

**MINUTES OF THE POLICE PENSION BOARD
REGULAR MEETING
WEDNESDAY, OCTOBER 25, 2006**

CALL TO ORDER:

President Helgerson called the meeting to order at 5:04 p.m.

ROLL CALL:

Present: President Stan Helgerson, Vice-President David Comstock, Secretary Andrew Doles, and Trustee Ken Azarela. A quorum was present. Absent: Assistant Secretary Dennis Walker. Also in attendance: Village Treasurer Jack Walde and Attorney Cary Collins.

ADOPT AGENDA:

The agenda was modified to delete the Review of Executive Session Minutes.

A motion was made by Doles and seconded by Azarela to adopt the modified agenda. Voice vote; unanimous ayes - motion carried.

APPROVAL OF MINUTES:

The minutes of the meeting held July 26, 2006 were presented. There were no changes to the minutes.

A motion was made by Doles and seconded by Comstock to approve the minutes. Voice vote; unanimous ayes - motion carried.

TREASURER'S REPORT:

Financial Statements for the Period Ending September 30, 2006

Balance Sheet:

The total book value of assets as of September 30, 2006 was \$7,402,053.23. The market value of investment assets was \$7,306,045.19 vs. a book value of \$7,232,436.16. The net unrealized market value gain of \$73,609.03 was made up of \$50,863.32 in the Fixed Income portfolio and \$22,746.71 in the equity portfolio. The allocation of investment assets at September 30, 2006 market value is Cash – 7.6%, Fixed Income Bonds – 48.6% and Mutual Funds - 43.8% for a total of 100%.

References to the Police Pension Fund in the Village's audit for April 30, 2006 were distributed.

Income Statement:

Total revenues through September 30, 2006 were \$604,606.07 or 46.3% of budget. Of this amount, employer contributions were \$449,921.42 or 91.9% of budget. The employee contribution was \$129,018.36 or 38.8% of budget. Investment income and gain/loss on sale of securities was a gain of \$25,666.29. This gain includes the market value loss for the equity mutual funds that was booked earlier in the year.

Total expenditures through September 30, 2006 were \$49,029.41 or 25.4% of budget. Benefit payments were \$41,045.80 and reflect pension payments to Schinkel, Stone and Azarela. Administrative expenses year-to-date were \$7,983.61 or 18.1% of budget.

Doles questioned the reason for each of the pension payments. Schinkel's pension is due to retirement, Stone received a non-duty disability pension and Azarela received a duty related disability pensions.

Gain/Loss – Mark to Market:

The September 30, 2006 market value of the investment portfolio exceeded the book value by \$73,609.03. As previously indicated, a market value loss of \$113,797.69 in the equity portfolio had been recorded earlier in the fiscal year. This has been partially offset by a gain of \$84,874.33 realized from the initial liquidation of TRAK funds. Pursuant to Public Act 94-0079, the Pension Fund has not loaned to, invested in, or otherwise transferred any of the retirement system or pension fund's assets to a forbidden entity any time after the effective date of the act (January 26, 2006).

There were no additional comments or questions on the financial statements.

Distributed with the financial reports was the third calendar quarter check register reflecting checks issued, wire transfers, and investment transactions, a copy of all bank statements, client confirmations and client statements for the fixed income and the equity portfolios. Fiduciary Profiles for Voyager, Cambiar and Atalanta were also included as well as a Composite Quarterly Review from Smith Barney and prospectuses from Legg Mason and Smith Barney.

A motion was made by Doles and seconded by Azarela to accept the Treasurer's Report through September 30, 2006, and to ratify the money manager's transactions, wire transfers, ACH transfers and the check register. Voice Vote; unanimous ayes - motion carried.

Actuarial Valuation – The report indicated a contribution of \$444,960 or 14.7% of payroll is required from the village. There is a change in methodology for the preparation of the valuation of the Tax Levy. It has been changed to a level percentage of salary.

A motion was made by Helgerson and seconded by Doles requesting \$444,960 as the employer contribution for the 2006 Tax Levy. Voice Vote; unanimous ayes – motion carried.

APPROVE BILLS FOR PAYMENT:

There were no bills for payment.

REQUEST FOR BENEFITS:

A motion was made by Azarela and seconded by Doles to accept Kyle Neamand into the Police Pension Fund effective on October 9, 2006. Voice Vote; unanimous ayes – motion carried.

Arthur Weber had submitted a memo indicating his intent to retire on December 31, 2006. He wants the board to be aware and approve payment of his retirement benefits. His initial employment as a police officer was indicated as January 1, 1978 with an initial village employment date of December 16, 1976. It is anticipated that a merit increase will occur in late December 2006. His current salary is \$101,578.00. It will be discouraged to make any spike in salary. The Department of Insurance model will use 29 years of service with a rate of 72½%. Weber's birth year is 1956 and he will be able to draw benefits now at age 50 and the amount will increase at age 55.

A motion was made by Helgerson and seconded by Azarela to award the pension to Deputy Chief Weber contingent on a retirement date of December 31, 2006 at his current salary of \$101,578.00. If either or both contingencies are different then the pension award will wait for the January regular meeting. A letter to this effect will be delivered to Deputy Chief Weber.

Kimberly S. Frasier is expected to have three physicals using the same three physicians that performed the initial physical. The physicals should be completed by November 2, 2006. It is expected that a hearing could be scheduled some time directly after the holidays. The availability of the board is to be determined.

Pursuant to his request, Matthew A. Howard received a refund of pension contributions in the amount of \$1,320.93 after a required 20% withholding.

A motion was made by Doles and seconded by Comstock to ratify the refund to Officer Howard. Voice Vote: unanimous ayes – motion carried.

REVIEW OF EXECUTIVE SESSION MINUTES:

Deleted from agenda.

NEW BUSINESS:

None.

OLD BUSINESS:

Madigan has asked Pension Funds to adopt a resolution that they do not engage in any predatory lending acts. There is no legislation in place. National banks do not need to comply. Smith Barney will not sign the resolution. The requested due date for return of the resolution is overdue by six months. Madigan's office has called Helgerson twice regarding the plans of the Algonquin Police Pension position on Predatory Lending.

A motion was made by Azarela and seconded by Comstock to take the resolution under advisement and table until January's regular meeting. Voice Vote: unanimous ayes – motion carried.

TRAK Mutual Funds – There was discussion about placing Royce Total Return back into the TRAK program. A decision was made to leave it where it is.

The investment portfolio is on track to meet the January deadline regarding Sudan-free investments.

A motion was made by Helgerson and seconded by Azarela to move cash from Illinois Funds into the investment portfolios with up to 45% in equity and allow Mary Tomanek to determine the allocation in the equity funds with the balance to bonds. Walde will follow up with the board via email. Voice Vote: unanimous ayes – motion carried.

Tax Identification Number – Helgerson and Collins suggest that the fund have its own EID#. The problem with not having a separate number is that the Department of Insurance may request a separate number in the near future. Presently it is not mandatory.

NEXT MEETING:

The next Police Pension Board meeting will be held on Wednesday, January 24, 2007 at 5:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 6:00 p.m.

/s/ Andrew Doles
Secretary