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LINCOLNSHIRE POLICE PENSION FUND MEETING

February 11, 2014

- Called to order:** 6:00 p.m.
- Trustees present:** Adam Hyde, Mickey Herst, Jamie Watson, Patrick Quillinan
- Via conference call:** Steven Lee, due to scheduled out of state conflict and applicable provision of the Open Meetings Act
- Guests present:** Doug Krapf (via telephone), Michael Peterson (Finance Director), Laura Goodloe (Fund Legal Counsel)
- Absent:** None

Reading and approval of minutes of last meeting:

Minutes of the Board meetings on November 5, 2013 and November 22, 2013

Motion to accept as presented by Mr. Hyde
Seconded by Mr. Herst
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 began by reviewing the services Legacy Strategic Management provides to the Pension Fund and other clients. A packet of information was provided to each attendee and it was reviewed.

Mr. Krapf reported about the financial performance of the Fund during the 4th Quarter of 2013. The Fund had a 4th Quarter return of 4.14% and a 2013 year return of 13.35%. The assets as of December 31, 2013 were \$19,158,492. Mr. Krapf also

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reviewed the Fund's portfolio.

Mr. Krapf discussed the "Watch Status" of Advisory Research. They have continued positive progress during the past two quarters, but Mr. Krapf recommended we continue the Watch Status for another one or two quarters.

Eagle Asset Management underperformed its peers by at least 2% in the past 3 years. It was also in the bottom 50% of their peer universe, thus Mr. Krapf, per Investment Policy, recommended Eagle Asset Management be placed on Watch Status at this time.

Finally, Mr. Krapf reviewed the current asset allocation of the Fund. The Fund assets were reviewed and an Asset Allocation summary dated February 7, 2014 was presented to the Board. The fund had a balance of \$18,885,175 on that date. To more closely align with our model portfolio, Mr. Krapf made a recommendation to reallocate funds to follow the Investment Policy. His recommendations were:

1. Liquidate \$300,000 from Diamond Hill Large Cap Fund
2. Liquidate \$200,00 from Vanguard Growth Index
3. Invest \$160,000 in Dodge & Cox International Fund
4. Invest \$160,000 in Oppenheimer International Growth Fund
5. Invest \$40,000 in Aberdeen Emerging Market Equity Fund
6. Purchase \$240,000 Certificates of Deposits with maturities greater than 6 months.

A motion to accept all recommendations and investments as proposed by Mr. Krapf was made by Mr. Watson.

Seconded by Mr. Hyde

Passed, Roll Call Vote, Mr. Lee abstained as not present in person

Presentation of bills and or disbursements:

The bills for payment were presented by Mr. Hyde

1. Village of Lincolnshire, Ryan Revoy physical, \$397.50
2. Puchalski, Goodloe, Marzullo, LLP, Tax levy work and creditable service research, \$450.00

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

Seconded by Mr. Watson

Passed, Roll Call Vote, Mr. Lee abstained as not present in person

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Old business:

Mr. Hyde reviewed the Village tax levy, as did Mr. Lee. Mr. Lee discussed the November 22, 2013 Pension Fund requested amount of \$644,854 and he presented that request, along with other outlined alternatives to the Village Board at their November 25, 2013 meeting.

Mr. Peterson confirmed the final tax levy amount of \$586,000 was accepted by the Village Board for the Police Pension Fund.

Mr. Herst reviewed the Pomeranze Law Security Reports that each member gets electronically. There is no new action.

Mr. Hyde reviewed the ongoing discussions with the payroll deductions being made by the Village for each member. In summary, three members, Scott Holst, Traci Gloede (Pearson) and Melissa Quint all had breaks in service during 2013, as outlined below. Due to the breaks, the Village did not withhold the appropriate pension deductions, thus each respective member received non-creditable service ranging from one to two days.

Attorney Goodloe researched the appropriate Statutes and verified that members can purchase breaks in service up to 30 days for any reason. This information was presented to all three members. Mr. Hyde verified the proper payroll deduction and repayment amounts via payroll records and confirmed the amounts with Fund Accountants Lauterbach and Amen.

Traci Gloede agreed to buy back two days of creditable service per Statute in the amount of \$57.58.

Scott Holst agreed to buy back one day of creditable service per Statute in the amount of \$34.03.

Melissa Quint refused to buy back one day of creditable service per Statute. The loss in contributions was \$29.90.

Mr. Peterson confirmed payroll deductions for Mrs. Gloede and Mr. Holst have been completed in the aforementioned amounts.

Member	Date/Pay Period of Loss	Creditable Service	Contribution Amounts
Traci Gloede	Pay Periods 12 and 13 June 9 to 28, 2013	2 days	\$57.58
Scott Holst	Pay Period 22 October 27 to November 1, 2013	1 days	\$34.03
Melissa Quint	Pay Period 12 June 9 to 14, 2013	1 days	\$29.90

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In an effort to protect personnel issues in the future and eliminate such contribution shortages, Attorney Goodloe will be working with Mr. Hyde to draft a contributions waiver for all active and new members.

A motion to accept the creditable service time purchase was made by Mr. Hyde.
Seconded by Mr. Quillinan
Passed unanimously.

A draft Investment Policy was presented to members and will be reviewed at the next meeting by Mr. Krapf.

New business:

Mr. Hyde discussed the 2013 creditable service forms as received from Chief Peter Kinsey.

Mr. Hyde has received the 2013 year end salary and contribution data from the Village and it will be filed.

Attorney Goodloe presented draft changes to the Administrative Rules and Regulations. The proposals were for new chapters containing information about the purchase of prior military service and purchase of breaks in service.

Mr. Hyde informed the Board disabled member Scott Alm was due for his yearly disability medical examination.

Mr. Hyde requested approval for scheduling and payment of the examination up to \$1,000.

Seconded by Mr. Herst

Passed, Roll Call Vote, Mr. Lee abstained as not present in person

Mr. Peterson advised the Board that the Lake County Statements of Economic Interest will be sent electronically from the County this year. Board members will print certificates upon completion.

Mr. Krapf notified Mr. Hyde that the Eagle Asset Management fees were not scheduled for payment during the past year. Legacy will not be requesting repayment of the fees from the Fund, and the fees will be properly paid from this point forward.

Mr. Hyde advised the Board that former member Joseph F. Gallo officially requested to

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repurchase his creditable service time from the Fund under appropriate Transfer for Creditable Service/Portability Statutes.

Mr. Gallo was appointed as a police officer on July 29, 1991 and separated from Lincolnshire on December 6, 1994. His creditable service was 3 years, 4 months and 9 days. Upon separation he withdrew his contributions and was refunded \$9,876.64.

Under Statute, a transfer of service calculation was conducted by Lauterbach and Amen per the request of Mr. Hyde. On December 20, 2013, a letter of detail was sent to Mr. Gallo outlining his Transfer of Creditable Service from the Lincolnshire Police Pension Fund to the Champaign Police Pension Fund.

At the time of the letter, Mr. Gallo owed the amount of \$30,157.84, which consisted of his refund plus interest calculated at 6% compounded annually.

Due to the lapse before this meeting, a second calculation was requested by Mr. Hyde. Ms. Allison Barrett provided the updated amount due of \$30,295.38 by February 28, 2014.

Once received, the Fund will then issue payment to the Champaign Police Pension Fund in the amount of \$68,874.50. This final amount consists of Mr. Gallo's contributions (\$9,876.64), and interest calculations based upon contributions during employment (\$24,560.61) and the match of those combined, \$34,437.25. Thus the Fund will be contributing a final total of \$38,579.12 to the service transfer.

Mr. Hyde will obtain an irrevocable agreement from Mr. Gallo following the meeting.

Mr. Hyde made a motion to accept the aforementioned Transfer of Creditable Service calculations and proposed payment to the Champaign Police Pension Fund in the amount of \$68,874.50, as outlined in Statute.

Seconded by Mr. Watson

Passed, Roll Call Vote, Mr. Lee abstained as not present in person

Mr. Hyde reviewed the Open Meetings Act and Freedom of Information Act officer positions. He made a motion to accept those positions again.

Seconded by Mr. Watson

Passed unanimously.

Mr. Hyde and the Board discussed pending pregnancy non-duty disability concerns. Attorney Goodloe will work with Mr. Hyde regarding this pending issue.

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Mr. Hyde confirmed the predatory lending certificate was received from Lauterbach and Amen regarding the Harris Bank accounts.

Consider applications for membership:

New officer Ryan Revoy made application for membership. He was appointed as a police officer on January 3, 2014 and is a Tier II officer.

Motion to accept Mr. Revoy made by Mr. Hyde
Seconded by Mr. Watson
Passed unanimously.

Consider applications for benefits:

Deputy Chief Gregory Duffey gave notice on January 7, 2014 of his intent to retire effective May 24, 2014. He completed application for benefit, however, due to a delay in his final salary data, his application for benefit was tabled until the April meeting.

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 has no minutes kept as Executive Session sealed minutes.

Public Comment:

No public comment.

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Adjournment:

The meeting was adjourned at 8:10 p.m.

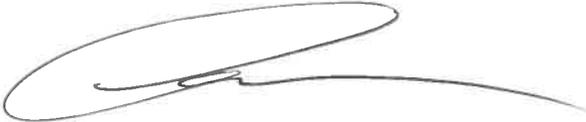
The next meeting date was scheduled for April 22, 2014 at 6 pm.

Motion to adjourn by Mr. Hyde

Seconded by Mr. Watson

Passed unanimously

Respectfully Submitted,



Adam M. Hyde, Secretary

Accepted:



Mr. Steven Lee, President