

**MINUTES OF THE POLICE PENSION BOARD
RESCHEDULED QUARTERLY MEETING
WEDNESDAY, JANUARY 24, 2007**

CALL TO ORDER:

President Helgersen called the meeting to order at 5:25 p.m.

ROLL CALL:

Present: President Stan Helgersen, Vice-President David Comstock, Secretary Andrew Doles, Assistant Secretary Dennis Walker. A quorum was present. Absent: Trustee Ken Azarela Also in attendance: Village Treasurer Jack Walde. Attorney Cary Collins arrived at 5:40 p.m.

ADOPT AGENDA:

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

APPROVAL OF MINUTES:

The minutes of the meeting held October 25, 2006 were presented. There were no changes to the minutes.

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

TREASURER'S REPORT:

Financial Statements for the Period Ending December 31, 2006

Balance Sheet:

The total book value of assets reported was \$7,757,254.29. The market value of investment assets was \$7,774,388.96 with a book value of \$7,724,832.54. The unrealized market value gain of \$48,556.42 is in the Fixed Income portfolio since the Pension Fund is recording the equity portfolio market value gain or loss each month. The 12/31/2006 allocation of investment assets at market value is Cash - .8%, Fixed Income - 53.6%, and Equity Mutual Funds - 45.6%.

Income Statement:

Total revenues through 12/31/2006 were \$988,580.97 or 75.6% of budget. Of this amount, employer contributions were \$479,085.09 or 97.9% of budget. The employee contributions were \$208,016.74 or 62.6% of budget. Investment income including the recording of the market gain/loss on equity investments was a gain of \$301,479.14.

Expenditures through 12/31/2006 were \$91,671.98 or 47.5% of budget. Benefit payments were \$64,352.35 and reflect pension payments to Schinkel, Stone and Azarela. Administrative expenses were \$27,319.63 or 62.1% of budget.

Gain/Loss – Mark to Market:

The unrealized market value of the Fixed Income portfolio is a gain of \$48,556.42. As discussed earlier in the year, equity market value gains/losses are being recorded monthly.

Distributed with the financial reports was the Investment Summary – Book Value vs. Market, the Check Register for the period 10/1/2006 – 12/31/2006, the Police Pension Fiscal 2008 Budget, bank statements, money market statements, and a copy of Fundamentals – Pension Protection Act of 2006.

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).

Stan Helgerson advised that he would be meeting with representatives of the Department of Insurance and several accounting firms on January 25, 2006 regarding on booking investment transactions.

Andrew Doles asked for a brief explanation of the funding level of the pension. The level of funding is approximately 68 - 72%. The fund is not at 100% due to: a) it is a young fund with officers receiving full service credit at the inception without appropriate funding, b) the rules have changed allowing officers to buy back prior service, and c) funding is assumed to be 7% return on investment which may be more or less year to year.

There were no questions presented regarding the transactions.

A motion was made by David Comstock and seconded by Dennis Walker to accept the Treasurer's Report through December 31, 2006. Voice Vote; unanimous ayes - motion carried.

A motion was made by Dennis Walker and seconded by Andrew Doles to ratify the money manager's transactions, wire transfers, ACH transfers and the check register. Voice Vote; unanimous ayes - motion carried.

Stan Helgerson advised that year to date the equities performance is 15.8% and the S&P is 14.38%. The combined return for 2006 was 9.33%. This was a good calendar year.

APPROVE BILLS FOR PAYMENT:

There were no bills presented for payment.

REQUEST FOR BENEFITS:

A request for benefits was presented for Art Weber who retired as of December 31, 2006 at a salary of \$107,672.16 with 29 years of service.

A motion was made by Dennis Walker and seconded by Andrew Doles to ratify a service pension of 72.5% or \$78,062.32 annual pension to Officer Weber. Voice Vote; unanimous ayes - motion carried.

Attorney Cary Collins distributed a binder with information for the application for a Disability Pension for Officer Kim Frasier. Attorney Collins also discussed the hearing procedures. The hearing notice has been prepared and will be posted. The hearing is scheduled for February 6, 2007 at 5:30 p.m. in Conference Room 209 in the Village Hall. Stan Helgerson requested that everyone completely read the disability application prior to the hearing.

Attorney Cary Collins sent a letter dated 12/18/2006 to Trevor T. Vogel who had requested to join the Pension Fund. The Police Pension board had previously denied Mr. Vogel into the fund after 90 days service due to his written statement that he did not want to join the fund.

REVIEW OF EXECUTIVE SESSION MINUTES:

At this time there are no executive session minutes to be released.

NEW BUSINESS:

A) Authorization to Liquidate Holdings in Late Filers with the SEC

Correspondence from Mary Tomanek of Smith Barney stated that companies are required to file their annual reports on a timely basis with the SEC and failure to do so inhibit the managers of our funds to continue holding that stock in the portfolio. JBL failed to file; therefore, Smith Barney recommended that we authorize the selling of that position. Smith Barney also recommended a blanket authority to sell holdings based on late filings.

A motion was made to give Smith Barney authority to monitor this segment of the statute and make appropriate liquidations when necessary by David Comstock and seconded by Dennis Walker. Voice vote; unanimous ayes - motion carried.

Cambiar requested authorization to invest excess cash. Finance Director Jack Walde signed the request letter.

B) Review Fiscal 2008 Budget

Jack Walde provided a copy of the 4/30/2008 budget with the December reports. Mr. Walde will present this budget to the Village Board. There were no questions related to the information submitted.

Stan Helgerson explained HELPS which is a new law that allows a public safety retiree who is buying health insurance to defer \$3,000 in income which can be directed towards the premium. Weber is actively working as a civilian with company coverage. Schinkel may have insurance with his employer. Azarela has village insurance payment but his pension is not taxed.

OLD BUSINESS:

There was no old business for discussion.

NEXT MEETING:

The next meeting will be the Frasier Disability Hearing on February 6, 2007 at 5:30 p.m. in Conference Room 209 in Village Hall.

The next regular Police Pension Board meeting will be held on Wednesday, April 25, 2007 at 5:30 p.m. in Room 154 of Village Hall.

ADJOURNMENT:

There being no further business, it was moved by Andrew Doles and seconded by Dennis Walker to adjourn. Vice vote; unanimous ayes – motion carried.

The meeting adjourned at 6:28 p.m.

/s/ Andrew Doles
Secretary