

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON JANUARY 27, 2012, 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 3:15 p.m. by President Umberto Davi.

2. ROLL CALL

Those present at roll call were President Davi, Trustees Scott Eisenbeis, Tim Kobler, Joseph Pec and Carrie Dittman, Interim Finance Director. Also present were Terese Krafcheck and Ted Kirpach from MB Financial Bank. ABSENT: None

3. APPROVAL - MINUTES OF REGULAR MEETING - 10/31/11

The Board reviewed the minutes from the October 31, 2011 meeting.

MOTION: Made by Trustee Kobler, seconded by Trustee Pec, to approve the minutes of the regular meeting of the Police Pension Fund Board of Trustees held on October 31, 2011.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL OF EXPENSES INCURRED OCTOBER THRU DECEMBER 2011

President Davi summarized the expenses of the Pension Fund as follows: 1) Actuary Services-\$1,800.00; 2) MB Financial Management Fees-\$56996.26; 3) IPPFA/Trustee 2012 Dues- \$775.00.

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

MOTION: Made by Trustee Kobler, seconded by Trustee Pec, to approve the expenditures in the amount of \$8,571.26 incurred by the Police Pension Fund for October thru December 2011.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. APPROVAL OF INVESTMENTS MADE OCTOBER THRU DECEMBER 2011 -  
QUARTERLY INVESTMENT REPORT - MB FINANCIAL BANK

Terese Krafcheck, representing MB Financial Bank, summarized the quarterly investment report for the Pension Fund Board.

Ms. Krafcheck advised the fourth quarter ended December 31, 2011. The total funds value is at \$14,177,699. Ms. Krafcheck summarized the portfolio allocations were at 46% in equities, 54% in fixed income. The latest quarter the fund was up 4.74%.

The equity was down 2.45%, however overall for the year it was up 9.62%. The broad benchmark was at 10.73%, with an overall benchmark down 1.33%, however these were very strong positive numbers for the fourth quarter. The fixed income was at 1.05%, which tells us that the price appreciation in the treasury market is beginning to climb upward. The mutual fund real estate was up 8.20%, with the benchmark at 13.79%. However, for the year it was down by 1.52% vs. the benchmark, which was up 4.63%. Commodities were up 11.84% vs. the Dow Jones UBS benchmark which was only up by .35%. A great deal of volatility for 2011 but it's a strong push on all fronts in the fourth quarter.

Mr. Kirpach and Ms. Krafcheck suggested that since there has been no significant growth in the large capital funds, that they move 50-75% of the mutual funds into the large capital funds. The cost for the Financial Advisors to do this remains the same. They anticipate the benefits of the move would be a greater return vs. the benchmark, and a lower risk vs. the benchmark. An increase, however it is not guaranteed.

Based on strategy from last year, there was a 2.95% increase in the both funds, which is better than both American Beacon (value) and Fidelity (growth) funds. The object is to have a split between growth and value funds, which is covered in MB Financial's strategy.

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

MOTION: Made by Trustee Pec, seconded by Trustee Eisenbeis, to concur with the Financial Advisors to move 50-75% of the mutual funds into the Large Capital Value funds.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

Mr. Kirpach advised that the economic commentary for the quarter has been very sluggish however he is optimistic that the trend will continue to improve. Election years tend to be good for the US economy. The unemployment numbers have been going down since people who are looking for work have begun to go back to the workplace.

MOTION: Made by Trustee Pec, seconded by Trustee Davi to approve the Quarterly Investment Report.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. INFORMATION - APPLICATION OF RETIREMENT BENEFITS - JOHN S. BARNACLE

President Davi advised that a correction on the agenda needs to be revised that Item #6 is informational not an approval item.

Director Dittman reported that back in August 2011 with the reorganization of the police department, through the early retirement incentives Commander John Barnacle requested to be allowed to postpone his retirement until April 1, 2012. Commander Barnacle submitted his official retirement application on January 10, 2012. The next step is to verify the calculation numbers for his retirement benefits to ensure they are correct.

A special meeting will be held prior to April 1, 2012 to approve the retirement benefits.

7. INFORMATION - CASH FLOW ANALYSIS

Director Dittman reported at the July 2011 police pension meeting, the Board inquired on the frequency of transfers from the pension checking account to the investment account. At that time, Director Dittman had not received any direction on how frequent the transfers should be done, so she completed a cash flow analysis to review how much money there was to send out.

The next transfer was completed in October 2011 and then another one in December 2011. The Board reviewed the cash flow analysis that Director Dittman prepared.

Each month, officers contribute approximately \$14,611.84 to the fund. The village contribution is approximately \$42,118.83 monthly for a total monthly contribution to the checking account of approximately \$56,730.68. The monthly payouts for current retirees, officers on disability and surviving spouse benefits, as of January 2012 (which includes the increases and is a

requirement for pension benefits) is \$44,015.53. Each month there is approximately \$12,715.15 more is going in to the account than going out. Cash on hand prior to January pension payroll was approximately \$66,038.46, which leaves approximately \$20,000.00 to transfer to MB Financial each month. However, with Commander Barnacle retiring, his benefit amounts will be approximately \$12,000 per year, which will be almost at a "break even" point that would be left in the checking account.

After a discussion, it was determined to leave \$20,000 in the checking account, so as not to deplete the account completely.

8. INFORMATION - MONTHLY PENSION BENEFITS AS OF JANUARY 1, 2012

The Board reviewed the monthly pension benefits as of January 1, 2012. Director Dittman advised that there was no increase based on age. The widow benefit is a fixed amount of \$3,209.37.

MOTION: Made by Trustee Kobler, seconded by Trustee Eisenbeis to approve the monthly pension benefit as of January 1, 2012.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

9. VISITOR BUSINESS

None presented.

10. NEW BUSINESS

Trustee Pec received his recertification and will forward certificate to Director Dittman. Director Dittman received paperwork on the Quilldrow order today. Ms. Krafcheck advised that all Trustees need to complete the Open Meetings Act training, which also counts towards your 16 hours of training for 2012.

11. OLD BUSINESS

None presented.

12. COMMUNICATIONS

None presented.

13. 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 4:20 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

January 27, 2012

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President

Minutes transcribed by Debbie Hahn.