

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON JANUARY 18, 2017, AT 3:00 PM, AT THE VILLAGE HALL, 835 MIDWAY DRIVE, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

1. CALL TO ORDER

The meeting was called to order at the hour of 3:03 p.m. by President Davi.

2. ROLL CALL

Those present at roll call were President Umberto Davi, Trustee Timothy Kobler, Trustee Joseph Pec, and Trustee Carrie Dittman. Also, present: Michael Stuart and Ted Kirpach of MB Financial. ABSENT: Trustee Scott Eisenbeis.

3. APPROVAL - MINUTES OF THE REGULAR MEETING - October 19, 2016

The Board reviewed the minutes from the October 19, 2016 meeting.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the minutes of the regular meeting of the Willowbrook Police Pension Fund Board of Trustees held on October 19, 2016.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL - MONTHLY PENSION BENEFITS AS OF JANUARY 1, 2017

Trustee Dittman reviewed information on the statutory increases in pension benefits effective January 1, 2017. There are three items to note for retirees who have reached the age of 55: Retirement pension for Mark Altobella will increase 4.25% on November 1, 2017 to \$7,369.55/mo.; John Barnacle will increase 14.75% on April 1, 2017 to \$6,553.62/mo.; and Paul Oggerino will increase 12.75% on May 1, 2017 to \$7,226.15/mo.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Pec, to approve the statutory increases in pension benefits for eligible participants effective January 1, 2017.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. APPROVAL OF EXPENSES INCURRED OCTOBER THROUGH DECEMBER 2016

Trustee Dittman reviewed the financial report for the period October through December 2016. Expenses include \$150.00 attorney fees for Atwell & Atwell, audit fees for the pension fund were \$3,869.00, quarterly financial advisory fees were \$8,455.85, 2016 IPPFA conference expenses by Trustee Kobler and Trustee Eisenbeis totaled \$1,126.26, and IPPFA annual

dues for 2017 were \$795.00. The pension benefits for October, November and December totaled \$230,724.92; widow's benefit was \$9,628.11; and disability benefits totaled \$13,478.73.

After Trustee Dittman reviewed the expenses, the following motion was made:

MOTION: Made by Trustee Pec, seconded by Trustee Kobler, to approve the financial report for October through December 2016.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. APPROVAL OF INVESTMENTS MADE OCTOBER THRU DECEMBER 2016 - QUARTERLY INVESTMENT REPORT - MB FINANCIAL BANK

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

Mr. Stuart reported that the total fund value on 12/31/2016 is at \$19,484,323.00. He summarized the portfolio allocations are targeted at 55% in equities, 45% in fixed income. The performance summary for the total fund in the fourth quarter of 2016 was -.33%. The latest five-year actual is at 6.65% vs. the benchmark at 6.74%.

Ted Kirpach advised this was a good end to 2016. The beginning of 2016 was the worst it has been in decades, however the market recovered a little bit with corporate profits being solid. Energy profits should be up in 2017 with oil prices at \$56/barrel vs. \$26/barrel in 2016.

Unemployment is low at 4.6% vs. the government target of 5%. Economy is very strong with the GDP at 3.2% in the third quarter and looks like it is trending upward.

For the fiscal year to date, the fund yielded 5.31%, slightly below the blended index. We have added to the component a more passive equity strategy which will enable the fund to add dollars into the stock market a little easier rather than buy/sell a little bit at a time. We added Dominos, Nike and Kroger grocery stores to the fund since they have been performing well.

Mr. Kirpach advised that the fund should focus on the long-term investments over the next three years. Equities and economy look solid for the year. Interest rates will be rising but we are well positioned in the portfolio.

The Committee discussed the possibility of raising equity investment percentage from 55% to 60-65%. This is the next agenda item for today.

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

MOTION: Made by Trustee Pec, seconded by Trustee Dittman to approve MB Financials' Quarterly report.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. DISCUSSION - EQUITY INVESTMENT PERCENTAGE

Trustee Dittman advised that at the last meeting, the Board had requested her to reach out to Attorney Atwell to verify that the equity investment percentage can be raised. Attorney Atwell said yes as long as it includes stocks and mutual funds together, the percentage can be raised up to 65% and the Investment Policy already states that it can be raised. The Board would just have to make note in the minutes on when and what percentage it was raised to.

Trustee Kobler feels comfortable moving forward and increasing the funds exposure. He believes it would be beneficial to the fund, however he feels we should move slowly and not immediately raise it to 65% unless a buying opportunity presents itself.

Trustee Pec agrees to follow MB Financial's advice and let them make the determination if they feel the percentage should be raised.

President Davi agrees that businesses are feeling positive with the election of a new president. He would be comfortable to raise it to 60% and leave the 5% as a cushion for the fund.

Trustee Dittman believes that during the last year or two, the inflows and outflows of the fund have been stable and the demographics have been such that the benefits being paid out have about equaled the funds coming in. The fund's investments need to work as hard as they can to grow. She agrees to cap the increase at 60%, leaving the 5% cushion to maintain statutory requirements.

MOTION: Made by President Davi, seconded by Trustee Kobler to direct MB Financial to invest above the 55% equity investment percentage but not to exceed 60%.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

8. DISCUSSION RFQ FOR FINANCIAL ADVISORS

The Committee asked to move this discussion item to the end of meeting for discussion.

9. DISCUSSION RFQ FOR ACTUARY

The Committee tabled this discussion until the next quarterly meeting on April 18, 2017.

10. VISITOR BUSINESS

None presented.

11. NEW BUSINESS

A. Annual Address Confirmation Letters for Benefit Distribution

Recording Secretary Debbie Hahn advised that the annual address confirmation forms for Benefit Distribution, which must be signed and notarized by the beneficiary, were mailed on January 13, 2017.

B. 2017 Quarterly Meeting Dates

The Committee agreed on the following dates to hold the Willowbrook Police Pension quarterly meetings. They are April 19, 2017, July 19, 2017, and October 18, 2017. These meetings will be held at 3:00 p.m. at the Village Hall, 835 Midway Drive.

12. OLD BUSINESS

2016 Final Audited Financial Statements

Trustee Dittman advised that the FY 2015/16 draft financial statements presented to the Police Pension Board on October 19, 2016 were subsequently finalized and that the Village Board approved the 2016 Final Audited Financial Statement on October 24, 2016. No changes were made to the report after the Police Pension Board reviewed it, and applicable excerpts of the final copy are included in the packet.

MOTION: Made by Trustee Kobler, seconded by President Davi to approve the 2016 Final Audited Financial Statement.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

13. COMMUNICATIONS

None presented.

- NOTE: Michael Stuart and Ted Kirpach left the meeting at 3:45 p.m.

*8. DISCUSSION RFQ FOR FINANCIAL ADVISORS

Trustee Dittman advised that at the last pension meeting, the Board had discussed sending out Request for Qualifications (RFQ) for financial advisors. MB Financial has been the pension board's financial advisors for the past 18 years and their liaison representatives have changed over the years. Trustee Dittman passed out samples of RFQs to the Board to review. She briefly explained the difference between an RFQ and a Request for Proposal (RFP), and inquired if the Board wants to move forward on the RFQs or go directly to an RFP. The RFQ is best used when a large pool of bidders must be narrowed down. The RFQ helps narrow the field to determine who an RFP would ultimately be sent to. The Board discussed sending to a pool of 3-5 companies. The process for sending RFQs and RFPs is roughly the same and it is time consuming to draft, send out, review and rate the responses and the RFQ may not be necessary if the goal is only to send it to 3-5 companies.

After a lengthy discussion, the Board wanted to waive the RFQ process and agreed to send out RFPs to 3-5 selected companies. Trustee Dittman will draft an RFP and send the draft document by March 1, 2017 to members for their review and comments.

A special meeting will be held on March 15, 2017 at 3:00 p.m. to review and approve the RFP requirements and document. The draft RFP should include:

- Expenses
- Fiduciary
- Experience of Article 3 funds managed
- Fees
- Rate of return
- Three (3) references
- Fund manager's experience and qualifications

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to move forward for Trustee Dittman to draft a Request for Proposal (RFP) for financial advisors.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

14. ADJOURNMENT

MOTION: Made by Trustee Pec, seconded by Trustee Kobler to adjourn the Board of Trustees meeting of the Police Pension Fund at the hour of 4:15 p.m.

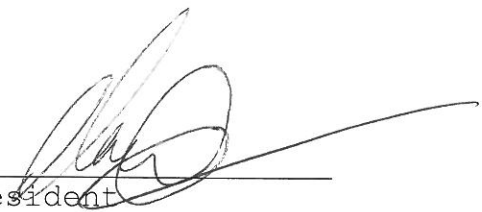
UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

4-19-17

Date


President

Minutes transcribed by Debbie Hahn.