

Police Department  
One Olde Half Day Road  
Lincolnshire, IL 60069-3035  
847•883•9900  
847•883•9909 (FAX)

---



## LINCOLNSHIRE POLICE PENSION FUND MEETING

May 12, 2015

**Called to order:** 7:00 p.m.

**Trustees present:** Steven Lee, Adam Hyde, Mickey Herst, Jamie Watson,

**Guests present:** Laura Goodloe (Fund Legal Counsel), Doug Krapf (Legacy), Michael Peterson (Finance Director), Brad Burke (Village Manager), Steve Erhardt (Lauterbach & Amen)

**Absent:** Patrick Quillinan

**Reading and approval of minutes of last meeting:**  
Minutes of the Board meeting on February 10, 2015

Motion to accept as presented by Mr. Herst  
Seconded by Mr. Watson  
Passed unanimously

**Reading of report of the treasurer:**

Mr. Erhardt reviewed the current report with the Board and highlighted a few new items contained within the report. All members acknowledged monthly reports are still being received from Lauterbach & Amen, LLP.

Mr. Chris Curtis resigned from the position of Village Treasurer, therefore, Mr. Peterson, Village Finance Director, is acting in that position until a replacement is named. Mr. Peterson presented the Treasurer's Annual Report and certification pursuant to 40 ILCS 5/3-141.

Mr. Peterson also provided a copy of the assessed valuation for the Police Pension Fund as provided by Lake County Clerk Carla Wyckoff. The contributions to be deposited to the Pension Fund will be \$623,302.38.

**Review and act on Investment activity:**

Mr. Krapf began by reviewing the managers currently on Watch, Eagle Asset Management and PIMCO All Asset Authority. Mr. Krapf informed the Board of management changes at PNC Capital Advisors and he recommended adding PNC to the Watch group. Mr. Krapf also recommended maintaining the Watch status of Eagle and PIMCO through the remainder of 2015.

At the end of the first quarter (March 31, 2015), the fund had assets totaling \$19,680,694. Mr. Krapf provided the Asset Allocation summary dated May 8, 2015, and the assets totaled \$19,903,992 at that point. Mr. Krapf reviewed the performance of the Fund during the first quarter of 2015. During the first quarter, the fund had a return of 2.18%.

Mr. Krapf reviewed the Investment Policy Statement and proposed the below changes after a risk versus return discussion with the Board.

Current:

Asset Class	Minimum	Preferred	Maximum
Large Cap Growth	5.00%	10.00%	15.00%
Large Cap Value	5.00%	10.00%	15.00%
Small/Mid Cap Growth	2.50%	5.00%	7.50%
Small/Mid Cap Value	2.50%	5.00%	7.50%
International Growth	5.00%	7.50%	10.00%
International Value	5.00%	7.50%	10.00%
Multi-Class	10.00%	20.00%	30.00%
Fixed Income and Cash	35.00%	35.00%	50.00%

Equity	35.00%	45.00%	55.00%
Multi-Class	10.00%	20.00%	30.00%
Fixed Income and Cash	35.00%	35.00%	45.00%

Proposal:

Asset Class	Minimum	Preferred	Maximum
Large Cap Growth	6.00%	11.00%	16.00%
Large Cap Value	6.00%	11.00%	16.00%
Small/Mid Cap Growth	4.50%	6.50%	8.50%
Small/Mid Cap Value	4.50%	6.50%	8.50%
International Growth	5.00%	7.50%	10.00%
International Value	5.00%	7.50%	10.00%
Multi-Class	10.00%	15.00%	20.00%
Fixed Income and Cash	35.00%	35.00%	45.00%

Equity	40.00%	50.00%	55.00%
Multi-Class	10.00%	15.00%	20.00%
Fixed Income and Cash	35.00%	35.00%	45.00%

The Board entertained discussions about Mr. Krapf's proposals.

A motion to accept the updated Investment Policy Statement was made by Mr. Watson.  
Seconded by Mr. Hyde  
Passed unanimously

Pursuant to the updated Investment Policy Statement, and to move in line with an updated investment model portfolio, Mr. Krapf recommended the changes below to rebalance the assets.

1. Liquidate \$279,000.00 of the PIMCO All Asset Fund (PAUIX) Account 5400-1499
2. Liquidate \$279,000.00 of the First Eagle Global Fund (SGIIX) Account 5400-1499
3. Liquidate \$279,000.00 of the Blackrock Global Allocation Fund (MALOX) Account 5400-1499
4. Transfer \$300,000.00 from account 5400-1499 to account 2684-7966.
5. Purchase \$337,000.00 of the Vanguard Extended Market Index Fund (VEXAX) Account 5400-1499
6. Purchase \$40,000.00 of the Diamond Hill Large Cap Fund (DHLRX) Account 5400-1499
7. Purchase \$100,000 of the Victory Integrity Small Cap Value Fund (VSVIX) Account 5400-1499

A motion to accept Mr. Krapf's recommendations was made by Mr. Herst.  
Seconded by Mr. Watson.

A roll call vote was held and Mr. Lee, Mr. Hyde, Mr. Herst and Mr. Watson voted in favor of the funding changes.

Mr. Krapf reviewed the fee analysis based upon the March 31, 2015 values. The Fund's investment manager fee is 0.54 BP, Legacy's fee is 0.16 BP, which brings the total annual fee expense to 0.70 BP.

Mr. Lee made a motion to accept Mr. Krapf's recommendation to add PNC to the Watch Status.

Seconded by Mr. Hyde  
Passed unanimously

**Presentation of bills and or disbursements:**

The bills for payment were presented by Mr. Hyde

1. Puchalski, Goodloe, Marzullo, LLP, Legal, \$637.50
2. Lake Cook Orthopedics, Scott Alm Physical, \$800.00
  - a. Approved for payment at February 10, 2015 meeting
3. Village of Lincolnshire – New Member Kevin Palermo Physical 50/50 Split, \$299.00
  - a. Approved for payment at February 10, 2015 meeting
4. DOI Annual Compliance Fee, Pending, Not to exceed \$5,000.00

5. Tepfer Consulting, Actuarial Services, \$2,750.00

A motion was made by Mr. Hyde to pay the bills.

Seconded by Mr. Lee.

A roll call vote was held and Mr. Lee, Mr. Hyde, Mr. Herst and Mr. Watson voted to pay the bills.

**Old business:**

Mr. Hyde reviewed the Pomeranze Law Security Reports proposal to amend their contract to file legal activity on behalf of the Fund with a 22.5% recovery fee.

Mr. Herst made a recommendation to agree and enter a contract with Pomeranze for the additional follow up services.

Seconded by Mr. Watson.

Passed unanimously

Disability beneficiary member Scott Alm attended his annual physical with Dr. Cummins at Lake Cook Orthopedics. Mr. Alm was found disabled.

Mr. Hyde and Mr. Lee discussed the election process completed in April. There were no active member nominations received, therefore, Mr. Hyde and Mr. Watson will retain their positions on the Board by acclamation. Mr. Quillinan received three nominations for his position on the Board by beneficiary members. He also was unopposed and will retain his position on the Board by acclamation.

All Lake County Economic Interest forms have been completed and received.

**New business:**

Village Manager Burke informed the Board that Mayor-Elect Elizabeth Brandt reappointed Mr. Lee to the Board at the May 11, 2015 Village Board Meeting.

A Met Life check was received for trust interest in the amount of \$3.75.

Mr. Peterson advised the Village audit is underway with Sikich. The results will be forthcoming.

Mr. Hyde discussed the Fraternal Order of Police and Village contract for patrol officers. The "Merit System" has been addressed and will not be a part of any salary as part of the tentative agreement.

Officer Justyna Lindahl resigned from the police department. Her total contributions were \$17,020.85 and it is anticipated she will request a withdrawal in the next quarter.

The DOI Annual Report was filed on April 29, 2015. The Certification Form will be completed during the upcoming week.

**Consider applications for membership:**

None.

**Consider applications for benefits:**

Jennifer Carstensen made a temporary disability application for pregnancy benefits dated April 3, 2015. Ms. Goodloe will follow up with her to pursue the application and appropriate documentation.

**Trustee Continuing Education:**

The Board is following a calendar year for the required training during a 12 month period. Below is a synopsis of training received at this time.

Mr. Lee – 0 hours

Mr. Hyde – 0 hours

Mr. Quillinan – 0 hours

Mr. Herst – 0 hours

Mr. Watson – 0 hours

**Executive Session:**

No Executive Session took place at the meeting.

The Fund currently has no minutes being kept as Executive Session sealed minutes.

**Public Comment:**

No public comment.

**Adjournment:**

The meeting was adjourned at 8:40 p.m.

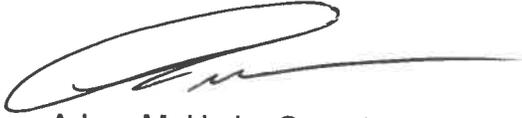
The next meeting date has been changed to August 11, 2015 at 6 pm.

Motion to adjourn by Mr. Herst

Seconded by Mr. Watson

Passed unanimously

Respectfully Submitted,



Adam M. Hyde, Secretary

Accepted:



Mr. Steven Lee, President