

MINUTES OF THE REGULAR MEETING
BARRINGTON HILLS POLICE PENSION BOARD
APRIL 25, 2011

Call to Order. President Hammelmann called the meeting of the Barrington Hills Police Pension Board to order at 7:30 a.m. in the conference room of the Village Hall.

Roll Call. Present – Trustees Fernandez, White and President Hammelmann (3). Trustee Borck was absent. Also present were Investment Advisor Dave Wall, Wes Levy of Lauterbach & Amen and attorney Nanci Rogers of Robbins, Schwartz, et al.

Approval of Minutes. The Board reviewed a copy of the minutes from the January 24, 2011 regular meeting. Motion by White, seconded by Fernandez, to approve the minutes of the January 24, 2011 meeting.

Ayes: President Hammelmann, Trustees Fernandez and White (3)

Nays: None. Motion carried.

Payment of Bills. Motion by Fernandez, seconded by White, to pay the following bills:

Robbins, Schwartz	\$ 1,873.41
Lauterbach & Amen	\$ 1,650.00
Wall & Associates	\$ 3,118.26

Ayes: President Hammelmann, Trustees Fernandez and White (3)

Nays: None. Motion carried.

Consideration of NCPERS Membership. The Board discussed possible membership in this national organization and agreed that the benefits of membership including educational training opportunities for Trustees warranted the \$150 cost for annual membership. Motion by White, seconded by Fernandez to join NCPERS.

Ayes: President Hammelmann, Trustees Fernandez and White (3)

Nays: None. Motion carried.

Board Election Vote Results. President Hammelmann read the results of the April 2011 election that was held to elect two active and one beneficiary Trustees as follows:

Gary Hammelmann	15 (active)
Todd Borck	15 (active)
Alex Fernandez	15 (beneficiary)

According to the duly tabulated results, Trustees Hammelmann, Borck and Fernandez are re-elected to the Board for a period of two years. Trustee Fernandez moved,

seconded by White, that the current officers be reappointed to the same positions with Hammelmann as President and Borck as Secretary.

Ayes: President Hammelmann, Trustees White and Fernandez (3)

Nays: None. Motion carried.

Board Attorney Report. Attorney Rogers reminded the Trustees that their Statement of Economic Interests Forms, which must be completed and filed annually by all Trustees, are due no later than May 2, 2011 at the Office of the Cook County Clerk. This year most Trustees filed their Statements electronically, and all Trustees will have them filed by the specified date.

Attorney Rogers also reported that the statutory revisions to the Freedom of Information Act have now been in place for more than a year, and that there have been a number of binding opinions and pre-approval letters of interest to pension boards and police officers issued by the Illinois Attorney General's Office of the Public Access Counselor (PAC). The pre-approval letters have indicated that the following information is considered highly personal and exempt from disclosure under FOIA as an unwarranted invasion of personal privacy: names of pension fund beneficiaries, names of employees registered as domestic partners, DNA analysis results and conclusions, names of victims, photographs of suicide, names of subjects not arrested, personal handwritten statements of subjects, medical information in accident reports, dates of birth, signatures, employer-issued cell phone numbers, name and relationship of employee=s emergency contacts. The following information is considered not to be exempt from disclosure under FOIA: personnel files (but can redact certain private information), records reflecting an employee=s vacation time, sick time, comp. time and personal leave, unpaid leaves of absence, Illinois Tollway I-PASS transponder history reports, names of deceased victims, among others. The PAC has issued binding opinions finding that the following records generally are subject to disclosure under FOIA: autopsy records, with the exception of post-mortem photographs, settlement agreements, certain arrest information, the number of sworn officers assigned to a particular district.

Attorney Rogers also discussed the following pending legislation of interest to pension boards.

HB145

Amends the Illinois Pension Code. Provides that no assets of any retirement system shall be invested in any foreign company that has an equity tie to the government of Iran or its instrumentalities and that is engaged in specified business activities. (3/31 Senate first reading; referred to Assignments)

HB1214

Amends the Property Tax Extension Limitation Law (PTELL) in the Property Tax Code. Exempts special purpose extensions made by any taxing district for payment of that district's share of the amounts required to be contributed to any pension fund created under the Illinois Pension Code from the definition of "aggregate extension". (Tabled by House sponsor 3/10)

HB3375

Amends the Illinois Pension Code. Provides that if a member or participant of a retirement system or pension fund subject to this Code is receiving a retirement annuity or retirement pension under that system or fund and becomes a member or participant of any other system or fund created by this Code and is employed on a full-time basis, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Effective July 1, 2011. (Passed House; First reading in Senate and referred to assignments 4/12)

HB3427

Amends the Illinois Pension Code. Requires all pension funds and retirement systems established under the Code to exclude the following items when computing the compensation, salary, or wages upon which an annuity, pension, or other benefit is to be based: (i) lump sum payments for retirement, severance, and sick or vacation time and (ii) any annual increase in compensation, salary, or wages of more than 6%. Applies only to persons who are participants on the effective date or who first become participants on or after the effective date. Effective immediately. (First reading in House; now in rules committee 3/17)

SB1679 B Amends the Downstate Police, Downstate Firefighters, and Illinois Municipal Retirement Fund (IMRF) Articles of the Illinois Pension Code. Requires the board of each downstate police and downstate firefighter fund to transfer to the board of trustees of the Illinois Municipal Retirement Fund, for the management and administration of all investments owned by the funds. Terminates, upon completion of the transfer, the authority of the boards of each downstate police and downstate firefighter fund to make investments. Charges the board of trustees of the Illinois Municipal Retirement Fund with controlling and managing the investment expenditures and income, including interest dividends, capital gains, and other distributions on the investments of the downstate police and downstate firefighter funds. Provides for the election of a police officer trustee and a firefighter trustee to the board of trustees of the Illinois Municipal Retirement Fund. (While still pending, all information indicates that this bill is no longer being pushed by its sponsor, Sen. Schoenberg of Evanston)

HJRCA5 B Constitutional Amendment

Provides that an ordinance, resolution, or other action of the governing body of any unit of local government or school district shall not be valid without the concurrence of three-fifths of the members of that governing body if that ordinance, resolution, or other action increases a benefit under any pension or retirement system for officials or employees of that unit of local government or school district, or any agency or instrumentality thereof. Provides that a bill, ordinance, resolution, or other action increases a benefit if it

increases the amount of an existing benefit, adds a new benefit, or expands the class of persons eligible for a benefit, regardless of whether it includes an increase in contributions or a reduction in any other benefit. (1/18 in House Rules Committee)

Fernandez Independent Medical Examination. It was report that it was time for the Board to request an annual Independent Medical Examination for Alex Fernandez. Attorney Rogers will arrange for the office of Dr. Tu to set up the appointment with Trustee Fernandez.

Accountant Report. Wes Levy distributed a monthly financial report for the month ended March 31, 2011 prepared by Lauterbach & Amen, LLP. A copy of the report is attached to these minutes. The report depicted the statement of plan net assets for the Fund as of March 31, 2011, and the related statement of changes in plan net assets for the one month and the year ending March 31, 2011. As of March 31, 2011, plan net assets held in trust were \$4,385,470. Plan net assets increased by \$244,524 for the three months ending March 31, 2011. Levy also reviewed supplementary financial information contained in the report including a summary of cash and investments and Fund asset allocations as of March 31, 2011, and a detailed report of fund revenues and expenses. The asset allocation as of March 31, 2011 showed approximately 52% of funds invested in U.S. Government Securities and Agencies and 36% invested in mutual funds. Mr. Levy also indicated that the Village audit is expected to be completed soon.

Investment Report and Recommendations. Investment Adviser Dave Wall distributed a report showing the status of the Fund's investment portfolio as of the first quarter of 2011. A copy of the report is attached to these minutes.

As of March 31, 2011, the Fund portfolio was invested 31% in equity mutual funds, 6% in cash and 63% in fixed income securities. Wall reviewed the performance of the Fund's investments for the first quarter noting that the Fund experienced an investment gain of \$43,805 during the quarter, with plan assets valued at approximately \$4,399,268 as of March 31, 2011. The Fund's overall rate of return for the first quarter was approximately 1.2%. Wall reported that the fixed income portfolio has been basically flat over the past year, and has shown above a 3% return since its inception. Overall the equity portfolio stood at \$1.4 million at the end of the first quarter, with a \$44,434 gain for the quarter. Equities are up more than 28% since December 31, 2008.

Wall indicated that he remains cautious about the bond market, and is more optimistic about equities than bonds going forward. He recommends taking a long term view and continuing to increase the Fund's position in equities. He noted that the Fund is still well below the statutory limit for investment in equities. Wall noted that excess cash remains in the Illinois Funds account and recommended that the Board authorize a transfer of funds to facilitate an additional investment of \$100,000 - \$150,000 in the equities market. The Board indicated support for that recommendation and the transfer of funds from the Illinois Funds account to the Schwab account pursuant to the Board's previous authorization.

Vacant Board Seat. President Hammelmann reported that the Mayor has not yet made an appointment to fill the vacant Board seat.

Guest Speakers. None.

Further Matters for Discussion. None.

Next Meeting. It was announced that the next regular Board meeting will be July 25, 2011 at 7:30 a.m. at the Village Hall in the Village of Barrington Hills.

Adjournment. On motion by Fernandez, seconded by White, and unanimously carried by voice vote, the meeting was adjourned at 8:28 a.m.

APPROVED:

President Hammelmann

, 2011