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LINCOLNSHIRE POLICE PENSION FUND MEETING

April 22, 2014

Called to order: 6:10 p.m.

Trustees present: Steven Lee, Adam Hyde, Mickey Herst, Patrick Quillinan
(late arrival)

Guests present: Doug Krapf (Legacy), Michael Peterson (Finance Director),
Laura Goodloe (Fund Legal Counsel)

Absent: Jamie Watson

Reading and approval of minutes of last meeting:
Minutes of the Board meetings on February 11, 2014

Motion to accept as presented by Mr. Lee
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. The 2014 Fee Analysis was presented and a reduction of 2 basis points was presented by Mr. Krapf. The estimated Investment Management fee is \$115,226.71 and the Legacy Consulting Service fee is \$42,051.61. The total fees for investment services, including Legacy, are 80 basis points, or 0.8% annually.

Mr. Krapf reported about the financial performance of the Fund during the 1st Quarter of 2014. The Fund had a 1st Quarter return of 1.0%. The assets as of April 16, 2014 were \$19,058,662. Mr. Krapf also reviewed the Fund's portfolio.

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Mr. Krapf discussed the "Watch Status" of Advisory Research and Eagle Asset Management. Both again underperformed their peers, so a recommendation to continue the watch status was made by Mr. Krapf.

Mr. Krapf also discussed organizational changes and PIMCO. Due to the changes, he recommended adding PIMCO to "Watch Status" for the next two quarters.

Discussions took place regarding investing cash into various local bank Certificates of Deposit or Money Market investments. Mr. Hyde will work with Mr. Krapf to research this option.

Mr. Krapf discussed the current asset allocation. To more closely align with our investment policy, Mr. Krapf recommended the below reallocations.

1. Liquidate \$100,000 from Advisory Research
2. Liquidate \$100,000 from Eagle Asset Management
3. Transfer to cash to await further possible investment opportunities in short term fixed income or cash alternatives

Finally, the 2014 Investment Policy Statement was presented. No changes were made to the policy.

A motion to accept all recommendations and investments, as well as the current Investment Policy Statement as proposed by Mr. Krapf was made by Mr. Herst.
Seconded by Mr. Lee
Passed, Roll Call Vote

Presentation of bills and or disbursements:

The bills for payment were presented by Mr. Hyde

1. Puchalski, Goodloe, Marzullo, LLP, Carstensen and Contribution waiver research, \$1,375.00
2. Dr. Cummins, Scott Alm Physical, \$800.00
3. DOI Compliance Fee, \$3,294.36

A motion to pay the bills as presented was made by Mr. Hyde
Seconded by Mr. Quillinan
Passed, Roll Call Vote

Old business:

Mr. Hyde discussed the ongoing Contribution Waivers created with legal counsel. All but one officer has returned the waiver, which entitles the Village to continue to take

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pension contributions during short breaks in service.

Mr. Alm's annual disability physical was scheduled for today with Doctor Cummins. Mr. Hyde will report the results at the next meeting.

Mr. Hyde reported that former officer Joseph Gallo's transfer of creditable service is complete.

New business:

The Lake County Statement of Economic Interest forms were completed by all Board members. Mr. Watson and Mr. Quillinan sent their documents via US Mail.

Mrs. Goodloe presented a draft version of updated Administrative Rules and Regulations. Changes were discussed and will be finalized at the next meeting.

Mr. Lee began the process of soliciting requests for proposals for investment consulting services. This will begin our five year compliance. Mr. Hyde will work with Mrs. Goodloe and the Board to send out and receive proposals by the next meeting.

The DOI Annual Report was presented by Mr. Hyde. The Board reviewed the document and verified all details. Submission of the report is on target for mid-May. A formal approval will take place at the next meeting.

Mr. Hyde reviewed a pending application by Officer Jennifer Carstensen. The Board reviewed disability claim procedures. Mr. Hyde will monitor the situation and coordinate with Mrs. Goodloe for her short term disability pending claim.

Consider applications for membership:

None.

Consider applications for benefits:

Deputy Chief Gregory Duffey gave notice on January 7, 2014 of his intent to retire effective May 24, 2014. Mr. Hyde verified all calculations made by Lauterbach & Amen. Below is a snapshot of his initial benefits.

Mr. Duffey will retire after 30 years of creditable service at age 63. His final salary is \$120,145.00. His initial prorated benefit will begin on May 24, 2014 in the amount of \$1,937.82. Mr. Duffey's first full benefit will begin on June 1, 2014 in the amount of \$7,509.06 a month.

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| | |
|--------------------------------------------------|--------------|
| Age at Retirement Date | 63 |
| Years of Creditable Service Earned | 30 |
| Applicable Salary | \$120,145.00 |
| Amount of the Originally Granted Monthly Pension | \$7,509.06 |
| Nontaxable Amount of Annual Pension | \$818.40 |

Pension Calculation History

| Date | Description | Amount of Change | Amount of Monthly Pension | Amount of Annual Pension | Nontaxable Amount of Annual Pension |
|----------|-----------------------------|------------------|---------------------------|--------------------------|-------------------------------------|
| 05/24/14 | Original Benefit (prorated) | | 1,937.82 | | |
| 06/01/14 | Original Benefit | | 7,509.06 | 90,108.72 | 477.40 |
| 06/01/15 | First Increase | 225.27 | 7,734.33 | 92,811.96 | 818.40 |
| 01/01/16 | Annual 3% COLA | 232.03 | 7,966.36 | 95,596.32 | 818.40 |
| 01/01/17 | Annual 3% COLA | 238.99 | 8,205.35 | 98,464.20 | 818.40 |
| 01/01/18 | Annual 3% COLA | 246.16 | 8,451.51 | 101,418.12 | 818.40 |

A motion to accept the retirement was made by Mr. Hyde.
 Seconded by Mr. Quillinan
 Passed unanimously

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 8:25p.m.

The next meeting date was scheduled for August 5, 2014 at 6 pm.

Motion to adjourn by Mr. Hyde

Seconded by Mr. Watson

Passed unanimously

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'A.M. 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 A. Lee', written in a cursive style.

Mr. Steven Lee, President