

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON WEDNESDAY, OCTOBER 14, 2015, AT THE VILLAGE HALL, 7760 QUINCY STREET, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

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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, Trustees Carrie Dittman, Scott Eisenbeis, and Joseph Pec. Also present: Terese Krafchek and Bob DeMeulenaere of MB Financial.

ABSENT: Trustee Timothy Kobler.

3. APPROVAL - MINUTES OF THE REGULAR MEETING - July 8, 2015

The Board reviewed the minutes from the July 8, 2015 meeting.

MOTION: Made by Trustee Pec, seconded by Trustee Dittman to approve the minutes of the regular meeting of the Police Pension Fund Board of Trustees held on July 8, 2015.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

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

The Board reviewed two applications for membership into the Willowbrook Police Pension Fund as Tier II employees by new officers Daniel Herrera and Othello Rosal.

Trustee Pec asked if the Village of Willowbrook pays for pre-employment medical exams and if the Pension Board has access to review the medical exams prior to approving them into the Pension Fund.

President Davi advised that the Village of Willowbrook does pay for pre-employment medical exams as part of the hiring process and the results are placed in their personnel file. The Pension

Board would have to request from the Chief of Police a copy of the medical record, if any medical issues arise in the future.

After a brief discussion, the following motion was made:

MOTION: Made by Trustee Pec, seconded by Trustee Dittman to approve membership into the Willowbrook Police Pension Fund as Tier II employees for Officers Daniel Herrera and Othello Rosal.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. APPROVAL - APPLICATIONS FOR RETIREMENT BENEFITS FOR OFFICERS JOHN SKIBA AND MARK LONG

At the last Pension Board meeting on July 8, 2015, Trustee Dittman provided a memo to the Pension Board regarding Officer John Skiba's Pension Application. She read the following for the record:

*Enclosed for your review is an application for regular retirement benefits submitted by Patrolman John Skiba. As noted on the paperwork, Patrolman Skiba's retirement date (last day of work) is August 13, 2015 and his retirement pension will begin on February 1, 2016, when he attains the age of 50. He will have earned 24 years, 1 month, and 4 days of service (net of 190 unpaid break days) credited at that time granting him 60.00% of his current salary plus longevity of \$91,142.10. This calculates to an annual pension amount of \$54,685.26 (\$4,557.11 monthly).*

*He will be eligible for his first increase on 3/1/2021, the month following his attainment of age 55.*

*As required under state statute, as the Pension Fund Treasurer, I have attached Patrolman Skiba's pension calculation.*

At the July meeting, this item was tabled until the October meeting due to Officer Skiba's last day of work being August 13, 2015. Officer Skiba's pension will begin on February 1, 2016, when he reaches the age of 50.

After a brief discussion, the following motion was made:

MOTION: Made by Trustee Dittman, seconded by Trustee Pec to approve the retirement benefits for Officer John Skiba beginning February 1, 2016, when he attains the eligible age of 50.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

Trustee Dittman read a memo to the Pension Board regarding Officer Mark Long's Pension Application. She read the following for the record:

*Enclosed for your review is an application for regular retirement benefits submitted by Patrolman Mark Long. As noted on the paperwork, Patrolman Long's retirement date (last day of work) is October 7, 2015 and his retirement pension will begin on October 8, 2015. He will have earned 30 years, 0 month, and 1 day of service credit granting him 75.00% of his current salary plus longevity of \$91,142.10. This calculates to an annual pension amount of \$68,356.58 (\$5,696.38 monthly).*

*He will be eligible for his first increase on 11/1/2016, the month following one year of retirement.*

*As required under state statute, as the Pension Fund Treasurer, I have attached Patrolman Long's pension calculation.*

After a brief discussion, the following motion was made:

MOTION: Made by Trustee Dittman, seconded by Trustee Eisenbeis to approve the retirement benefits for Officer Mark Long beginning October 8, 2015.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

\* **TRUSTEE KOBLER JOINED THE MEETING AT 3:22 P.M.**

6. EXPENSES INCURRED JULY 2015 THRU SEPTEMBER 2015

Trustee Dittman reviewed the expenses incurred June 2015 thru September 2015. She noted that the report includes monthly pension benefit payouts of \$57,637.13, widow's benefit of \$3,209.37, and a disability benefit of \$4,446.08. Legal fees for Atwell & Atwell were \$200.00, IPPFA conference registration fees of \$975.00, and the quarterly fee for MB Financial was \$8,361.11.

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

MOTION: Made by Trustee Pec, seconded by Trustee Kobler, to approve the expenses incurred for July 2015 through September 2015.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. APPROVAL - INVESTMENTS MADE JULY THRU SEPTEMBER 2015 -  
Quarterly Investment Report - MB FINANCIAL BANK

Terese Krafchek, a representative of MB Financial Bank, reported that the total fund value is at \$18,281,410.00. She summarized the portfolio allocations are targeted at 50% in equities and remains at 50%; however it was down at 43.57 in the fixed income portion of the fund vs the targeted amount of 44%. Alternative strategies were 4.83% vs. our targeted amount of 5%.

Total fund performance for the quarter is down -4.12% vs. the benchmark at -3.72%. The 5-year returns came in at 6.46% vs. the benchmark of 6.26%. Although the quarter was down a bit, the housing market is the highest it's been in 7 years for sales.

The Account Activity summary for the quarter was a loss of \$904,873.00. There was one withdrawal for the MB Financial fee of \$8,003.00. The Market Value began the quarter at \$19,075,335.00 but with withdrawals and losses the fund stands at \$18,281,410.00.

Mr. Meulenaere advised that at the end of September, due to poor performance during the quarter, the Bank of America Foreign and High Yield bonds were switched to Goldman Sachs Group bonds.

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

8. REPORT - 2015 AUDITED FINANCIAL STATEMENTS

Trustee Dittman presented the final Willowbrook Police Pension financial statements from the April 30, 2015 audit, which was approved at the October 12, 2015 Village board meeting. The Village (including the Police Pension Fund) received an unqualified or "clean" opinion, as a result of the audit.

The Village's independent auditors had no comments or suggestions for improvement for the Police Pension Fund relating to the April 30, 2015 annual audit.

The new GASB 67 Statement went into effect this fiscal year, which affects the Police Pension Fund and dramatically lengthened the amount of disclosures that the Pension Fund has to provide. Since the Police Pension Fund doesn't issue its own financial statements, these are included in the Village's financial statements. Trustee Dittman reviewed the report for the Board.

The 1<sup>st</sup> report is the Statement of Plan Net Position which reports assets and liabilities. On April 30, 2015, there was \$19,313,682 of market value of assets and \$0 liabilities. The following page is the Statement of Changes in Plan Net Position - Budget to Actual, which is the income statement. The Village's contribution was \$519,915; police contribution was \$199,522 for a total of \$719,437. Investment income was \$852,604 (interest), Net Appreciation in Fair Value of Investments was \$353,134 for a total of \$1,205,738 less investment expenses of \$32,655 for a Net Investment Income of \$1,173,083. Total additions to the fund were \$1,892,520. Deductions for the fund which included administration expenses, pension benefits and refunds were a total of \$731,639, which reflects a positive change in the net position of \$1,160,881. The net position held in trust for Pension Benefits as of April 30, 2015 is \$19,313,682.

GASB also requires a 6-year Schedule of for Funding Progress and Schedule of Village Contributions. As of April 30, 2015, the fund is 76.99% funded. The annual Village contribution to the fund was \$519,915, which was 100% contribution based on the actuary's recommendation. The Net Pension Asset at April 30, 2015 was \$252,642. On the Investment Rate of Return; the actuary reduced the assumed return to 7.25% from the prior valuation amount of 7.5%.

The next schedule, which is new under GASB 67, is the Schedule of Changes in Village's Net Pension Liability. This is the difference between the current market value of the assets of the fund (Plan Net Position) vs. what the actuary determines is the plan's liability to make all future benefit payments to the officers (Total Pension Liability). The difference is called the Employer's Net Pension Liability. Going forward, this will be presented as 10-years' worth of data.

The Schedule of Investment Returns is a new schedule which shows the annual money weighted rate of return, net of investment expenses which is 6.47%. This also will be report as 10-years' worth of data moving forward.

9. REPORT - ACTUARIAL VALATION REPORT AS OF APRIL 30, 2015

Trustee Dittman presented the Actuarial Valuation Report prepared by the Tepfer Consulting Group, Ltd. This reports on the value of the Fund as of April 30, 2015 and includes funding recommendations which will be used for the fiscal year ending April 30, 2017.

The amount from the last valuation that is being contributed this year is \$614,530. For the next fiscal year, the actuary calculated the following contribution amounts from the Village: \$805,810 to be 100% funded by 2040, or \$665,410 to be 90% funded by 2040. The latter is the statutory minimum. In both cases, 7.25% is the assumed investment rate of return. A new mortality table was adopted in this valuation.

The board discussed requesting the higher amount of \$805,810 from the Village for its contribution.

The GASB Statement No. 67 went into effect for the year ending April 30, 2015 which increased the disclosures and audit work relative to the police pension fund as previously discussed in item 8. As a result, the actuary had to prepare a second report to satisfy the audit requirements, which is also included.

After a brief discussion, the following motion was made:

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve the Actuarial Valuation Reports as of April 30, 2015.

ROLL CALL VOTE: AYES: President Davi, Trustees Eisenbeis, Kobler, and Pec. NAYS: None; ABSENT: None. ABSTAIN: Trustee Dittman

MOTION DECLARED CARRIED

10. REPORT - 4/30/15 ANNUAL REPORT TO THE VILLAGE

Trustee Dittman presented the required annual reporting to the Village by the Pension Board for fiscal year ending April 30, 2015. The report was prepared by the Police Pension Board's actuary, Art Tepfer. It was noted that the contribution amount by the Village for the next fiscal year was listed at \$665,410; however the consensus of the police pension board was to request

\$805,810 from the Village. Trustee Dittman will amend this number and send a new report to the pension board members, and the \$805,810 will be the amount formally requested of the Village board.

The report should be signed by the Pension Board President and submitted to the Village Board with the proper attachments.

11. REPORT - ANNUAL DEPARTMENT OF INSURANCE REPORT - 4-30-15

The Board reviewed the annual Department of Insurance report that was prepared by Trustee Dittman. The documents will be forwarded to the Department of Insurance once the Pension Board members approve and sign the certification form. This must be completed by their deadline of October 31, 2015.

12. VISITOR BUSINESS

None presented.

13. NEW BUSINESS

A. Officer Eric Babczak's Resignation

The Board reviewed the resignation letter of Officer Eric Babczak. As of this date, Officer Babczak has not submitted any paperwork to the Pension Board.

14. OLD BUSINESS

None presented

15. COMMUNICATIONS

None presented.

16. ADJOURNMENT

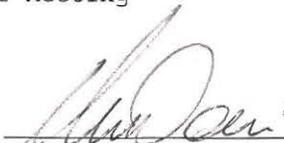
MOTION: Made by Trustee Kobler, seconded by Trustee Pec to adjourn the meeting of the Board of Trustees of the Police Pension Fund at the hour of 4:13 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

1/13/16  
Date

  
President

Minutes transcribed by Debbie Hahn.