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LINCOLNSHIRE POLICE PENSION FUND MEETING

August 5, 2014

Called to order: 6:00 p.m.

Trustees present: Adam Hyde, Mickey Herst, Patrick Quillinan, Jamie Watson (departure at 7:00 p.m.), Steven Lee via phone (due to scheduled out of state conflict and applicable provision of the Open Meetings Act)

Guests present: Doug Krapf (Legacy), Michael Peterson (Finance Director), Laura Goodloe (Fund Legal Counsel), Steve Earnhardt and Allison Barrett (Lauterbach & Amen), Art Tepfer (Tepfer Consultants)

Absent: None

Reading and approval of minutes of last meeting:

Minutes of the Board meeting on April 22, 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. Effective July 1, 2014, Legacy reduced their consulting service fee to 16 basis points as outlined in Mr. Krapf's reduction proposal dated June 30, 2014.

Mr. Krapf reported about the financial performance of the Fund during the 2nd Quarter of 2014. The Fund had a 2nd Quarter return of 2.5% and year to date return of 3.52%.

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The assets as of August 4, 2014 were \$19,444,713. Mr. Krapf also reviewed the Fund's portfolio.

Mr. Krapf discussed the "Watch Status" of Advisory Research, Eagle Asset and PIMCO. All performed better in the second quarter, but the watch status is anticipated to continue for the next two quarters.

Mr. Krapf also discussed the performance of Mainstay Marketfield Multi-Class Equity. Due to concerns with performance and investment strategies, Mr. Krapf reviewed Mainstay Marketfield's investment practices with Ms. Goodloe and the Department of Insurance. Due to continued concerns, Mr. Krapf recommended the Fund liquidate all assets from Mainstay Marketfield. He recommended the below investment of the assets held by Mainstay Marketfield.

Invest Assets from Mainstay Marketfield into:

1. \$350,000 into First Eagle Global Fund
2. \$300,000 into PIMCO All Asset All Authority Fund
3. \$300,000 Blackrock Global Allocation Fund
4. \$225,000 Templeton Income Fund

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

Seconded by Mr. Quillinan

Passed, Roll Call Vote (Herst, Quillinan, Hyde, Watson)

Presentation of bills and or disbursements:

The bills for payment were presented by Mr. Hyde

1. Puchalski, Goodloe, Marzullo, LLP, \$554.25
2. IPPFA Annual Conference Fee, Mr. Hyde, \$1,525.00
3. Art Tepfer, Actuarial Valuation Fee, \$2,750.00
4. Mesirow Financial, Fiduciary Liability Insurance, \$2,839.00
5. IPPFA 2013 Conference Expenses (Reissued), Mr. Quillinan, \$49.72
6. Brian Granneman, Refund of Contributions, \$29,752.69

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

Seconded by Mr. Quillinan

Passed, Roll Call Vote (Herst, Quillinan, Hyde, Watson)

Old business:

Mr. Hyde reported to the Board that Dr. Cummins certified Scott Alm's disability on April 22, 2014.

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Mr. Hyde confirmed the Department of Insurance Annual Report was filed on June 5, 2014 and signed on June 6, 2014. That report was an amended report for a May 22, 2014 filing.

Mrs. Goodloe presented the Board with the 2014 Administrative Rules and Regulations. Mrs. Goodloe will send a copy to the Department of Insurance and Mr. Hyde will post the Rules and issue a copy to all members.

Mr. Herst made a motion to accept the rules
Seconded by Mr. Quillinan
Passed unanimously

New business:

Art Tepfer reviewed the Actuarial Valuation dated June 9, 2014. Mr. Tepfer reported the Fund is in good shape and has been funded well. As of this report, the funded ratio of the Fund was 87.74%. Pursuant to the 2013 funding plan, and a 15 year Amortization Methodology, the recommended contribution from the Village for next year is \$692,133.00. Mr. Hyde also informed the Board that the Department of Insurance Valuation Report was received and is available online.

A motion was made by Mr. Lee to accept Mr. Tepfer's report and the aforementioned contribution request from the Village.
Seconded by Mr. Hyde
Passed unanimously

Mr. Hyde presented the Municipal Compliance Report to the Board for the year ending December 31, 2013. The report was reviewed by Mr. Lee and he will meet with the Village Board upon request.

A motion to accept the Municipal Compliance Report was made by Mr. Hyde
Seconded by Mr. Herst
Passed unanimously

Ms. Allison Barrett informed the Board that our new account representative is Steve Earnhardt from Lauterbach and Amen. The Board welcomed Mr. Earnhardt.

Ms. Barrett discussed municipal insurance deductions under HELPS for beneficiary members. Lauterbach and Amen offers the service to aid our membership, which consists of deducting municipal insurance premiums on behalf of our beneficiary members.

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Mr. Hyde made a motion to allow Lauterbach and Amen to proceed with HELPS.
Seconded by Mr. Herst
Passed unanimously

Mr. Peterson discussed the Village audit. A copy of the audit was provided to the Fund.
No issues were noted.

Internal Board elections were held. Offices were unopposed and are:

President: Steven Lee
Vice President: Patrick Quillinan
Secretary: Adam Hyde
Assistant Secretary: Jamie Watson
Trustee: Mickey Herst

A motion to accept was made by Mr. Hyde
Seconded by Mr. Lee
Passed unanimously

Mr. Hyde discussed the RFP process. In total, Mr. Hyde sent the proposal to twenty-three investment agencies. Four were returned to Mr. Hyde: Legacy, Sawyer Falduto, Zemenick & Walker, Inc. (St. Louis), Investment Performance Services, LLC (Newton, PA).

The Board reviewed the proposals of all four and the search was narrowed to Legacy and Sawyer Falduto due to their geographic location, presentation and marketplace knowledge. Interviews will take place at the next meeting.

Mr. Hyde turned over a Met Life check in the amount of \$3.50 to Mr. Krapf for deposit.

Consider applications for membership:

None.

Consider applications for benefits:

Former member Brian Granneman requested a refund for contributions. Mr. Granneman contributed \$29,752.69 to the Fund and requested the funds to be sent to Merrill Lynch.

Mr. Herst made a motion to refund the contributions.
Seconded by Mr. Quillinan
Passed, Roll Call Vote (Herst, Quillinan, Hyde)

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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 – 4 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 8:00 p.m.

The next meeting date was scheduled for November 4, 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