



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

August 30, 2011

The special meeting of the Lake Zurich Police Pension Board was held on August 30, 2011 at 8:00 a.m. at the Lake Zurich Police Department, 200 Mohawk Trail, Lake Zurich, Illinois.

I. CALL TO ORDER:

Secretary David Anderson called the meeting to order at 8:05 a.m.

Roll Call shows the following members were present: David Anderson, John Filantres, Catherine Williams, Eric Burk

Absent: Dave Bradstreet

Also present: Lake Zurich Mayor Suzanne Branding, Al Zochowski, Lake Zurich Village Finance Director, Maria Forrest, Lake Zurich Assistant Finance Director, Attorney Carolyn Clifford, Ottosen Britz Kelly Cooper Gilbert & DiNolfo Ltd, Tom Sawyer, Sawyer Falduto Asset Management,

II. PUBLIC COMMENT

New Lake Zurich Police Pension Board member Eric Burk was sworn in by Mayor Branding

III. APPROVAL OF MINUTES

Carolyn Clifford advised she emailed Diana Chesser some minor corrections in wording and punctuation to the minutes of the July 12, 2011 meeting.

A motion was made by Catherine Williams to approve the amended minutes from the regular meeting of July 12, 2011. Seconded by David Anderson and passed upon the following roll call vote.

AYES: Anderson, Filantres, Burk, Williams

NAYS: None

ABSENT: Bradstreet

IV. FINANCIAL/INVESTMENT REPORTS

V. UNFINISHED BUSINESS

The board members decided to move to New Business portion of the meeting to talk to Actuary Tim Sharpe, via conference phone call.

Fiduciary Liability coverage. Carolyn Clifford explained Mesirow found a policy that suited what we need. Mesirow is willing to come out to our October meeting with a proposal.



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VI. NEW BUSINESS

Carolyn Clifford gave a background and brief review of materials she brought with her of considerations for Actuarial Study as well as preliminary actuarial results. She explained statutory requirements for preparation of actuarial study. She explained how the actuary would determine how to fund the pension fund each year.

Conference call was made to Tim Sharpe who explained where the pension board is at currently. He explained in detail his calculation options which were in the form of a handout for members to follow. He explained the Investment performance. Village contributions are higher than the pension payments, which is good. Payments will go up as more retirements come up. He explained his valuation results from last year to this current year. He explained that with new pension reform, we have new amortizations. He explained each option on his valuation results. The two issues we have to consider is funding requirement that has to be met and the figures have to be GASB compliant.

Al Zochowski asked that we need to discuss return on investment and salary projection. 7.5% interest rate may be a bit high and 4% salary increases are high in our economy. If assumptions are changed, how much will the tax levy change? Tim Sharpe explained interest rate has more impact than salary assumptions. If 7% and 3.5% salary rate used, it will be a 10% increase in the numbers for the tax levy. Carolyn Clifford agreed with the 7% interest rate and 3.5% salary rate. She asked if a new set of numbers be run with these rates. Al Zochowski advised the levy needs to go to the Village Board in November so if we decide on the levy at the October 11th Pension Board meeting it will be in time. All board members discussed and agreed to go with the interest rate of 7% and the 3.5% salary rate. Tim Sharpe stated he will send new numbers to all shortly. Carolyn Clifford asked if the figures will provide statutory minimums so that it is documented should the village decide that is what they will levy. Tim responded that will be a standard feature. The board members will look at the final numbers and then make a final decision. Call with Tim Sharpe concluded.

Al Zochowski explained what will happen when we go to the Village Board with the figures and what he expects they will say and ask. They will need to be convinced what the best interest to the village long-term will be. Someone from the Pension Board needs to be at the November Village Board meeting when the levy is presented to present our request.

The new figures that Tim Sharpe comes up with will be on the agenda for the October 11, 2011 Pension Board meeting.

The Board went back to the Unfinished Business portion of the agenda.

VIII Adjournment

Carolyn Clifford explained to Eric Burk of his training requirements as a member of the Pension Board.



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There being no more business to come before the Board, Catherine Williams made a motion to adjourn. Seconded by David Anderson and passed by a unanimous voice vote. Meeting adjourned at 9:15 a.m.

Respectfully submitted:

Secretary, Board of Trustees

Minutes prepared by Diana Chesser

Approved by the Board of Trustees at a meeting held on 10/11, 2011.