



## **Lake Zurich Police Pension Board**

**200 Mohawk Trail, Lake Zurich IL 60047**

**(847) 719-1690 Ext. 366**

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### **MINUTES OF THE MEETING OF THE LAKE ZURICH POLICE PENSION FUND**

**April 12, 2011**

The special meeting of the Lake Zurich Police Pension Board was held on April 12, 2011 at 8:00 a.m. in the Administrative Conference Room at the Lake Zurich Police Department, 200 Mohawk Trail, Lake Zurich, Illinois.

#### **I. CALL TO ORDER**

President John Filantres called the meeting to order at 8:03 a.m.

Roll Call shows the following members were present John Filantres; David Anderson; David Bradstreet; Catherine Williams and Mark Ernst.

Absent: None

Also present: John Falduto; Tom Sawyer, Sawyer Falduto Asset Management LLC Attorney, Carolyn Welch Clifford, Ottosen Britz Kelly Cooper, Gilbert & DiNolfo. Ltd; Kelly Kruger, Lauterbach & Amen; Office Manager Diana Chesser, Lake Zurich Police Department; Roy Witherow; Assistant Village Administrator Village of Lake Zurich; Maria Forrest; Assistant Finance Director, Village of Lake Zurich.

#### **II. PUBLIC COMMENT**

None

#### **III. APPROVAL OF MINUTES**

Motion was made by Catherine Williams to approve the minutes from the Regular meeting on January 11, 2011. Seconded by David Anderson and passed upon the following voice vote.

AYES: Anderson, Bradstreet, Filantres, Ernst, Williams

NAYS: None

#### **IV. FINANCIAL/INVESTMENT REPORTS**

##### **A. Payment of bills**

David Anderson explained the bills that have been paid. \$235.00, to Mr. Filantres for reimbursement to a Kent College seminar; \$33.58 to Mark Ernst for training; Lauterbach & Amen \$525.00; Lauterbach & Amen \$1,695.00 for multiple bills for monthly fees; \$2,386.50 Ottosen Britz Kelly Cooper, Gilbert & DiNolfo, Ltd. for services rendered primarily for the presentation to the Village Board; \$21.57 to Mark Ernst for reimbursement for miles and meals for training.





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Motion was made by Mark Ernst to pay the bills as read off. Seconded by David Bradstreet and passed by a roll call vote.

AYES: Anderson, Bradstreet, Filantres, Ernst, Williams  
NAYS: None

**B.** Lauterbach & Amen: Financial Report. Kelly Kruger reviewed the Financial Report for the month ending February 28, 2011 in detail and answered various questions from the board. Mark Ernst asked if the Village has paid or will pay the difference in the amount that was levied and the actual amount that was paid. Carolyn Clifford explained that it looks that it will be taken care of at the end of the fiscal year. Maria Forrest explained the Village is all caught up on what it owed.

**C.** Sawyer Falduto Investment Report: Tom Sawyer reviewed and explained the portfolio of the Quarterly Investment Performance Report for the first quarter of 2011 in detail. Tom Sawyer answered various questions from the board. Catherine Williams asked if he is going to balance investing between growth and value for the rest of 2011. Tom Sawyer responded yes, he believes so.

**D.** Tom Sawyer reviewed the Bond & Equity exposure and investment considerations. Funds that are \$10 million and greater you can expand the equity positions. So after July 1<sup>st</sup> we can go into 50% equities and July 1<sup>st</sup> of 2012 go into 55% of equities should we choose to do so. He explained corporate bonds as well as taxable municipal bonds. If you are over \$10 million and willing to give up a piece of the 55% equity position to diversify component in a corporate bond fund its not a bad idea. Carolyn Clifford mentioned that at the July meeting we may see more for review and possibly change our investments. Tom Sawyer will come up with scenarios. John Filantres asked if we can get the information prior to the next meeting so decisions can be made at the next meeting John Falduto can draw up and prepare policies. He recommends moving up a small amount at a time. No dramatic changes. If there are any questions, Tom Sawyer advised to please email him. David Anderson asked if we should make a small jump now or just wait until July 1<sup>st</sup> and make a 10% jump. Tom Sawyer stated he likes how we have been prudent with our choices so far. He prefers to do a little bit here and there than a big jump all at once.

Motion was made by Mark Ernst to approve the Sawyer Falduto Quarterly Investment Report. Dave Bradstreet seconded and passed by roll call vote.

AYES: Anderson, Bradstreet, Filantres, Ernst, Williams  
NAYS: None

## **V. UNFINISHED BUSINESS**

### **A. IPPFA Conference Attendees/Registration**

David Anderson advised he has two rooms secured for the October 5-7 training for himself, if re-elected, and Dave Bradstreet. Catherine Williams advised she





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will attend but does not require lodging. Mark Ernst said maybe. David Anderson will register Catherine Williams. We will revisit this in July. John Filantres advised there is also a conference coming up in St. Charles. David Anderson asked Mark Ernst if him becoming a Village Trustee will be a conflict of interest at all with him staying on the pension board. Mark Ernst replied that the Mayor advised she would like him to stay and it is not a conflict of interest. David Anderson will wait until May 1<sup>st</sup> and will then register all who plan to attend.

### **B. Status of annual Statements of Economic Interests for Trustees**

Carolyn Clifford advised that as a reminder those statements are due to Lake County by May 1. She added that one covers everything as some have received multiple forms.

### **C. Status of actuarial study and levy process for 2011**

Carolyn Clifford explained that we had conversations in January on intentions to work collaboratively with the Village of Lake Zurich. Lauterbach & Amen will be working on getting the annual statement to the Dept. of Insurance. We will need to get Tim Sharpe working on his portion. She leaves it to this Board as to how we want to approach this process. A special meeting may be required to meet with some Village Board members and others. Mark Ernst feels it will be an easier process. It may be helpful to speak to Al Zochowski. Dave Bradstreet will talk to him. He will also get in touch with Kelly Zabinski for the audit.

### **D. Review of Timeline Requirements**

Carolyn Clifford handed out a document that is helpful so all will know what is due and when. She briefly reviewed it with members.

### **E. Preparation of DOI annual statement**

Lauterbach & Amen will prepare the DOI Annual Statement.

### **F. Previous Department/Military buy back for multiple Police Officers**

David Anderson explained that Officer Frost has gone through the process of buying back his years of creditable service from the Cary Police Department and has a check to cover the difference. It is turned over to Lauterbach & Amen.

Chief Pat Finlon bought back 2 years of credible Military Service. Lauterbach & Amen has received his check. Officer Hoops also did the same thing for 2 years of service.

Former Police Chief Bill Urry has requested to change his deductions every month due to he will be going on Medicare in June.

Officer TeRonde has elected to buy back his military service. He is not using ICMA funds so the Board needs to decide on guidelines as to how to collect those funds, whether we will collect interest to those funds, if it can be taken through payroll deduction, etc. Carolyn Clifford recalls that Nathan Gaskill was going to draft some language on how this is done. Interest will accrue until it is paid. John Filantres will email Nathan for status on creditable service and military





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buy back. These changes will apply to all in the future. John Falduto advised that it is up to the Board to decide what the policy will be. Carolyn Clifford suggested we add a section on Military buyback and it will address the issue that they can repay it on a payment plan. Discussed an interest rate and time period to repay it back. 7% interest with 5 years to pay back or before retirement was discussed. Can also prepay.

Motion was made by Dave Bradstreet to set up a buyback plan for future officers to purchase 2 years of military time with 5 years to pay it back or prior to retirement at 7% interest rate of return. In the future the rules will be changed to reflect the current DOI assumption rate of return. David Anderson seconded and passed by roll call vote.

AYES: Anderson, Bradstreet, Filantres, Ernst, Williams  
NAYS: None

Motion was made by Mark Ernst to accept the purchases of Officer Frost, Hoops and Chief Finlon. David Anderson seconded and passed by roll call vote

AYES: Anderson, Bradstreet, Filantres, Ernst, Williams  
NAYS: None

### **G. Election/appointment status**

Dave Bradstreet is running an election beginning April 15 running through April 27<sup>th</sup> for a two year spot for David Anderson's position. Votes will be read April 28<sup>th</sup> 2011. If there is a change there will be a different board member. There are currently 3 nominees. John Filantres has been re-elected by default. His term is 5/1/2011 – 4/30/2013.

A motion was made by Dave Bradstreet to dispense with the election and declare John Filantres our retired board member through acclamation. Catherine Williams seconded and passed by a unanimous voice vote.

### **H. Status of Trustee Training**

David Anderson reviewed his files to be sure he had accurate certificate copies from each board member for their required hours of training.

## **VI. NEW BUSINESS**

### **A. Insurance Change Request**

This was discussed earlier that former Chief Urry was requesting a change in his deductions due to his insurance status.

Mark Ernst asked about fiduciary liability coverage. This will be put on the agenda for the next meeting.





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### **B. Six month review of closed meeting minutes**

David Anderson advised the only closed minutes we have in the file are from July 14, 2009 and from September 1, 2009 which are discussions of the pending litigation of the Chesser lawsuit which has been completed. Carolyn Clifford advised that the board can keep the minutes closed if they want to. They can be opened to the public. The tapes can be destroyed after 18 months at the direction of the board.

Motion was made by Mark Ernst to declassify and open the closed meeting minutes and destroy the taped recordings of the meetings. Seconded by Dave Bradstreet and passed by roll call vote.

AYES: Anderson, Bradstreet, Filantres, Ernst, Williams,  
NAYS: None

### **C. Rules Update**

Carolyn Clifford explained this will be at the July meeting. We will see what the final form of Pension reform looks like in the spring. This may include civil unions law and will add this into the rules as well as adding our military policy. She will get them done ahead of time with tracked changes so we can see them.

### **VIII Adjournment**

There being no more business to come before the Board, Dave Bradstreet made a motion to adjourn. Seconded by Catherine Williams and passed by a unanimous voice vote. Meeting adjourned at 10:00 a.m.

Respectfully submitted:

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Secretary, Board of Trustees

Minutes prepared by Diana Chessler

Approved by the Board of Trustees at a meeting held on 7/12, 2011.

