entry age normal).

For fiscal year ending April 30, **2015**, the actuary is recommending a Village contribution of \$519,915, which also equals the statutory minimum.

MOTION: Made by Trustee Eisenbeis, seconded by Trustee Kobler to approve the annual Actuarial Valuation Report dated September 29, 2013.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

9. REPORT - REQUIRED REPORTING TO MUNICIPALITY BY PENSION BOARD

Interim Director Dittman reviewed the Required Reporting to the Municipality by the Police Pension Fund. This report was completed by Tepfer Consulting Group Inc. and will be forwarded to the Village Board for their October 28, 2013 meeting.

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis to recommend to the Village Board a contribution of \$519,915 to fulfill their statutory minimum contribution to the Police Pension Fund, as reflected in the Actuarial Valuation report prepared by Tepfer Consulting Group Inc.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

10. REPORT - ANNUAL DEPARTMENT OF INSURANCE REPORT

Interim Director Dittman reviewed the annual Department of Insurance report for fiscal year ending April 30, 2013.

*12. NEW BUSINESS

A. Military Buy Back for New Officer

Interim Director Dittman advised this is for information only. Officer Joel Rudnick is requesting military buy back for his service time. She just received the calculation amount for Officer Rudnick to purchase two years of military credit. His total payment would be \$46,898.24 for the full two years of service.

13. OLD BUSINESS

A. Annual Affidavit for Benefit Distribution - Address Confirmation Form

The Board reviewed the Address Confirmation Form. President Davi changed the wording of agreement and the notary line.

B. Frederick Willey - Death Pension Benefits

President Davi reviewed the correspondence between Amanda Willey's attorney, and the Board. The Board is waiting for confirmation of requested information before a disbursement can be given.

*15. 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 8:55 a.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

Date

President

Minutes transcribed by Debbie Hahn.