

**VILLAGE OF LA GRANGE**  
**POLICE PENSION FUND**  
**July 27, 2011**

Meeting was called to order by Secretary Ljubenko at 4:05 P.M. Present were Secretary Ljubenko, Treasurer Cipparrone and Assistant Secretary Wardlaw. Also present was Investment Advisor Jessie Barrett of Wells Fargo Advisors. Absent were President Beaver and Vice-President Holub, quorum present, meeting continued.

Upon motion by Wardlaw, second by Cipparrone, the Board unanimously approved the April 27, 2011, Board Minutes and the June 14, 2011 Special Combined Meeting with the LaGrange Fire Pension Fund Board Minutes presented by Secretary Ljubenko.

Treasurer Cipparrone presented the June 30, 2011 Police Pension Fund Activity Report.

Jessie Barrett presented the Wells Fargo Advisors Asset Allocation Report.

The Board discussed the presentations which were given by fixed income managers MPI Investment Management, McDonnell Investment Management and Mesirow Financial at the Board's Special Meeting on June 14, 2011. The Board discussed the pros and cons of each firm, looking at issues such as assets, number of credit researchers, performance track record, cost, location and experience with Police and Fire Pension Funds in Illinois. Upon motion by Cipparrone, second by Wardlaw, the Board unanimously approved the selection of McDonnell Investment Management, LLC as the Fixed Income Manager for the Police Pension Fund.

Upon motion by Cipparrone, second by Wardlaw, the Board unanimously approved the moving of \$3.1 million of marketable treasury securities to a new account to be managed by McDonnell Investment Management, LLC.

Jessie Barrett recommended replacing Fred Alger Management with Oak Ridge Investments for small/mid cap equity management in the DMA and replacing Earnest Partners with Kayne Anderson for small cap equity management in the DMA. Upon motion by Wardlaw, second by Cipparrone, the Board unanimously approved replacing Fred Alger Management with Oak Ridge Investments and replacing Earnest Partners with Kayne Anderson.

Upon motion by Wardlaw, second by Cipparrone, the Board unanimously approved taking \$500,000.00 from cash available to set up a new Diversified Stock Income Plan (DSIP) and moving \$250,000.00 from cash available into the DMA, now that the new State Pension regulation allows the Fund to have 50% of its assets in Equities.

Upon motion by Cipparrone, second by Wardlaw, the Board unanimously approved that all Board officers remain in their current positions for another year.

Upon motion by Ljubenko, second by Wardlaw the Board unanimously accepted the Application for Retirement by Lt. Chris Noel. Lt. Noel was hired on Aug. 1, 1981 and resigned on Aug. 1, 2011, completing thirty years dedicated service as a LaGrange Police Officer. Lt. Noel paid a total of \$156,066.09 by the way of salary deductions to the fund. Lt. Noel's initial benefit is \$6343.29 per month.

Changes were made to the Fund's Investment Policy which reflects the change in statutory requirements for allowable investments resulting from the new Pension reform legislation effective January 1, 2011. The policy was amended in two sections; #4 under "Objectives of Investment Policy" and the first paragraph under "Investment Selection". Upon motion by Cipparrone, second by Wardlaw, the Board unanimously approves the adoption of the amended Investment Policy with new amended wording reflecting the new Illinois Pension Code 40 ILCS 5/3-135, as amended January 1, 2011.

Sec. Ljubenko advised the Board of a Legislative update received from Attorney Richard J. Reimer & Associates, LLC. The update describes House Bill 1872 which permits the transfer of creditable service from Article V Fund (Chicago Police Pension Fund) to Article III Fund (Downstate Police Pension Fund). The Illinois Legislature passed House Bill 1872, creating new provisions for Article III (5/3-110.11) and Article V (5/5-237.5). The Bill was sent to Governor Quinn on June 15, 2011. The Governor will have 60 days to veto the bill or it will become law. The bill creates a short 60 day window period after the effective date of the Act and allows officers to transfer up to 10 years of creditable service from an Article V to an Article III Pension Fund. Sec. Ljubenko advised the Board of his intent to transfer his creditable service from the Chicago Police Pension Fund to the LaGrange Police Pension Fund, if in fact the bill becomes law.

There being no other business the meeting was adjourned at 6:00 P.M. The next meeting is scheduled for Wednesday October 26, 2011, 4:00 P.M. at the LaGrange Police Department.

Respectfully Submitted,

Stephen Ljubenko  
Secretary