



Lake Zurich Police Pension Board
200 Mohawk Trail, Lake Zurich IL 60047
(847) 719-1690 Ext. 366

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

July 12, 2011

The regular meeting of the Lake Zurich Police Pension Board was held on July 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 8:00 a.m.

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

Absent: Mark Ernst

Also present: John Falduto and Tom Sawyer, Sawyer Falduto Asset Management; Attorney, Carolyn Welch Clifford, Ottosen Britz Kelly Cooper Gilbert & DiNolfo Ltd; Kelly Kruger, Lauterbach & Amen; Office Manager Diana Chesser, Lake Zurich Police Department.

II. PUBLIC COMMENT

None

III. APPROVAL OF MINUTES

Catherine Williams pointed out a correction to the minutes from April 12, 2011. Motion was made by Catherine Williams to approve the amended minutes from the regular meeting on April 12, 2011. Seconded by David Bradstreet and passed upon the following roll call vote

AYES: Anderson, Bradstreet, Filantres, Williams

NAYS: None

ABSENT: Ernst

IV. FINANCIAL/INVESTMENT REPORTS

A. Payment of bills

David Anderson explained the bills that have been paid. \$525.00, to Lauterbach & Amen for monthly services for June; \$275.00 to John Filantres for NIU conference registration; \$1,184.00 to Ottosen Britz Kelly Cooper, Gilbert & DiNolfo, Ltd. for services rendered; Compliance fee to Illinois Department of Insurance of \$1,769.25; Lauterbach & Amen \$505.00; \$22.69 to Mark Ernst for travel expenses and food for a seminar; \$148.00 to Ottosen Britz Kelly Cooper Gilbert & DiNolfo, Ltd.; to Lauterbach & Amen \$505.00 for monthly fees; \$825.00 to Northern Illinois University thru IPPFA for conference fees for three.



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Motion was made by David Bradstreet to pay the bills as read off for the last quarter. Seconded by Catherine Williams and passed by a roll call vote

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

B. Lauterbach & Amen Financial Report Kelly Kruger reviewed the Financial Report for the month ending May 31, 2011 in detail. Carolyn Clifford asked if the Village has paid what they owed. Ms. Kruger added that they had and it has come through. Dave Bradstreet asked on behalf of a police officer who is considering retiring would like information on taxes, etc. Ms. Kruger advised to send her all of his information

C. Sawyer Falduto Investment Report: Tom Sawyer reviewed performance through June 30th. It was a positive quarter even though problematic on equity side. The fund is up for the first 6 months of the year. He suggested that the Board keep its portfolio duration still short relative to our benchmark. Discussed European banks briefly. Reviewed transactions and explained some changes he made. John Filantres had a question of why we are still in a higher cash position. John Falduto explained there is not a lot of cash in the portfolio; just enough to have what is needed for our benefits, pension payments. It is a cash flow thing more than an investment. We do not keep more than is needed.

D. Review and Possible Amendment of Investment Policy: Tom Sawyer explained the Investment Policy. He reviewed what we had spoken about regarding equity targets. We do not know what will happen in the future. You have to look at past performances. He reviewed the past 30 years of Market returns, equity returns and stock, bonds and T-bills model portfolio returns. He reviewed return percentages.

The Board can amend its guidelines to bump the equity target from 40 to 45 percent which pushes the range up. We can take the range up to 50 percent under the new statutory provisions as of July 1, 2011. David Anderson reiterated that we can change our range and the target. Tom Sawyer cautioned the board to view it as long term. Target is at 40 percent equities right now. Catherine Williams asked what most Illinois fire and police boards are at. Tom Sawyer replied most are at 40 percent equities. John Filantres asked the other members of the Board if they want to sit tight or make a change. Board members discussed the options and a motion was made by Dave Bradstreet to amend the portfolio target to 45% and amend the policy to reflect the range from 40 to 50%. Seconded by Catherine Williams and passed by roll call vote

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



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Tom Sawyer suggested that the Board adopt a revised policy which will include the new language and targets. He will send a clean copy to the State. Dave Bradstreet made a motion to adopt the changes to our investment policy. Seconded by Catherine Williams and passed by roll call vote

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

E. Tax Levy Recommendations: This will be continued until the next meeting when Al Zochowski will be in attendance.

F. Status of DOI Annual statement, audit and actuarial study: Carolyn Clifford asked if Lauterbach and Amen are working on the DOI annual statement. Kelly Kruger advised that the information is complete and has already been sent to Tim Sharpe. Carolyn Clifford indicated that the next step will be to have a meeting or teleconference with Tim Sharpe to get his results on the actuarial study. Carolyn Clifford discussed options Tim Sharpe may have for recommendations for tax levy. This may require a special meeting so this can be handled prior to the next meeting. John Filantres suggested making a special meeting. Dave Bradstreet will contact Mark Ernst and see when he is available on August 29th for a special meeting. He will email everyone and advise. Carolyn Clifford advised the Board to get in touch with Tim Sharpe and advise that he will be needed for this special meeting. We will probably hold the Municipal Compliance Report until the October meeting, which Lauterbach and Amen will prepare.

David Anderson made a motion to approve the monthly financial reports from Lauterbach & Amen as well as the Quarterly Investment Report from Sawyer Falduto. Seconded by Dave Bradstreet and passed upon the following roll call vote

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

V. UNFINISHED BUSINESS

A. Rules Update. Carolyn Clifford advised it is in her hands. The updated rules are not done yet. They will be ready for finalizing at the October meeting. Updates include things like the civil unions law, pension reform law, new provisions under the Open Meetings Act that need to get built in. Nothing significant but things that need to get updated.

B. Pension Reform Update. Carolyn Clifford handed out articles on various pension law items. She explained each article in more detail. Members discussed possible changes in pension laws.



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VI. NEW BUSINESS

A. Fiduciary Liability coverage. David Anderson advised he has been in contact with the Fire Pension Fund regarding its fiduciary liability coverage. The Fire Pension Fund is with Mesirow Financial. The Fire Pension Fund has asked for a joint policy for The Fire and Police Pension Funds in the amount of 1 million dollar liability policy. The Fire Pension Fund needs to know if the Board is interested in a joint policy for \$2 million dollars. The premium would be \$4,775.00 which would be \$2,387.50 per Board for a year. Currently the Police Pension Fund has no fiduciary liability coverage. He was unable to get a copy of the policy. The Fire Pension Fund needs to know quickly if we want to do this. Carolyn Clifford added some updates that she has heard regarding fiduciary liability insurance. She has heard of shared policies and is comfortable with this. Catherine Williams would prefer if someone from Mesirow would come and explain it to us. Carolyn Clifford agreed especially when we are under funded. She added maybe we would like to have our own policy. Possibly get quotes from other companies. Mesirow is a broker so they may know what other companies can offer. Dave Bradstreet would like to wait. He will handle it with Mesirow and see what the process is and get a copy of the policy. David Anderson will advise the Fire Pension Fund that we are not interested in a joint policy. This will be on our agenda for the special August meeting.

B. Re-Organize board member positions. Carolyn Clifford reviewed that Elections and appointments took place for Board members in the spring, and Catherine Williams was reappointed to 2013 David Anderson until 2013 and John Filantres until 2013. Dave Bradstreet and Mark Ernst's terms will be up in 2012.

David Anderson made a motion to accept the election results. Seconded by Dave Bradstreet. All Ayes. Motion passed by a unanimous voice vote

Board member positions currently show that John Filantres is President, David Anderson is Secretary, Dave Bradstreet is the Vice President, and Mark Ernst is the Assistant Secretary. David Anderson feels the Secretary position needs to be within the Police Department.

Dave Bradstreet made a motion that John Filantres remain as President; David Anderson remain as Secretary; David Bradstreet remain as Vice President; Catherine Williams become Assistant Secretary of the Lake Zurich Police Pension Fund Board. Seconded by David Anderson. Motion passed by a unanimous voice vote.

C. Annual Disability Medical Review-Kris Zak. This is reviewed yearly. Carolyn Clifford confirmed that her office does this so she will start the process. This is mandatory until he reaches the age of 50.

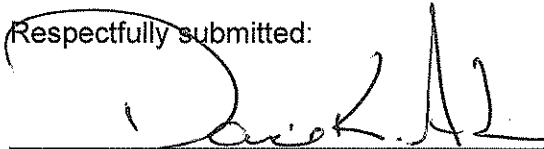


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VIII Adjournment

There being no more business to come before the Board, Dave Bradstreet made a motion to adjourn. Seconded by David Anderson and passed by a unanimous voice vote. Meeting adjourned at 9:35 a.m.

Respectfully submitted:



Secretary, Board of Trustees

Minutes prepared by Diana Chesser

Approved by the Board of Trustees at a meeting held on 8/30, 2011.