

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON JANUARY 19, 2010, 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 3:10 p.m. by President Umberto Davi.

2. ROLL CALL

Those present at roll call were Trustees Tim Kobler and Sue Stanish, and President Davi. Also present was Doug Briles from MB Financial Bank, Acting Chief of Police Mark Shelton and Deputy Chief Pat Foley. ABSENT: Trustees Joseph Dusek and Scott Eisenbeis.

3. APPROVAL OF MINUTES OF REGULAR MEETING - 10/16/09

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

MOTION: Made by Trustee Kobler, seconded by Trustee Stanish, to approve the minutes of the regular meeting of the Police Pension Fund Board of Trustees held on October 16, 2009.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL OF MINUTES OF EXECUTIVE SESSION - 10/16/09

After a brief discussion by the Board, ~~it was decided to table further discussion until the next board meeting.~~ The following motion was made:

MOTION: Made by Trustee Kobler, seconded by Trustee Stanish, to ~~approve the minutes of the executive session of the Police Pension Fund Board of Trustees held on October 16, 2009.~~

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. APPROVAL OF MINUTES OF SPECIAL MEETING - 12/04/09

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

MOTION: Made by Trustee Stanish, seconded by Trustee Kobler, to approve the minutes of the special meeting of the Police Pension Fund Board of Trustees held on December 4, 2009.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. APPROVAL OF EXPENSES INCURRED OCTOBER THRU DECEMBER, 2009

Trustee Stanish summarized the expenses of the Pension Fund as follows: 1) Pension Benefits-Kleven-\$9,075.42; 2) Pension Benefits-Pec-\$18,182.88; 3) Disability Benefits-Dusek-\$7,633.29; 4) Disability Benefits-McCarthy-\$4,862.01; 5) Financial Management Fees-\$4,849.63; 6) Thompson, Rosenthal & Watts/Legal Services-\$850.00; and 7) IPPFA/2010 Dues-\$750.00. The total expenditures for the Pension Fund for October thru December 2009 were \$46,203.23.

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

MOTION: Made by President Davi, seconded by Trustee Kobler, to approve the expenditures in the amount of \$46,203.23 incurred by the Police Pension Fund for October thru December 2009.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. APPROVAL OF APPLICATION FOR RETIREMENT BENEFITS - CHIEF EDWARD J. KONSTANTY

Trustee Stanish indicated that Chief Konstanty is on paid leave until March 1, 2010 and will have 30 years of service and will receive 75% of his base salary. Pension calculations were completed and placed into his pension file.

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

MOTION: Made by President Davi, seconded by Trustee Kobler, to approve Chief Edward J. Konstanty's application for a regular retirement effective 03/01/2010. Chief Konstanty's pension benefits will be based on a salary of \$117,578.24. Chief Konstanty will receive 75% of \$117,578.24 which totals \$88,183.68 (\$7,348.64 on a monthly basis).

ROLL CALL VOTE: AYES: Trustees Kobler, Stanish, and President Davi; NAYS: None.

MOTION DECLARED CARRIED

8. INFORMATION - INCREASE IN MONTHLY RETIREMENT BENEFITS

Trustee Stanish reviewed information on the statutory increases in pension benefits effective January 1, 2010. Richard Kleven gets a 3% increase of his current pension. Joseph Dusek gets a 3% increase of his original pension. James McCarthy is not entitled to an increase until he becomes 55 years of age.

Trustee Stanish also stated that based on his retirement date and anniversary date, Joseph Pec will receive his first 3% increase of his current pension in December of 2009. He will then receive another 3% increase in January of 2010 and will be an annual increase thereafter every January.

9. APPROVAL OF INVESTMENTS MADE OCTOBER THRU DECEMBER 2009 - QUARTERLY INVESTMENT REPORT - MB FINANCIAL BANK

Doug Briles, representing MB Financial Bank, summarized the quarterly investment report for the Pension Fund Board. Mr. Briles noted that for the quarter that ended 12/31/09 the cash and cash equivalents return of the portfolio made a 0.02% return for the fund, the fixed income return was -0.66%, and the equity portion of the portfolio had a 5.68% return. The total return for the quarter was 2.07%. Mr. Briles stated that since inception, the annualized return was 5.04%.

Mr. Briles summarized the portfolio allocations with 44% in equities, 2% in cash/cash equivalents and 54% of the portfolio

in fixed income securities. The 2.0% cash equivalent was 100% in money markets; the 44% equity was invested 62% in large cap U.S. stocks, 14% in small cap U.S. stocks, 16% in international stocks, 3% in REIT funds, and 5% in hard assets; and the 54% fixed income was invested in 13% U.S. Treasuries, 65% in U.S. Agencies, 18% in Municipal Bonds, 2% in U.S. Mortgage Backed Securities, and 2% in Certificates of Deposit.

Mr. Briles stated that throughout the next year, they will be moving money from large cap funds to mid cap funds because the mid caps are expected to have a better performance. Mr. Briles also indicated that they will also be adding international mutual funds from the emerging market sector.

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

MOTION: Made by President Davi, seconded by Trustee Kobler, to approve the investments and recommendations made by MB Financial Bank on behalf of the Police Pension Fund from October thru December 2009.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

10. APPROVAL - RULES AND REGULATIONS MANUAL

Trustee Stanish stated that the Pension attorney has reviewed the updated version of the Rules and Regulations manual and has approved all revisions.

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

MOTION: Made by Trustee Stanish, seconded by President Davi, to approve ~~of~~ the Rules and Regulations Manual. *ADOPT SAME AS OURS '09*

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED



11. DISCUSSION - ACTUARIAL REPORT

Trustee Stanish stated that she included \$632,643 for the Village's pension contribution in the draft budget. This amount was a 50% increase over last year's contribution and was not affordable to the Village.

Trustee Stanish stated that she contacted Art Tepfer, pension fund actuary, to discuss other funding methods for the pension that are actuarially based. Mr. Tepfer stated that his first and best method would be to not perform the 3-year market value adjustment for this year. Mr. Tepfer stated that the adjustment is arbitrary; it is not a fundamental piece of his calculation. He calculates our actuarial assets to be within 20% of the true market value as of April 30<sup>th</sup>. He stated that every three years he brings the actuarial value of assets within 10% of market value. He stated that the three-year adjustment can be done at any time.

After Mr. Tepfer recalculated his actuarial amounts, the new statutory minimum amount would be \$552,139. Mr. Tepfer stated that he is comfortable with this contribution and that the fund is still well funded over the state average. Trustee Stanish noted the Village budget includes the contribution amount of \$552,139.00.

12. NEW BUSINESS

President Davi questioned if there was any information for the IPPFA Conference in St. Louis coming up this October. Trustee Kobler stated that he would tentatively make hotel reservations.

13. OLD BUSINESS

There was no old business.

14. COMMUNICATIONS

There were no communications.

15. ADJOURNMENT

MOTION: Made by Trustee Kobler, seconded by President Davi to adjourn the meeting of the Board of Trustees of the Police Pension Fund at the hour of 4:08 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

APRIL 26 , 2010



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President

Minutes transcribed by Cindy Stuchl.