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LINCOLNSHIRE POLICE PENSION FUND MEETING

November 10, 2015

Called to order: 6:03 p.m.

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

Guests present: Laura Goodloe (Fund Legal Counsel), Doug Krapf (Legacy-
via teleconference), Michael Peterson (Finance Director and
Treasurer), Steve Earnhardt (Lauterbach and Amen)

Absent: None

Reading and approval of minutes of last meeting:

Minutes of the Board meeting on August 11, 2015

Motion to accept as presented by Mr. Hyde

Seconded by Mr. Hyde

Absent for vote, Mr. Quillinan

Passed unanimously

Reading of report of the treasurer:

Please reference the report as prepared by the Fund accounting firm, Lauterbach and Amen, LLP. All members acknowledged monthly reports are still being received from Lauterbach and Amen, LLP.

Mr. Earnhardt from Lauterbach and Amen reviewed the reports published by Lauterbach and Amen and he provided the attendees with the sample October report.

Mr. Peterson provided the Board with the "Annual Report by Treasurer to Pension

Board” in a letter dated May 12, 2015 as required by Statute. The letter also identifies some of the statutory responsibilities of the Village Treasurer and his actions to meet those responsibilities. Mr. Peterson confirmed he and Senior Accountant Julia Gabbard receive the reports generated by Lauterbach and Amen monthly and Mr. Earnhardt informed the Board that Ms. Gabbard has called him on occasion to discuss report entries.

The reports include all monthly accounting information, withdrawals and a register of disbursements.

Review and act on Investment activity:

Mr. Lee and Mr. Herst spoke with Mr. Krapf about rebalancing the portfolio on September 27, 2015. At that time, due to market conditions, a rebalance of funds was processed. A total of \$120,000 was moved from cash and invested with First Eagle Global, \$70,000, and Blackrock Global, \$50,000.

A motion to accept the retroactive portfolio rebalance was made by Mr. Hyde.
Seconded by Mr. Watson.

A roll call vote was held and Mr. Lee, Mr. Hyde, Mr. Herst, Mr. Quillinan and Mr. Watson voted to approve the action.

Mr. Krapf reviewed the current and historical market environment. Mr. Krapf discussed the managers currently on Watch Status, Eagle Asset Management, PNC Capital Advisors and Great Lakes Advisors. Mr. Krapf recommended continuing to keep Eagle on watch for at least one more quarter, while keeping PNC and Great Lakes on watch for a longer period, two to three additional quarters. Mr. Krapf will also be reviewing other potential investment managers to add or to replace the others as needed in the future.

Mr. Krapf informed the Board the third quarter returns were -5.72%, with a year to date return of -3.61%. He reviewed the September 30, 2015 asset allocation, as well as the updated October 31, 2015 allocation of funds. Since the end of the third quarter, the Fund has seen a return of 4.7%, with current assets as of November 6, 2015 totaling \$19,584,403. No rebalancing recommendation was made at this time.

Mr. Hyde made a motion to again permit future mid-quarter portfolio rebalancing with a cap of 5% if deemed necessary.

Seconded by Mr. Watson

A roll call vote was held and Mr. Lee, Mr. Hyde, Mr. Herst, Mr. Quillinan and Mr. Watson voted to approve the mid-quarter rebalancing if necessary.

Presentation of bills and or disbursements:

The bills for payment were presented by Mr. Hyde

1. Puchalski, Goodloe, Marzullo, LLP, Legal Expenses, \$847.50
2. IPPFA Annual Membership Fee, \$795
3. IPPFA Conference Expenses
 - a. Steven Lee, \$71.95
 - b. Mickey Herst, \$60.38
 - c. Patrick Quillinan, \$55.20
 - d. Adam Hyde, \$2,274.24
 - i. 2015 hotel and 2016 hotel deposit expenses
4. Lauterbach and Amen, LLP, Accounting Services, \$8,855.00
 - a. Via monthly draft starting in 2016

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

Seconded by Mr. Herst.

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

Old business:

The Pomerantz Law Security Reports continue to be reviewed upon receipt. All class action documents are being received by Pomerantz and will be processed accordingly. Mr. Peterson will be added to the monthly distribution list.

The IPPFA Annual Conference was reviewed.

Ms. Goodloe reviewed the inquiry made by Member James Hanley. In summary, Mr. Hanley approached the Board asking about when his actual date of entry into the Fund took place. Mr. Hanley began with the Village as a Community Service Officer on August 24, 1988, was promoted to "Patrol Officer in Training" on October 10, 1988 and "Patrol Officer" on December 21, 1988. The Fund and Village documented Mr. Hanley's entry and participation into the Police Pension Fund as December 21, 1988.

Discussion took place about legal review and applicable statutes. Mr. Herst then made a motion to keep Mr. Hanley's service date entry as December 21, 1988.

Seconded by Mr. Lee.

Passed unanimously.

Mr. Hyde will draft a letter and inform Mr. Hanley of the Board's decision.

The 2016 Tax Levy was discussed and Mr. Peterson informed the Board the budgeted amount totals \$833,550, approximately \$50,000 more than requested by the Board.

A Met Life check was received for trust interest in the amount of \$3.75. It was sent to Mr. Krapf for deposit.

New business:

Mr. Hyde discussed a proposal to begin annual Affidavits of Continued Eligibility for all beneficiaries to conform to applicable statutes. Currently Mr. Hyde reviews eligibility yearly by verifying death records with Lexis Nexis systems. In an effort to better document eligibility, Mr. Hyde discussed the yearly signed and notarized document for each beneficiary.

Discussions took place, as did discussion about retaining Lauterbach and Amen to perform the certification duties. The yearly fee to perform the service will be \$200. Any issues raised by beneficiaries will be brought to the attention of the Board in the future.

A motion to begin the new process and retain Lauterbach and Amen was made by Mr. Hyde.

Seconded by Mr. Watson.

Passed unanimously.

Mr. Hyde discussed the 2016 through 2018 Lauterbach and Amen service engagement proposal. The proposal includes yearly fees of \$8,855, \$9,100, \$9,345, which represents yearly increases in fees totaling 3.1%, 2.8% and 2.8% respectively.

Currently the Fund pays Lauterbach and Amen once a year, so discussion to a monthly draft took place.

A motion to retain Lauterbach and Amen for the three year engagement and approve the monthly fee draft was made by Mr. Hyde.

Seconded by Mr. Watson.

Passed Unanimously.

The Board was informed that Village Trustee Patrick McAllister resigned due to relocation of residence. He was appointed as a Village Board liaison to the Police Pension Fund Board by the Mayor. A replacement will be made in the future.

Mr. Hyde reviewed the yearly pension benefit increases, as outlined below. All were provided by Lauterbach and Amen and were independently verified by Mr. Hyde.

Annual Benefit Increases						
January 1, 2016 - Including Changes Through September 2015 Payroll						
Pensioner	Type of Pension	Notes	Prior Benefit	COLA Increase	Current Benefit	Annualized Benefit
Alm, Scott	Duty Disability		\$ 2,579.47	0.00	2,579.47	30,953.64
Andrews, Dennis R.	Service		4,057.40	121.72	4,179.12	50,149.44
Blaz, Ammenarie	Service		5,722.74	171.68	5,894.42	70,733.04
Boyes, Alan D.	Service		4,715.70	141.47	4,857.17	58,286.04
Brucato, David M.	Service		5,733.69	172.01	5,905.70	70,868.40
Duffey, Gregory N.	Service		7,734.33	232.03	7,966.36	95,596.32
Farming, Howard G.	Non-Duty Disability		2,047.22	32.84	2,080.06	24,960.72
Giese, George A.	Service		3,837.70	115.13	3,952.83	47,433.96
Kleffner, John E.	Service		7,978.87	239.37	8,218.24	98,618.88
Larson, Glenn H.	Service		7,140.53	214.22	7,354.75	88,257.00
Melvin, Randall A.	Service		9,890.28	296.71	10,186.99	122,243.88
Quillinan, Patrick D.	Service		7,317.62	219.53	7,537.15	90,445.80
Richter, Gayle A.	Spouse - NT		1,469.00	0.00	1,469.00	17,628.00
Tavernier, Thomas L.	Non-Duty Disability		2,744.23	43.33	2,787.56	33,450.72
Weinstein, Morris H.	Service		5,711.21	171.34	5,882.55	70,590.60
Totals			78,679.99	2,171.38	80,851.37	970,216.44

The annualized benefits will total \$970,216.44. With the increases, a monthly distribution from Wells Fargo will be increased to \$82,000.

A motion to accept the increases was made by Mr. Hyde.

Seconded by Mr. Lee.

A roll call vote was held and Mr. Lee, Mr. Hyde, Mr. Herst, Mr. Quillinan and Mr. Watson voted to approve the increases.

Mr. Hyde reviewed two FOIA requests during the quarter, one from Financial News dated August 24, 2015 and one from Taxpayers United of America dated October 19, 2015.

The 2016 Board meeting dates will be February 9, May 12, August 9 and November 1 at 6 pm.

Consider applications for membership:

None.

Consider applications for benefits:

As of November 2, 2015, Member Jennifer Carstensen withdrew her application for disability in writing.

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 – 16+ hours
Mr. Hyde – 16+ hours
Mr. Quillinan – 16+ hours
Mr. Herst – 16+ hours
Mr. Watson – 16+ hours

Mr. Hyde completed the annual Freedom of Information Act and Open Meetings Act training on August 14, 2015.

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:

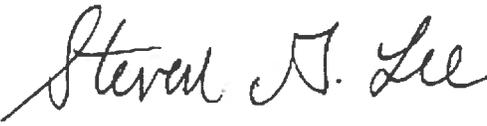
The meeting was adjourned at 8:00 p.m.
The next meeting date is February 9, 2016 at 6 pm.

Motion to adjourn by Mr. Hyde
Seconded by Mr. Watson
Passed unanimously

Respectfully Submitted,



Adam M. Hyde, Secretary

Accepted: 

Mr. Steven Lee, President