

**MINUTES OF THE ALGONQUIN POLICE PENSION BOARD
KANE & McHENRY COUNTIES
SPECIAL MEETING HELD IN VILLAGE HALL ROOM 209
2200 HARNISH DRIVE, ALGONQUIN, IL**

WEDNESDAY, FEBRUARY 8, 2012

CALL TO ORDER:

President Helgerson called the special meeting to order at 5:03 p.m.

ROLL CALL:

Present: President Stan Helgerson, Secretary Andrew Doles, and Trustee Art Weber. Absent: Assistant Secretary Dennis Walker. A quorum was established. Village Treasurer Jack Walde and Adam Carson were present. (Vice-President Jeff Martynowicz arrived at 5:15 pm). Mary Tomanek, Graystone Consulting, joined the meeting via telephone at 5:15 p.m.

ADOPT AGENDA

A motion was made by Doles and seconded by Weber to adopt the agenda as presented. Voice vote: unanimous ayes - motion carried.

PUBLIC COMMENTS

There were no public comments.

RECORDING SECRETARY APPOINTMENT

Helgerson talked about his discussion with Doles about the topic, prior to the meeting and asked him to take over other responsibilities as the Secretary. A motion was made by Doles and seconded by Walker to hire Adam Carson as the recording secretary at the rate of \$100.00 per meeting. The only discussion was what role Carson had at Lake in the Hills. It is described as the recording secretary and that he did not hold a position on the Board. Voice vote: unanimous ayes - motion carried.

APPROVAL OF MINUTES:

The minutes of the special meeting held November 2, 2011, were presented. There were no questions or changes to the minutes.

A motion was made by Weber and seconded by Doles to approve the minutes of the November 2, 2011, special meeting. Voice vote: unanimous ayes - motion carried.

Helgerson stated that until Martynowicz arrived he would be skipping around the agenda.

VILLAGE TREASURER'S REPORT:

Financial Statements for the Period Ending December 31, 2011

Balance Sheet:

The total book value of assets was \$13,643,841.85. The December equity market adjustment was negative at \$43,598.92 which lowered asset values. The YTD unrealized

fixed income market value exceeds cost at \$48,771.09. The fixed income market value gain/loss will be recorded at the end of the fiscal year (April 30, 2012).

The allocation of investments at market value is as follows:

Cash .8%, Fixed Income Portfolio 60.1%, Equity Portfolio 39.1%; totaling 100%.

Income Statement:

Total YTD revenues are \$885,400.40. The Employer Contribution is \$937,750.40 or 100.4% of budget. There will be no more tax distributions from the two counties. Employee contributions were \$343,861.72 or 84.5% of budget. This includes contributions from three officers for their purchase of service credit related to military service. Investment income YTD was a loss of \$396,211.72 which includes the equity market adjustments. Pension asset sales in November resulted in losses of \$6,951.54.

With interest income, the investment income for November was positive at \$6,421.72. Year-to-date expenditures were \$198,717.44 or 57.9% of budget. Benefit payments were \$150,324.49 and reflect previously approved pension payments to annuitants. Administration expenses were \$48,392.95 or 58.3% of budget. Investment management fees amounted to \$40,852.25 while training, legal expenses, compliance fee, and steno fees were \$7,540.70.

Distributed with the financial reports for the period ending 12/31/2011 was the 4th Quarter, 2011, Check Register.

Helgerson noted that the legal expense included \$1,000.00 for the pension rules.

A motion was made by Doles and seconded by Walker to accept the Treasurer's Report, check register and investment transactions through December 31, 2011. Voice vote: unanimous ayes - motion carried.

APPROVE BILLS FOR PAYMENT:

Doles needs to sign off on some checks, and Helgerson stated they would show up on the next check register.

REQUEST FOR BENEFITS:

Helgerson wanted the minutes to reflect that Ofc. Miller opted not to make an application for disability. No application was made to the fund. Doles advised that she returned to work on the 6th of February. All forms were provided to Ofc. Miller and she did not make a request from the fund.

NEW BUSINESS:

Budget FYE 04/30/13

Walde presented information on the budget for fiscal year ending 04/30/13, as information only at this time, and no approval was needed.

Economic Interest Statements

Walde said that Pension Board trustee names were submitted to the McHenry County Clerk's Office and Economic Interest Statements will be received. The forms must be completed and returned.

Vice-President Jeff Martynowicz arrived at 5:15 pm and the Board made contact with Mary Tomanek.

CONSULTANT REPORT:

Mary Tomanek of Graystone Consulting communicated with the board via telephone providing the Quarterly Performance Review for the Fourth Quarter, 2011, and commented on the investment returns in that quarter.

Tomanek said that overall it was good news. She said the equities rebounded strongly, and the bond market maintained; making it a solid quarter. The first quarter this year is looking good too. The Year-To-Date number was just under 3% on the equities. She believes that the seeds are being planted for a very strong equities market.

Natural Resource Allocation was discussed. The fund is looking for a fund with less of a 'roller coaster' effect. She said the market is still very volatile. She said that it is being looked at because inflation will come back, and that we need to be ready for a bumpy ride. Helgerson suggested that it should be watched for another quarter, and that we should not jump at it right now, and that it will be discussed next quarter.

Tomanek provided an Asset Allocation Form to the Board for review. She said the current mix shows a little short in the Large Cap category. The next round of new money is approximately \$75,000.00. The recommendation was Columbia Dividend Income. Helgerson said the asset allocation should be treated as an operating target. It was accepted as a target for the Board, and no vote was needed.

The discussion with new money continued and a motion was made by Doles to use the \$75,000.00 to purchase Columbia for the Large Cap. Martynowicz seconded the motion. Voice vote: unanimous ayes - motion carried. Walde said the money would be coming from Algonquin State Bank.

Tomanek then discussed how corporate bonds have been performing as seen on page 21 of the Quarterly Review. It shows a snapshot of the account. The bond shows 81% in AAA Investment Grade, and then spread out throughout the remainder of the category. Helgerson commented that Corporate Bonds are adding value.

The Tomanek telephone connection ended at 5:45 pm.

Fiduciary Liability Insurance

Helgerson spoke about Mesirow Financial, and suggested a \$1,000,000.00 per incident policy to cover the trustee's. He said that he hoped it was a policy that would never have to be used. He continued and said the pension fund pays for it. Weber said it was one of the topics presented at training. Doles asked if it was a standard policy and Helgerson

said more could be purchased. Doles asked about duty to defend and Helgerson said the Board would be able to pick an attorney, said that nothing would be settled without Board approval.

Helgerson made a motion to purchase the fiduciary liability coverage through Mesirow, ULLICO/Hudson Insurance Company for the million-dollar aggregate with a premium of \$3,580.00 and it was seconded by Martynowicz. Discussion included cost changes over time or yearly updates. Helgerson said that a conference call could be arranged. Voice vote: unanimous ayes - motion carried.

Walker left the meeting at 5:57 pm.

EXECUTIVE SESSION

A motion was made by Martynowicz to recess from regular meeting and move to executive session and seconded by Doles at 5:58 pm. Voice vote: unanimous ayes - motion carried.

At 6:02 pm a motion by Doles was made to return to regular session and was seconded by Martynowicz. Voice vote: unanimous ayes - motion carried.

Helgerson said that in executive session the Board found that the minutes from August 3, 2011 were in order and could be released to the public. A motion was made by Doles and seconded by Weber to approve and release the minutes to the public, and to destroy the tape in 18 months. Voice vote: unanimous ayes - motion carried.

Walde presented Form 1 from Pension Rules for review for the Board's closed session review record. The form includes information regarding executive session record keeping. He said that the forms would be kept throughout the year and then given to the President for approval, and then given to the secretary for record keeping.

OLD BUSINESS:

No old business at this time.

TRAINING:

Helgerson mentioned the training on March 15, 2012 in Glen Ellyn at College of DuPage. Doles confirmed the number of hours of training needed each year at 16 hours, and Helgerson stated that 8 hours should be ethical training. Doles also inquired about the online open meetings act training.

Walde also presented Form 3 from Pension Rules for annual training by trustee. He suggested getting an agenda from each training and once your certificate is received, the secretary will consolidate the records.

NEXT QUARTERLY MEETING:

The next Police Pension Board meeting is tentatively scheduled for Wednesday, April 25, 2012, in the Administration Department Conference Room 209 of Village Hall.

ADJOURNMENT:

There being no further business, it was moved by Doles and seconded by Martynowicz to adjourn. Voice vote: unanimous ayes – motion carried.

The meeting adjourned at 6:12 p.m.

Respectfully submitted,



Andrew Doles, Secretary
Algonquin Police Pension Fund

Minutes prepared by Adam Carson, Recording Secretary

Approved by the Board of Trustees at its meeting held on May 2, 2012.