

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON WEDNESDAY, MAY 24, 2017, AT 2:30 PM, AT THE VILLAGE HALL, 835 MIDWAY DRIVE, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

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1. CALL TO ORDER

The special meeting was called to order at the hour of 2:35 p.m. by President Davi.

2. ROLL CALL

Those present at roll call were President Umberto Davi, Trustee Timothy Kobler, Trustee Scott Eisenbeis (arrived at 2:45 p.m.), Trustee Carrie Dittman and Trustee Joe Pec. ABSENT: None

3. DISCUSSION - INTERVIEWS OF INVESTMENT ADVISORS

Presentations were made to the Board by four (4) financial investment advisors. They were:

- Great Lakes
- Capital Gains
- Sawyer Falduto
- MB Financial Bank

A brief recess was held at 4:25 p.m. The special meeting reconvened at the hour of 4:35 p.m. by President Davi.

Those present at roll call were President Umberto Davi, Trustee Timothy Kobler, Trustee Scott Eisenbeis, Trustee Carrie Dittman and Trustee Joe Pec. ABSENT: None

Trustee Dittman left the meeting at 5:05 p.m. and resumed in the discussion telephonically from her vehicle.

4. DISCUSSION - INVESTMENT ADVISORS

The Board discussed the pros and cons of each financial advisor. Trustee Eisenbeis began with Capital Gains. He felt that the presentation lacked the information the Board had asked for and did not have the foundation the Police Pension Fund is looking for. There was a consensus of the Board to eliminate Capital Gains as an investment advisor.

Next, was Great Lakes who had good returns in the fixed income, however under-performed in equities vs. everyone else. Great Lakes' annual fee was \$40,000 plus which was the highest of the four firms interviewed as well. This firm did not demonstrate a reason to switch to their financial firm. With that, the Board's consensus was to exclude Great Lakes.

The last two firms were Sawyer Falduto and MB Financial. Both appear to be solid firms and the Police Pension Fund has been with MB Financial for over 17 years. MB Financial also presented a 0.125% annual fee schedule over a three-year period vs Sawyer Falduto's fee schedule of 0.15% for 10-years. However, Sawyer Falduto mentioned during their presentation that their fee schedule was negotiable and that they may be willing to match competitor's fees but did not state how low they would go nor over what time period.

Trustee Kobler stated that during the 17-years the Police Pension Fund has been with MB Financial, part of that time was with Tom Sawyer and John Falduto who worked for Oak Brook Bank (which was bought out by MB Financial) before they started their own company of Sawyer Falduto. They would be the representatives coming to our quarterly meetings. Trustee Eisenbeis advised that both Sawyer Falduto and MB Financial have a "cookie-cutter" approach to their investments. However, Ted Kirpach from MB Financial looks at a range of the best investments ideas and then he ultimately makes the decisions on an individual basis. Trustee Eisenbeis desires continuity in personnel as well. The Board agreed that another issue is who would be the best financial advisors for our continued performance of our investments.

Trustee Dittman voiced her concern that Sawyer Falduto has only 2-3 employees that co-manages 130 clients and is concerned that they are spread too thin to pay close enough attention to the Willowbrook Police Pension Fund's needs. In addition, Sawyer Falduto stated in their presentation that their smallest fund size is \$200,000 of assets and their largest is \$80 million in assets, yet they manage them using the same portfolio model. In fact, for every client, regardless of size, the same exact portfolio is used as they stated in their presentation. She questioned how a fund of \$200,00 market value could or should be managed the exact same way as a fund of \$80 million; the "cookie-cutter" approach as described by Trustee Eisenbeis. Trustee Dittman thinks the portfolio should be tailored to the needs of individual clients as MB Financial has done for the Willowbrook Police Pension Fund, which is not a cookie cutter approach but instead is customized. This is a big red flag for her as a financial person. President Davi agreed that change is not always the best and he had no issue with retaining MB Financial. Trustee Dittman noted that MB Financial also quoted the lowest fee of all bidders of 0.125%, which she believes is a positive factor.

Trustee Kobler pointed out Sawyer Falduto's returns are similar if not a little bit better than MB Financial. He felt the only reason MB Financial lowered their fee schedule was because of the RFP's, otherwise it would have remained the same at .17%.

5. APPROVAL - INVESTMENT ADVISORS

After a discussion, the following motion was presented:

MOTION: Made by Trustee Kobler, seconded by Trustee Pec to approve Sawyer Falduto as the Police Pension Fund's new investment advisor, contingent upon their agreement to reduce their quoted fee schedule fee to 0.125% to match MB Financial's quote and to maintain that fee for 10 years.

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

MOTION DECLARED CARRIED

Trustee Dittman will contact Sawyer Falduto and inquire if they will reduce their fee to 0.125% and guarantee it for ten years. If they agree, Trustee Dittman will contact MB Financial via telephone as a courtesy and she will send rejection letters to all the other firms that submitted proposals.

The Board thanked Trustee Dittman for all her hard work with the RFP's.

6. VISITOR BUSINESS

None presented.

7. ADJOURNMENT

MOTION: Made by Trustee Pec, seconded by Trustee Kobler to adjourn the Special Board of Trustees meeting of the Police Pension Fund at the hour of 5:50 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

July 19, 2017  
Date

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President

Minutes transcribed by Debbie Hahn.