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LINCOLNSHIRE POLICE PENSION FUND MEETING

July 31, 2012

Called to order: 6:00 p.m.

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

Guests present: Doug Krapf (Legacy) via phone, Art Tepfer

Absent: None

Reading and approval of minutes of last meeting:

Minutes of the Board meetings on May 15, 2012

Motion to accept as presented by Mr. Lee

Seconded by Mr. Watson

Passed unanimously

Reading of report of the treasurer:

Please reference the report as prepared by the Fund accounting firm, Lauterbach & Amen, LLP.

Review and act on Investment activity:

Mr. Krapf reported about the financial performance of the Fund during the 2nd Quarter of 2012. The Fund had a 2nd Quarter return of -2.35%, and a year to date return of 3.49%. The Fund assets were reviewed and an Asset Allocation summary dated July 27, 2012 was presented to the Board. The fund had a balance of \$15,665,020 on that date.

Mr. Krapf, Mr. Lee and Mr. Herst discussed diversification of funds within the Fixed Income area. To better diversify, a second investment manager for Fixed Income was proposed. The Board reviewed three candidates and their qualifications. Mr. Krapf made a recommendation to hire Great Lakes Advisors, LLC.

Page 2. Police Pension Fund Board meeting of July 31, 2012

Mr. Krapf also reviewed the asset allocation, including current held cash assets and CD's which are due to mature within the quarter. Mr. Krapf recommended moving \$700,000 from cash to invest with Great Lakes Advisors. He also recommended liquidating \$1,300,000.00 from PNC and investing that amount with Great Lakes Advisors. Therefore, a total investment of \$2,000,000 with Great Lakes Advisors would be reached. Great Lakes Advisors will charge the Fund 30 basis points for investment fees until \$5,000,000 is reached, at which time the fee will reduce to 25 basis points.

A motion by Mr. Herst was made to accept the proposals.
Seconded by Mr. Quillinan
Unanimously Passed (Roll Call Vote)

Presentation of bills and or disbursements:

The bills for payment were presented by Mr. Hyde

1. Tepfer Consulting Group, Actuary Services, \$2,250.00
2. IPPFA Annual Conference, All Five Trustees, \$1,425.00
3. Village of Lincolnshire,
New Member Physical Split with Village 50/50, (NW Lake Forest Hospital), \$355.50
4. Mesirow Financial, Fiduciary Liability Insurance, \$2,668.00
5. Patrick Quillinan, PERRO Services, \$12.00

A motion to pay the bills as presented was made by Mr. Hyde
Seconded by Mr. Lee
Passed Unanimously

Old business:

The IPPFA Annual Conference will be held in Lake Geneva, Wisconsin, October 2-5. All trustees will attend to attain their 2012 continuing education.

Mr. Hyde reported the DOI Annual Report was filed by Lauterbach & Amen.

New Business:

Mr. Art Tepfer presented the Actuarial Valuation for the year ending December 31, 2012. The report was reviewed by the Board.

A motion to accept the report was made by Mr. Hyde
Seconded by Mr. Herst
Passed Unanimously

Page 3. Police Pension Fund Board meeting of July 31, 2012

Mr. Lee presented the Board with the Municipal Compliance Report. The report was reviewed with the Board.

A motion to accept the report was made by Mr. Hyde
Seconded by Mr. Lee
Passed Unanimously

Mr. Lee advised the Board that Mesirow Financial will offer the same Fiduciary Liability Insurance for the upcoming year at the same cost. The Board will continue with the insurance.

Mr. Quillinan reported he is currently in the process of evaluating the PERRO organization to present to the Board at the next meeting.

Mr. Hyde presented the 2013 Pension Budget to the Board. A copy will be delivered to the Village.

Mr. Herst was reappointed to the Board by Mayor Blomberg for a two-year term. The Village has not sent out reappointment letters yet, but will send one to Mr. Hyde to include in the Pension Fund files.

Internal Board elections were held and are summarized below.

President: Mr. Lee
Vice President: Mr. Quillinan
Secretary: Mr. Hyde
Assistant Secretary: Mr. Watson
Trustee: Mr. Herst

A motion to accept the nominations was made by Mr. Hyde
Seconded by Mr. Watson
Passed Unanimously

Mr. Hyde presented the Board with a renewal proposal for accounting services with Lauterbach & Amen, LLP. The fee would increase 2% yearly, as shown in Figure 1.

Mr. Hyde made a motion to accept the 3-year proposal for services through December 31, 2015.
Seconded by Mr. Lee
Passed Unanimously

Page 4. Police Pension Fund Board meeting of July 31, 2012

Services Provided	For the Year Ended 12/31/2013	For the Year Ended 12/31/2014	For the Year Ended 12/31/2015
Monthly Accounting	\$375 Monthly	\$380 Monthly	\$385 Monthly
Benefits Administration	\$130 Monthly	\$135 Monthly	\$140 Monthly
Payroll Tax Returns	\$235 Annually	\$240 Annually	\$245 Annually
Year End Auditor's Workpapers	\$525 Annually	\$530 Annually	\$535 Annually
Illinois Department of Insurance Compliance Report	\$1,275 Annually	\$1,300 Annually	\$1,325 Annually
Actuarial Services	Upon Request Annually	Upon Request Annually	Upon Request Annually
Total Annual Fees	\$8,095 Annually	\$8,250 Annually	\$8,405 Annually
Percentage Increase Per Year	2%	2%	2%

Figure 1: Proposed Agreement with Lauterbach & Amen

Consider applications for membership:

New police officer Justyna Lindahl made application for membership. She began as a probationary police officer on July 6, 2012 and will be a Tier II member.

Mr. Hyde made a motion to accept the membership application.
 Seconded by Mr. Watson
 Passed Unanimously

Consider applications for benefits:

No applications were received.

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 – 2 Hours (Open meetings act)
- Mr. Hyde – 4 Hours (Open meetings act and FOIA)
- Mr. Quillinan – 0
- Mr. Herst – 4 Hours (Open meetings act and private accepted training conference)
- Mr. Watson – 2 Hours (Open meetings act)

Page 5. Police Pension Fund Board meeting of July 31, 2012

Adjournment:

The meeting was adjourned at 7:50 p.m.

The next meeting date was changed to November 13, 2012 at 6 pm. Notice of the change will be posted by Mr. Hyde.

Motion to adjourn by Mr. Watson

Seconded by Mr. Quillinan

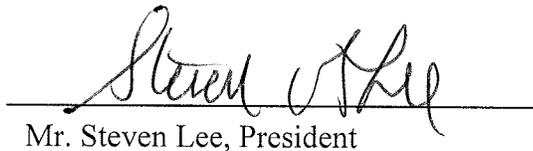
Passed unanimously

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'A. Hyde', with a long horizontal flourish extending to the right.

Adam M. Hyde, Secretary

Accepted:

A handwritten signature in black ink, appearing to read 'Steven Lee', written over a horizontal line.

Mr. Steven Lee, President