

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

CALL TO ORDER:

President Helgerson called the meeting to order at 5:32 p.m.

ROLL CALL:

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

ADOPT AGENDA:

A motion was made by Azarela and seconded by Walker to adopt the agenda as presented.

Voice vote: unanimous ayes - motion carried.

APPROVAL OF MINUTES:

The minutes of the regular meeting held July 25, 2007 and the special meeting held September 5, 2007 were presented. There were no questions or changes to the minutes.

A motion was made by Azarela and seconded by Walker to approve the minutes of the July 25, 2007 meeting and the September 5, 2007 meeting. Voice vote: unanimous ayes - motion carried.

ACTUARIAL REPORT:

President Helgerson discussed the 05/01/2007 actuary report prepared by Timothy W. Sharpe, Actuary. The recommendation of the Village's contribution increased significantly to \$676,838 while the funding level is down to 52% level. The change to Sharpe is a positive move for the fund. Sharpe sees 100% funding by 2033. Sharpe will be invited to the next meeting on February 6, 2008.

A motion was made by Azarela and seconded by Walker to recommend the actuarial determined employer contribution of \$676,838.00 for the 2007 Tax Levy. Voice vote: unanimous ayes – motion carried.

Discussion continued on advantages of Sharpe Actuarial – one of the most positive features is the ability to evaluate members on an individual basis. Walde had initially questioned McKenzie's figures and that is what brought about the change to Sharpe. Going forward it appears that the staffing level of the police force has stabilized.

TREASURER'S REPORT:

Financial Statements for the Period Ending September 30, 2007

Balance Sheet:

The total book value of assets reported was \$8,789,762.92 which reflects the market adjustment of the equity investment assets. The 09/30/2007 allocation of investment assets at market value is Cash 5.2%, Fixed Income Bonds 50.3%, and Mutual Funds 44.5%.

Income Statement:

Total revenues through 09/30/2007 were \$819,826.40 or 61.5% of budget. Of this amount, employer contributions were \$418,263.02 or 94.0% of budget. The employee contributions were \$135,078.99 or 37.8% of budget. Two of the vacant positions have now been filled with two additional hires budgeted later in the fiscal year. Investment income was \$266,484.39 which included a market gain on equity investments in September.

Expenditures through 09/30/2007 were \$116,939.44 or 43.0% of budget. Benefit payments were \$90,146.75 and reflect pension payments to Schinkel, Stone, Azarela, Weber and Frasier. Administrative expenses were \$26,792.69 or 60.9% of budget.

Unrealized Gain/Loss – Book vs. Market Value:

The 09/30/2007 market value of the Fixed Income portfolio exceeded book value by \$25,851.71.

Distributed with the financial reports for the period ending 09/30/2007 was the Third Quarter 2007 Check Register, the Statement of Fiduciary Net Assets dated 04/30/2007, an Asset vs. Liability Analysis dated 10/12/2007, the 3rd Quarter Bank Statements, 3rd Quarter Money Market Statements and Investment Confirmations for trade activity during the 3rd Quarter. The Smith Barney Quarterly Performance Review dated 09/30/2007 was also included.

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

A motion was made by Azarela and seconded by Walker to accept the Treasurer's Report and to ratify the money manager's transactions, wire transfers, ACH transfers and the check register through September 30, 2007. Voice vote; unanimous ayes - motion carried.

APPROVE BILLS FOR PAYMENT:

The only bill unpaid at present is the actuarial report invoice in the amount of \$1,500.00. Per agreement, the Village of Algonquin's share is \$750.00.

A motion was made by Azarela and seconded by Walker to approve the payment to Timothy W. Sharpe, Actuary. Voice vote: unanimous ayes – motion carried.

REQUEST FOR BENEFITS:

Two police officers have been hired and submitted applications for the Pension Fund. They are Joshua G. Latina and Jose J. Pelayo each with a hire date of September 10, 2007

A motion was made by Azarela and seconded by Walker to accept the officers listed above into the Police Pension Fund. Voice vote: unanimous ayes – motion carried.

RECESS TO EXECUTIVE SESSION:

A motion was made by Azarela and seconded by Walker to recess into Executive Session to review Executive Session Minutes. Voice Vote: unanimous ayes – motion carried.

Adjourn 5:56 p.m.

RETURN TO REGULAR MEETING:

Call to order 6:00 p.m.

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

A motion was made by Azarela and seconded by Walker to announce that the Board reviewed executive session minutes and that the minutes of the July 25, 2007 Executive Session Meeting can be released but no others. Voice Vote: unanimous ayes – motion carried.

NEW BUSINESS:

None

OLD BUSINESS:**Portfolio Review:**

Helgersen indicated that there was no equity movement at this point. He anticipates an intensive review in February, 2008. The Asset versus Liability Analysis will be reviewed and discussed as well. Helgersen explained that Tomanek had the actuary project benefits for a period of years so that duration can be determined successfully.

Other:

The board has received a signed acknowledgement on the Investment Policy from Becker Capital Management.

There is a cash level of approximately \$500,000 earning 4¾ - 5% at Illinois Funds that can be moved for equity and fixed income investment. There is potential for bigger/better investment.

A motion was made by Azarela and seconded by Walker to authorize Treasurer Walde to work with the Consultant/Tomanek to invest \$450,000 with a split of up to 45% into equity mutual funds and 55% into Becker Capital. Voice Vote: unanimous ayes – motion carried.

Fraiser: She has received the formal Decision and Order from the disability hearing.

Collins explained the Illinois Department of Financial & Professional Regulations legislation regarding service buyback provisions. Urban and Sutrick are the only identified members that may be affected. The legislation calls for a one for one transfer versus a pro rata transfer. This is of benefit to officers.

NEXT QUARTERLY MEETING:

The next regular Police Pension Board meeting will be held on Wednesday, February 6, 2008 at 5:00 p.m. in the Administration Conference Room of Village Hall in order that the board's actuary, consultant and manager will be able to be present.

ADJOURNMENT:

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

The meeting adjourned at 6:14 p.m.

/s/ Andrew Doles
Secretary