

MINUTES OF THE POLICE PENSION BOARD

QUARTERLY MEETING

WEDNESDAY, JULY 25, 2007

CALL TO ORDER:

President Helgersen called the meeting to order at 5:31 p.m.

ROLL CALL:

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

ADOPT AGENDA:

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

APPROVAL OF MINUTES:

The minutes of the meeting held April 25, 2007 were presented. There were no questions or changes to the minutes.

A motion was made by Doles and seconded by Walker to approve the minutes of the April 25, 2007 meeting.

Voice vote; unanimous ayes - motion carried.

TREASURER'S REPORT:

Financial Statements for the Period Ending June 30, 2007

Balance Sheet:

The total book value of assets reported was \$8,382,919.41 which reflects the market adjustment of the equity investment assets. The 06/30/2007 allocation of investment assets at market value is Cash 3.9%, Fixed Income Bonds 51.0%, and Mutual Funds 45.1%.

Income Statement:

Total revenues through 06/30/2007 were \$341,915.95 or 25.6% of budget. Of this amount, employer contributions were \$202,855.45 or 45.6% of budget. The employee contributions were \$53,819.59 or 15.1% of budget. The authorized police positions open as of May 1, 2007 still have not been filled at this point in the year because a list of candidates must be established. That is not completed. Investment income was \$85,240.91 which included the market gain/loss on equity investments.

Expenditures through 06/30/2007 were \$45,872.50 or 16.9% of budget. Benefit payments were \$36,058.70 and reflect pension payments to Schinkel, Stone, Azarela, Weber and Frasier. Administrative expenses were \$9,813.80 or 22.3% of budget.

Unrealized Gain/Loss - Book vs. Market Value:

The 06/30/2007 book value of the Fixed Income portfolio exceeded market value by \$39,375.72.

Distributed with the financial reports for the period ending 06/30/2007 was the Second Quarter 2007 Check Register, the 04/30/2007 Preliminary Audit Draft Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets, 2nd Quarter Bank Statements, 2nd Quarter Money Market Statements and Investment Confirmations for trade activity during the 2nd Quarter.

There were no questions regarding the Village Treasurer's Report.

A motion was made by Walker and seconded by Doles to accept the Treasurer's Report and to ratify the

money manager's transactions, wire transfers, ACH transfers and the check register through June 30, 2007.

Voice Vote; unanimous ayes - motion carried.

APPROVE BILLS FOR PAYMENT:

There were no bills for payment.

REQUEST FOR BENEFITS:

There were no requests for benefits.

RECESS TO EXECUTIVE SESSION:

A motion was made by Doles and seconded by Walker to recess into Executive Session to review Executive Session Minutes for Possible Release.

Voice Vote; unanimous ayes carried.

Adjourn 5:37 p.m.

RETURN TO REGULAR MEETING:

Call to order 5:40 p.m.

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

President Helgersen announced that the Board reviewed executive session minutes and that there were no minutes to be released.

NEW BUSINESS:

Actuarial Report

Helgerson stated that he has discussed with Walde a change in actuarial services. Helgerson suggested Timothy Sharpe, Actuary as the service will provide the actuary report and individual officer summaries at a quote of \$1,500.00. A full evaluation will be requested yearly. Collins also recommended Sharpe with mention of the quality and timeliness of his reports. Doles questioned the timing of the actuarial review. Helgerson explained that the review takes place after the close of the Fiscal Year in order to file the Department of Insurance report and provides a recommendation for the Employer Contribution to the Pension Fund which is funded by the Village's Tax Levy.

A motion was made by Helgerson and seconded by Doles to retain Timothy Sharpe, Actuary as the actuary for the Village of Algonquin Police Pension Board with the cost of the report to be split evenly between the Pension Fund and the Village of Algonquin. Voice Vote, unanimous ayes - motion carried.

Election of Pension Board Officers

The Board was informed that an election of the Pension Board officer positions is required in July of each year. The current positions and office holders are: Stan Helgerson - President, David Comstock - Vice-President, Andrew Doles - Secretary, and Dennis Walker - Assistant Secretary. Discussion followed.

A motion was made by Doles and seconded by Walker to elect the above named to their respective offices for the Police Pension Board. Voice Vote; unanimous ayes - motion carried.

Becker Capital Duration

Helgerson explained the current benchmark of +/- 30 basis points of the Shearson Lehman Government Index that Becker Capital currently is instructed to follow as per the Investment Policy was varied in the most recent quarter. Discussion followed about acknowledging that the board knew that Becker was outside the policy and approved the variance. Walker questioned what would the board's position be if there had

been a loss versus a profit. Since it is Mary Tomanek's job to stay on top of items such as this, she has done so and is happy with the position that Becker took in the upswing of the market. Discussion took place that a

+/- 45 basis point range may be a more appropriate range against the benchmark. Helgerson further explained the need for fluid investment capabilities.

A motion was made by Doles and seconded by Helgerson to approve the exigency of investment situations to enable Becker appropriate latitude to do so provided that they immediately contact our consultant who will subsequently communicate with the board.

Further questions continued in regard to the adherence of the Investment Policy by Becker Capital. Walde stated that it is possible that the current Investment Policy was provided to Becker Capital but that Becker may not have been acknowledged same in writing. It is important to determine if it has been returned with full acknowledgement. Therefore the motion is amended to be the following.

A motion was made by Doles and seconded by Helgerson to approve the exigency of investment situations to enable Becker Capital the appropriate latitude to vary from the current +/- 30 basis point range off the benchmark to +/- 45 basis points through October 2007 provided that they immediately contact our consultant who will subsequently communicate with the board. Additionally, Becker Capital should immediately return acknowledgement of receiving and having read the current Investment Policy of the Village of Algonquin Police Pension Board. Voice Vote; unanimous ayes - motion carried.

Correspondence of Tomanek's emails will be included with these minutes.

OLD BUSINESS:

Discussion took place in regard to a current Illinois Senate Bill 1305 that is a Procurement Bill that includes three unrelated items in one bill. Helgerson is planning on further discussing the bill with State Senator Pamela Althoff as it relates to smaller pension boards.

This led to the continued discussion regarding Sudanese investments. Tomanek has requested the authorization of removing the need for her to continue gathering attestations from the Fund's investment companies for their Sudan compliance. The board would like Tomanek to continue to monitor the performance of the board's investments as compared to mutual funds with Sudan compliance. At this time, no changes are eminent.

A motion was made by Helgersen and seconded by Doles to advise Tomanek the authority to cease from collecting attestations from our separate advisors stating Sudanese compliance. Voice Vote; unanimous ayes
- motion carried.

NEXT QUARTERLY MEETING:

The next regular Police Pension Board meeting will be held on Wednesday, October 24, 2007 at 5:30 p.m. in Room 154 of Village Hall.

ADJOURNMENT:

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

The meeting adjourned at 6:10 p.m.

/s/ Dennis Walker

Assistant Secretary