

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON JANUARY 16, 2009, 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 3:02 p.m. by Trustee Scott Eisenbeis, Vice President.

2. ROLL CALL

Those present at roll call were Trustees Scott Eisenbeis, Tim Kobler, and Sue Stanish. Also present were Terese Krafchek, Dave Harrington, and Doug Briles from MB Financial Bank. ABSENT: President Umberto Davi and Trustee Joseph Dusek.

3. APPROVAL OF MINUTES OF REGULAR MEETING - 10/23/08

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 regular meeting of the Police Pension Fund Board of Trustees held on October 23, 2008.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL OF EXPENSES INCURRED OCTOBER THRU DECEMBER, 2008

Trustee Stanish summarized the expenses of the Pension Fund as follows: 1) Pension Benefits-Kleven-\$8,811.09; 2) Pension Benefits-Pec-\$12,401.96; 3) Disability Benefits-Dusek-\$7,492.80; 4) Disability Benefits-McCarthy-\$4,862.01; 5) Sikich LLP-Audit (Annual Report-\$1,000.00; 6) Financial Management Fees-\$4,753.59; and 7) IPPFA Conference-Kobler-\$466.17. The total expenditures for the Pension Fund for October thru December 2008 were \$39,787.62.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis, to approve the expenditures in the amount of \$39,787.62 incurred by the Police Pension Fund for October thru December 2008.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. INFORMATION - INCREASE IN MONTHLY RETIREMENT BENEFITS

Trustee Stanish reviewed information on the statutory increases in pension benefits effective January 1, 2009. 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 because Joseph Pec retired on November 29, 2008, he will not be eligible for an increase until December of 2009.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Stanish, to approve the statutory increases in pension benefits to all applicable beneficiaries.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. APPROVAL - APPLICATION TO PENSION FUND - NICHOLAS VOLEK

Officer Nicholas Volek was hired by the Willowbrook Police Department on December 23, 2008. The Board agreed that it was not necessary to send Officer Volek for an additional physical for admittance into the Pension Fund. The physical taken for employment as a police officer to be fit for duty would suffice.

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

MOTION: Made by Trustee Stanish, seconded by Trustee Kobler, to approve the application to the Pension Fund by Officer Volek as of January 16, 2009.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. APPROVAL OF INVESTMENTS MADE OCTOBER THRU DECEMBER 2008 -  
QUARTERLY INVESTMENT REPORT - MB FINANCIAL BANK

Terese Krafchek, representing MB Financial Bank, summarized the quarterly investment report for the Pension Fund Board. Ms. Krafchek noted that for the quarter that ended 12/31/08 the cash and cash equivalents return of the portfolio made a 0.21% return for the fund, the fixed income return was 7.75%, and the equity portion of the portfolio had a -21.83% return. The total return for the quarter was -4.17%. Ms. Krafchek stated that since inception, the annualized return was 4.85%.

Dave Harrington of MB Financial Bank summarized the portfolio allocations with 34% in equities, 1% in cash/cash equivalents and 65% of the portfolio in fixed income securities. The 1.0% cash equivalent was 100% in money markets; the 34% equity was invested 65% in large cap U.S. stocks, 15% in small cap U.S. stocks, 16% in international stocks, and 4% in REIT funds; and the 65% fixed income was invested in 21% U.S. Treasuries, 64% in U.S. Agencies, 11% in Municipal Bonds, 2% in U.S. Mortgage Backed Securities, and 2% in Certificates of Deposit.

Mr. Harrington stated that they would recommend to add under the Equity Sector Allocations a commodity fund because when the economy does recover, commodities should be one of the things that will come back first. Mr. Harrington suggested up to a 5% weighting for the portfolio.

Trustee Eisenbeis questioned about the asset allocation in that the Equity Sector is currently at 34%, and the target allocation is 45%. Mr. Harrington stated that the Board should not be in a big hurry to get back to 45%. Mr. Harrington stated that a good strategy would be to add 0.5% to 1% per month as new money comes in; it could take twelve to fifteen months to get back to the proper allocation. Mr. Harrington suggested to start with 0.5% and can readdress it at the next meeting.

Mr. Harrington pointed out that for the information listed for Mutual Fund Returns, a line has been added for category averages for additional details.

Mr. Harrington addressed Fixed Income Allocations. He stated that the US Treasury Securities will not perform as well as the rest of the market. He stated that there will be better income in the Agency Markets. Mr. Harrington stated that a Certificate

of Deposit was added to the fund because they are government insured. This was a good way to substitute a treasury.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Stanish, to approve the investments and recommendations made by MB Financial Bank on behalf of the Police Pension Fund from October thru December 2008.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

8. INFORMATION - 2008 AUDIT/PENSION BOARD RESPONSE

Trustee Stanish stated that this was a copy of the information sent to the Department of Financial and Professional Regulations in response to the audit that they had performed on the Police Pension Fund. Trustee Stanish stated that she has not heard anything and does not expect to.

9. NEW BUSINESS

Trustee Stanish suggested speaking with Mr. Art Tepfer reference having the actuary report reevaluated because of the economy numbers.

All members agreed to wait out the year and see what happens with the market.

10. OLD BUSINESS

a. Fiduciary Insurance

Trustee Stanish stated that she spoke to Esser Insurance, who is a broker. HUB International, who came to speak at the last meeting, is not a broker. Trustee Stanish suggested speaking with one of the broker agencies and compare their recommendation against what HUB International can do as an independent. Trustee Kobler stated that he would get Trustee Stanish the list of questions and the Mesirov contact information and she will contact Mesirov.

b. Rules & Regulations

Pension Board members agreed to table discussion until all members are present.

11. COMMUNICATIONS

There were no communications.

12. ADJOURNMENT

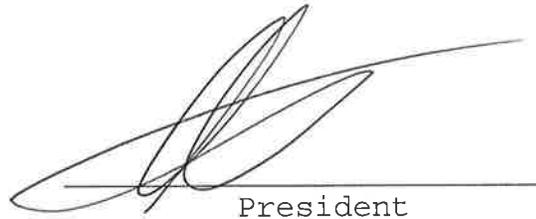
MOTION: Made by Trustee Kobler, seconded by Trustee Stanish to adjourn the meeting of the Board of Trustees of the Police Pension Fund at the hour of 4:00 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

APRIL 17, 2009



President

Minutes transcribed by Cindy Stuchl.