

**MINUTES OF THE POLICE PENSION BOARD
QUARTERLY MEETING
WEDNESDAY, JULY 30, 2008**

CALL TO ORDER:

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

ROLL CALL:

Present: President Stan Helgersen, Vice-President David Comstock, Secretary Andrew Doles, 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.

A motion was made by Azarela and seconded by Comstock to move the meeting to the Executive Conference Room of the Village of Algonquin to facilitate the Disability Hearing scheduled for 6:00 pm.

Voice vote: unanimous ayes – motion carried.

The meeting is reconvened with all members present.

ADOPT AGENDA:

A motion was made by Doles and seconded by Walker to adopt the modified agenda as presented. The agenda now includes a discussion of TRAK Investments under New Business.

Voice vote: unanimous ayes - motion carried.

APPROVAL OF MINUTES:

The minutes of the regular meeting held April 30, 2008 were presented. There were no questions or changes to the minutes.

A motion was made by Comstock and seconded by Azarela to approve the minutes of the April 30, 2008 meeting. Voice vote: unanimous ayes - motion carried.

TREASURER'S REPORT:

Financial Statements for the Period Ending June 30, 2008

Balance Sheet:

The total book value of assets reported as of June 30, 2008 was \$9,155,494.55. The June market value adjustments were negative for the equity investment portfolio at \$209,541.23. The unrecorded market adjustment for the Fixed Income portfolio was also negative at \$43,887.95. The 06/30/2008 allocation of investment assets at market value is Cash 2.9%, Fixed Income Bonds 55.9%, and Mutual Funds 41.2%.

Income Statement:

Total revenues through 06/30/2008 were \$237,521.70 or 14.3% of budget. Of this amount, employer contributions were \$326,056.47 or 48.2% of budget. The employee contributions were \$60,647.44 or 16.6% of budget. Investment income was \$149,182.21 which included a market loss on equity investments.

Expenditures through 06/30/2008 were \$50,473.23 or 16.9% of budget. Benefit payments were \$36,256.42 and reflect pension payments to Schinkel, Stone, Azarela, Weber and Frasier. Administrative expenses were \$14,216.81 or 20.3% of budget.

Distributed with the financial reports for the period ending 06/30/2008 was the Second Quarter 2008 Check Register, the 2nd Quarter Bank Statements, 2nd Quarter Money Market Statements and Investment Confirmations for trade activity during the 2nd Quarter. Correspondence from Attorney Collins for the disability application of Patricia Miller was also included.

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

A motion was made by Doles and seconded by Comstock to accept the Treasurer's Report through June 30, 2008.

APPROVE BILLS FOR PAYMENT:

The only bill unpaid at present is the invoice from Becker Capital Management for their quarterly management fee.

A motion was made by Doles and seconded by Walker to approve the Becker Capital Management invoice for payment as well as to ratify the money manager's transactions, wire transfers, ACH transfers and the check register through June 30, 2008. Voice vote; unanimous ayes - motion carried.

REQUEST FOR BENEFITS:

The request for benefits was a Disability Hearing for Officer Patricia Miller.

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

The hearing was conducted by Attorney Collins. Collins introduced all documents and exhibits that had been forwarded to all pension board members prior to this evening's hearing. He then proceeded to outline all exhibits from the three doctors that examined Officer Miller. Dr. Heather Herbolsheimer, Dr. Richard Smith, and Dr. Robert J. Pines concurred as to the disability of Officer Miller due to the preterm labor associated with this pregnancy with bed rest necessary as of May 27, 2008. No questions were posed. Discussion ensued regarding the appropriate disability benefit. Walde confirmed the non-duty disability benefit at 50% of the officer's salary level which is \$69,240.96 – it will be taxable. All of Officer Miller's illness, vacation and personal holiday benefits had been exhausted as of May 27, 2008. The effective date disability benefits to begin would be May 28, 2008 up to six weeks post delivery with an option of up to eight weeks post delivery if any complications are encountered and diagnosed by the physicians. If complications are encountered, an update will be needed from the attending doctor. No other evidence was presented. No questions were posed.

A motion was made by Walker and seconded by Doles to grant a non-duty disability to Patricia Miller. Roll call of votes: Walker – Yes; Doles – Yes; Comstock – Yes, Azarela – Yes; Helgerson – Yes. Unanimous ayes – motion carried.

A motion was made by Azarela and seconded by Doles to close the hearing. Voice Vote; unanimous ayes – motion carried.

Collins submitted an invoice for the Disability Hearing.

RECESS TO EXECUTIVE SESSION:

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

Adjourn 6:25 p.m.

RETURN TO REGULAR MEETING:

Call to order 6:28 p.m.

Present: President Stan Helgerson, Vice-President David Comstock, Secretary Andrew Doles, 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.

A motion was made by Doles and seconded by Walker to announce that the Board reviewed executive session minutes and that no minutes will be released. Voice Vote: unanimous ayes – motion carried.

NEW BUSINESS:

A. Election of Pension Board Officers

The board discussed the annual election of pension officers that is conducted in the month of July. The current slate of officers is Stan Helgerson - President, David Comstock - Vice-President, Andrew Doles - Secretary, and Dennis Walker - Assistant Secretary.

Open discussion followed. No changes were recommended.

A motion was made by Azarela and seconded by Doles to elect the above individuals to the same position as previously held. Voice Vote; unanimous ayes - motion carried.

B. Reappointment of Investment Advisor

It was noted that legislation is underway in the State of Illinois for a maximum of a five year term for a pension board's investment advisor(s). The same advisor may be reappointed again after an open bid process, but the process through the proposed legislation is in the works. Historically, this pension board has reviewed a selective group of advisors and managers and picked those that work within the stated investment policy. The process would not be based solely on the lowest bid which would not be in the best interest of the board. Azarela questioned the process that brought the present advisor to the board. Collins and Helgerson reviewed the history for the board. Conclusion: No action was needed at this time.

C. Reappointment of Fixed Income Manager

No action needed at this time.

D. Investment TRAK

Helgerson explained the most recent available choices by Tomanek for defensive positions in the equities market. Within the TRAK program there are investments available that when the market goes down will not go down as much. However, equally, when the market goes up those investments will not go up as high. There are investments within the same family of funds available at no additional cost that will even have a lower fee structure available as well. Tomanek is recommending that the board sign the Smith Barney Advisor Agreement allowing for the lower fee structure.

A motion was made by Comstock and seconded by Doles to sign the contract to join the Smith Barney Advisor Agreement which includes a lower fee structure of 30 basis points applied to the market value of the Supervised Assets. Voice Vote; unanimous ayes – motion carried.

Helgerson further explained Tomanek's commitment to watch the banking sector. Tomanek is presently not recommending any new money in the equities market, only the fixed income portfolio. At times the investment advisor is responsible for the protection of the fund versus the growth. Comstock entertained the discussion of various risks to the portfolio and certainly higher level of risks within the market. In turn, with higher risk comes higher reward and vice versa. Doles and Walker each questioned the forecasted perspective of Tomanek in this marketplace. Helgerson stated that Tomanek was recommending a liquidation of approximately \$300,000 from Atalanta/Sosnoff to establish a depositing gateway which amounts to a shift from one fund into another. Comstock continued with discussion as to Tomanek's next visit with the board. Helgerson replied that he anticipates her visit to be this fall. Comstock is suggesting that the board await Tomanek's visit to further discuss the defensive positions in order to not miss the market's possible move upward. Helgerson will request Tomanek to send out an update sheet of information on the mutual funds that she is interested in placing investment assets on behalf of the board. Comstock points out that he is looking to take a bigger picture of the investments as a whole. He also pointed out other risks that the board should examine for the portfolio. The market may provide for amazing opportunity for growth in the future.

It is established through the discussion and questions that the board is not ready at this time to make the move of assets. Tomanek will be invited to attend the October meeting and discussion will continue. Comstock would like to resume strategic discussions of investment ideas going forward. Helgerson concluded that all board members need to be comfortable with any investment decision. It may be necessary that Becker Capital Management join in the meeting as well.

OLD BUSINESS:

Gift Ban and Ethics Legislation – will be summarized and outlined by Collins for distribution to the board. Helgerson stated that the Village of Algonquin Police Pension Board already complies with many items proposed in the bill.

NEXT QUARTERLY MEETING:

The next Police Pension Board meeting will be scheduled for Thursday, October 30, 2008 at 5:30 p.m. in the Executive Conference Room of Village Hall due to schedule conflicts of some members. The larger conference will facilitate a meeting inclusive of the investment advisor and fixed income manager.

ADJOURNMENT:

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

The meeting adjourned at 6:30 p.m.

/s/ Andrew Doles
Secretary