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VESTED INTEREST

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Retirement Fund

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Retirement Fund Staff

Stephen J. Carmody Retains Trustee Seat

At the September 28, 2011 Retirement Fund Board of Trustees meeting the Board declared Stephen J. Carmody the duly elected employee Trustee of the Retirement Fund for the 4-year term beginning December 1, 2011. The Judges of Election certified his election in accordance with the Rules of Election. Mr. Carmody will be sworn in for the new term at the November 16th Board of Trustees meeting.



Mr. Carmody began his District employment in 1991 and currently works at the District's Maintenance & Operations Department as Engineer of Treatment Plant Operations I Maintenance Manager. He has served as employee elected Trustee since November 2008.

Contribution Rates for Health Care Benefits Increase

At the September 15, 2011 Board meeting, the District's Board of Commissioners adopted a policy increasing employee and retiree health care contribution rates. Currently, non-represented employees pay 13% of the cost of their health care coverage. Effective January 1, 2012, the contribution rate for non-represented employees will be increased to 14%. According to the new policy that was adopted by the Board, the non-represented employee contribution rate will increase by 1% each year for the next 10 years. Contribution rates for represented employees would be negotiated during the collective bargaining process.

Effective January 1, 2012, the new policy will also increase the retiree contribution rate by 2.5% each year for the next 10 years. At the end of the 10 year period, the retirees will be contributing 50% of the cost of health care coverage. The current retiree contribution rate is 25% of the cost of retiree health care coverage while the District is paying 75%. This subsidy level has not changed since 1985.

Retiree Contribution Rate – Ten Year Projection								
Year	Annuitant Share	MWRD Share	Year	Annuitant Share	MWRD Share	Year	Annuitant Share	MWRD Share
2012	27.50%	72.50%	2016	37.50%	62.50%	2020	47.50%	52.50%
2013	30.00%	70.00%	2017	40.00%	60.00%	2021	50.00%	50.00%
2014	32.50%	67.50%	2018	42.50%	57.50%			
2015	35.00%	65.00%	2019	45.00%	55.00%			

In addition, retirees can potentially see another rate increase rate on July 1st of each year. The January premium change would be the result of the scheduled contribution rate increase mentioned above. The July increase would be based on the retiree insurance claims that were paid by the District in the previous year.

INVESTED ASSET REVIEW



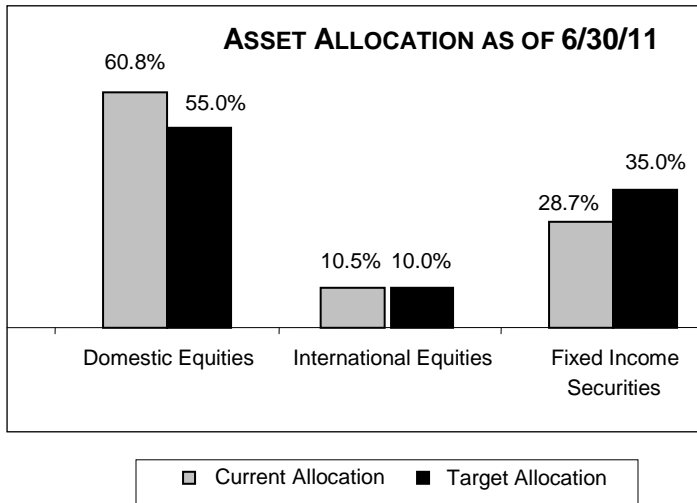
As of June 30, 2011, the Fund's invested assets totaled \$1.092 billion compared to \$1.053 billion at December 31, 2010. The Fund's year-to-date rate of return was 5.7%, net of fees, compared to 5.2% for our policy benchmark. The one year rate of return was 24.6% versus the policy index at 23.0%, which is composed of 55% domestic equities (25% S&P 500 Index, 20% Russell MidCap index, 10% Russell 2000 Index), 10% international equities (MSCI EAFE Index) and 35% domestic fixed income (Barclays Aggregate Index).

During the second quarter of 2011, the domestic market's climb which resulted in four consecutive quarters of positive returns, came to a halt and posted slightly less than 1% return for the quarter. As of June, 30, 2011, the market was up in eight of the last nine quarters, after being down six straight quarters previously. The S&P 500 index was up 6.0% for the first six months of 2011 and 30.7% for the twelve months ending June 30, 2011.

The Barclays Capital Aggregate Bond Index was also positive for the quarter, six months and one year returning 2.3% for the quarter, 2.7% for the six months and 1.4% for the year.

The U.S. economy continues to show signs of weakness, with fear of inflation and rising interest rates. In addition, the budget talks, concerns over the debt ceiling, downgrading of the U.S. treasuries and the sovereign debt crisis presently centered in Europe are factors that are currently affecting our economy and reflected in the current volatility of our domestic equity market.

The Fund continues to believe that following a disciplined approach and rebalancing to the target allocations will result in obtaining returns in-line with its actuarial assumption of 7.75% rate of return in the long run.



TOP TEN STOCK HOLDINGS AS OF 6/30/11

Stock Description	# Shares	\$MM
1. Exxon Mobil Corp.	97,076	\$7.9
2. Apple Inc.	17,921	6.0
3. Philip Morris Int'l.	80,345	5.4
4. Viacom Inc.	90,460	4.6
5. IBM	23,140	4.0
6. JP Morgan Chase & Co.	94,115	3.8
7. Celanese Corp.	72,274	3.8
8. Microsoft Corp.	147,634	3.8
9. Nestle SA CHFO	60,347	3.7
10. Ultra Petroleum Corp.	81,885	3.7

Transitions

Augustyniak, Richard J.	Gardner, Edward D.	Lowe, Carlton	Provenzano, Kathleen L.	Stringer, Irene V.
Conroy, Lawrence L.	Graff, Joleen E.	Luepke, Charles H.	Rodriguez, Lillian L.	Tataczuch, John.
Csaki, Jr., Daniel	Holic, Lawrence J.	Markovich, Stephen C.	Runquist, Richard A.	Urso, Joseph J.
Duncan, Lawrence	Kaiser, Martin D.	Misheck, Robin A.	Schaefer III, George J.	White, Linda G.
Dusek, Robert J.	Kraszczyk, James E.	Morley, Michael P.	Shields, Patrick J.	Wood, Eugene
Fazzi, Julian	Leitzow, Tony R.	Peacock, John W.	Siegel, Bennett M.	Yagol, Sally A.
Flynn, Michael F.	Longini, Thomas	Poongbunkor, Prakarn	Skrbec, John L.	Young, Patricia A.



RETIREEES (since May 2011)

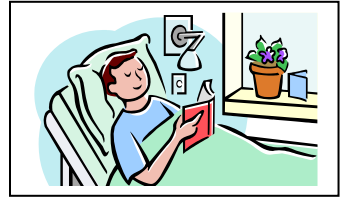
DECEASED EMPLOYEES AND RETIREES (since May 2011)

Bajoras, Victor	Destefano, James V.	Klestil, Robert	Perri, Frank	Seaman, Roger
Base, Gene	Durjak, Richard T.	Koste, Walter F.	Pierce, James M.	Sheehan, Jr., Fred M.
Bracey, Armstead L.	Graham, John	Koza, Robert A.	Reynolds, Marable E.	Smith, Ernest
Burg, Richard C.	Grant, Jesse D.	McHugh, Frank	Rurka, Robert B.	Thomas, Lawrence*
Cabrera, Robert	Hopkins, Caleb A.	Messinis, Kathleen	Russell, Raymond F.	Tiritilli, Silvio
Clement, Patrick	Jeske, Roland T.	Moore, Maddix	Ryan, Eugene F.	Vaccarella, Joseph L.
Czachor, Ferdinand E.	Kaschak, John	Mulvihill, John	Schumacher, John R.	Yourell, Harry "Bus"

*Death in service

Ordinary Disability Policy Change

The MWRD Retirement Fund Board of Trustees approved an Ordinary Disability (OD) policy which now requires the applicant to see their physician during their illness. **Effective immediately**, all employees applying for OD must submit to a medical examination by their attending physician while symptomatic with the claimed disability.

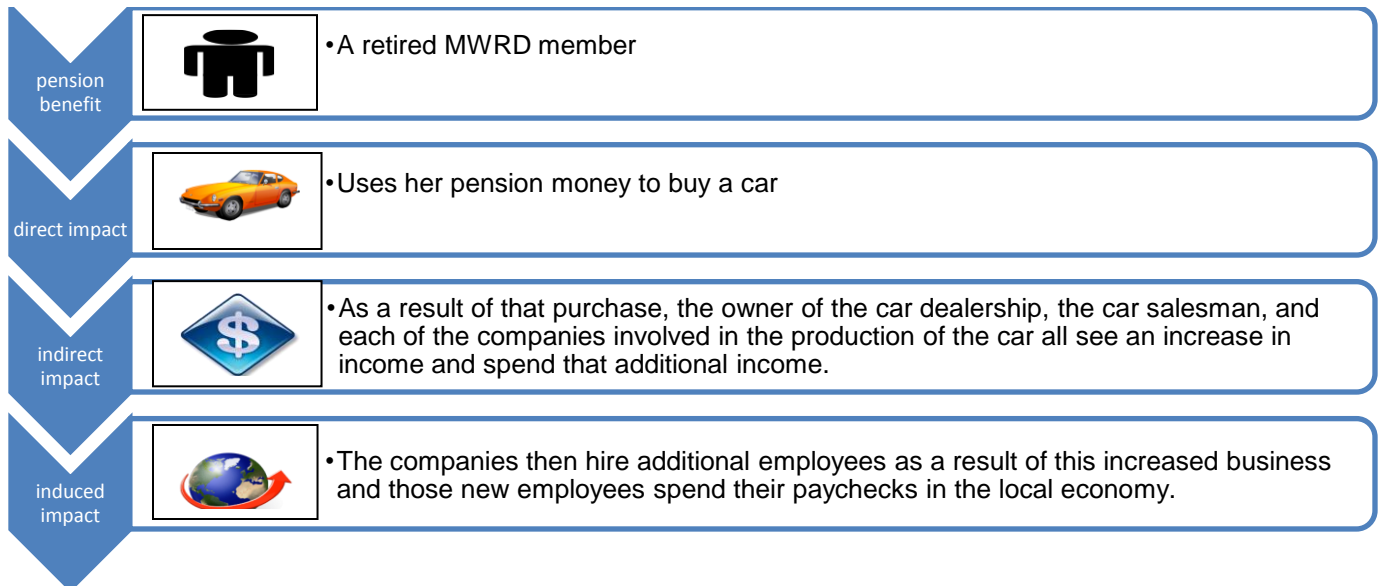


In the instance of a planned disability, such as a scheduled surgery or childbirth, the medical examination may take place before the anticipated date of disability. The employee may be asked to supply additional documentation confirming that the procedure took place and the date of the procedure.

Failure to seek medical treatment for your claimed illness while symptomatic will result in further review of the disability claim and possible denial of OD benefits.

Economic “Footprint” of Pension Benefits

The economic impact of pension benefits reaches beyond individuals who earned the benefit during the working years. The direct impact of pension benefits is that they provide secure income to the retirees. When retirees spend their pension payments on local goods and services, then the pension benefits indirectly impact those businesses. The businesses will see an increase in their revenues. Consequently, businesses will then spend the additional income on expanding their production of goods and services, and hiring more workers. As a result of induced impact of pension benefits, new employees will spend their income on purchasing more goods and services in the local community, creating additional cycles of economic activity.



Civil Union Law Effective 6-1-2011

On February 1, 2011, Governor Quinn signed the Illinois Religious Freedom Protection and Civil Union Act, Public Act 096-1513, into law. Effective June 1, 2011, two persons of either the same or opposite gender may enter into a legal relationship referred to as a civil union. Parties to the civil union have the same obligations, responsibilities, protections and benefits afforded by Illinois law to married couples.

As a result of this law, all pension benefits previously made available from this Fund to a married member and his or her spouse, including medical benefits, are now benefits that are available to parties of a civil union.

Some important notes:

- The member is responsible for providing the Fund with proof of the civil union. We require an original copy of the civil union certificate.
- Any dissolution of a civil union must be documented with an order for dissolution of a civil union, similar to a divorce decree.
- Many general civil union questions are addressed on the following website:
http://www.idph.state.il.us/vitalrecords/civilunion_faq.htm

If you have any questions about how a civil union may affect benefits paid from this fund, please contact our office.

Remembering Harry "Bus" Yourell

The District mourns the passing of Harry "Bus" Yourell, who died on September 19, 2011 at the age of 92. He was a man who loved his family, community and country. He had a passion for life which helps explain why he took a trip up the Amazon River in his 70's, bungee-jumped at 85 and danced all night on his 90th birthday.



Mr. Yourell's public service began on December 7, 1941, the day Pearl Harbor was attacked was the day he enlisted in the Marine Corps. His service continued in 1959 when he was elected Trustee in the Village of Oak Lawn. He served nine terms in the Illinois House, four years as Cook County Recorder, 18 years as MWRDGC Commissioner and 15 years as Retirement Fund Trustee. His commitment to his community and his country will continue to inspire us for years to come.

MWRD Retirement Fund Staff Directory

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e-mail Contact us via the District's Outlook system, or at our internet e-mail addresses, shown above. Provide a phone number where you can be contacted on weekdays between 8:45 a.m. and 4:30 p.m. (Central time).

U.S. mail using the address below. **Fax** (312) 751-5699

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