



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 10, 2012

The special meeting of the Lake Zurich Police Pension Board was held on July 10, 2012 at 8:00 a.m. in the 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 8:05 a.m.

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

Absent: None

Also present: John Falduto and Tom Sawyer, Sawyer Falduto Asset Management LLC Attorney, David Zafiratos, Ottosen Britz Kelly Cooper, Gilbert & DiNolfo, Ltd; Kelly Brainerd, Lauterbach & Amen; Jodi Andrew, Finance Director Village of Lake Zurich; Office Manager Diana Chesser.

II. PUBLIC COMMENT

III. APPROVAL OF MINUTES

Motion was made by Catherine Williams to approve the minutes from the regular meeting on April 17, 2012. Seconded by Dave Bradstreet and passed upon the following voice vote

AYES: Anderson, Bradstreet, Burk, Filantres, Williams

NAYS: None

ABSENT: None

IV. FINANCIAL/INVESTMENT REPORTS

A. Payment of bills

David Anderson explained the following bills that have been paid: \$2,072.87 to IDOI; \$1,425.00 to Northern Illinois University for the annual IPPFA Conference; \$535.00 to Lauterbach & Amen for May services; \$525.00 to Lauterbach & Amen for March services; \$1,197.00 to Ottosen Britz Kelly Cooper, Gilbert, & DiNolfo, Ltd. for services.

Motion was made by Dave Bradstreet to approve the bills as read off. Seconded by Catherine Williams and passed by a roll call vote.

AYES: Anderson, Bradstreet, Burk, Filantres, Williams

NAYS: None

ABSENT: None



Lake Zurich Police Pension Board

200 Mohawk Trail, Lake Zurich IL 60047

(847) 719-1690 Ext. 366

B. Lauterbach & Amen: Financial Report

Kelly Brainerd reviewed and explained the financial report. Questions were raised by David Anderson regarding a low balance. Ms. Brainerd advised it looks to be we are paying down bills. Tom Sawyer added. Catherine Williams asked about employee contribution/current tax amounts. David Anderson asked about 3 individuals with high amounts on the Current Fiscal Year column. It was determined to be retro amounts due to new contract agreement. It was noticed that Roy Witherow, Assistant Village Administrator is listed on the Member Contribution Report. This will be researched and determined as to why this appears. Eric Burke asked what the last check to the Village of Lake Zurich was for. Ms. Brainerd advised it was for medical insurance on 3 pensioners.

C. Sawyer Falduto Quarterly Investment Performance Report

Tom Sawyer reviewed the Quarterly Investment Report. He explained the Equity target changed again so as of July 1, 2012 it has gone to 50-55% in equities. We are still working at a 45% target with a 40-50%. He suggested we may want to move our range to 55%. He added we do not need to change the investment policy. He continued reviewing the report. David Anderson asked if we are good with a 45% equity benchmark. Tom stated he is ok with the target, but would support changing the equity range. Dave Bradstreet asked what his prediction might be for the rest of the year. Tom Sawyer thinks it will be fine if we finish the year right where we are. He went on to explain changing the range would not change the target it gives us a bit more flexibility from a management point of view. John Filantres asked Dave Zafiratos if we need to have a motion if we want to change the range today. Dave advised since it is not a change in policy we only need to is approve the investing.

Dave Bradstreet made a motion to amend the range to 45-55% and the target equities to 50%. Seconded by David Anderson and passed by a roll call vote.

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

Dave Bradstreet made a motion to accept the Monthly Financial Report from Lauterbach and Amen and the Quarterly Investment Performance Report from Sawyer Falduto. Seconded by Catherine Williams and passed by a unanimous voice vote.

D. Renewal of Engagement Letter

Kelly Brainerd handed out and explained that the changes are only changes in wording. She went on to explain that this is for 3 years 2013, 2014 and 2015. Eric Burk asked how this compares to what we currently pay. Ms Brainerd explained that our current benefits together are \$5125. So it went up to \$535. Catherine Williams made a motion to renew the engagement letter for the next three years with Lauterbach & Amen. David Anderson seconded and passed by a roll call vote.



Lake Zurich Police Pension Board

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

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

E. Charles Schwab Account Changes

John Falduto explained that Jodie Andrews was added onto the account. It is automatic that she is made Treasurer for the Village..

F. Audit update

Dave Bradstreet explained that Kelly Zabinski will have her report done this week. Jodi Andrews stated that Maria Forrest from the Village had asked Ms. Zabinski for information as well as Lauterbach & Amen. John Filantres asked that Maria give the Board dates when everything is needed. Eric Burk asked what happened to our discussion about having Sikish do the audit. Jodie Andrews explained there was not enough time to make a formal action to make Sikich the Auditor. This will be on the agenda for the next meeting.

V. UNFINISHED BUSINESS

A. Fiduciary Liability Insurance

Dave Bradstreet advised that we will be having a conference call with Tim Bowen at the end of this meeting.

Dave Bradstreet introduced everyone in the room. Mr. Bowen introduced himself and what he does. His company, Mesirow, is an Insurance broker, not a carrier. He negotiates with the carriers. He gave an overview of the IL Pension Code. He explained different kinds of claims and why we would carry the coverage. Some of the different claims that he has seen are things such as Imprudent Investments; Funding issues; Errors in Admissions; Failure to monitor actions of other Trustees; Claims from a Benefits Due Dispute; Prohibited Transactions. He briefly explained each of the scenarios. Discussed the policies available. He added each policy has final adjudication wording in them.

The 2 quotes available are:

\$1 million - \$0 deductible - cost \$4,000/yr

\$2 million - \$0 deductible - cost \$6,800/yr

The company is Ulico. Chub and Travelers are also competitive. He feels the later two are strict regarding the funding percent. Their premium is approximately 15% higher in addition to having deductibles. We also would get choice of counsel with Ulico. Conference call ended.

David Zafiratos gave his understanding/feelings. He suggested we get a copy of the terms before voting as well as a written quote. Dave Bradstreet will get an official policy with quotes and forward it to David Zafiratos and we can review and vote on it at the next meeting Eric Burk would like to get a quote from Chub also to compare.



Lake Zurich Police Pension Board

200 Mohawk Trail, Lake Zurich IL 60047

(847) 719-1690 Ext. 366

B. Rules Update

This item was taken care of at the last meeting.

C. DOI Annual statement-preparations/actuarial study status

Kelly Brainerd advised they have sent everything to Tim Sharpe that he needs for his actuary study. The only thing still needed is information from DOI for the interrogatory. She went on to explain the changes which were in the questions.

D. Preparation for spring elections and reappointments

Eric Burk was re-appointed. Catherine Williams, David Anderson and John Filantres will be up in April 2013. David Zafiratos advised that the election of Officers can wait. It will be put on the agenda for approval at the next meeting.

E. Officer Zak IME status

David Zafiratos explained that a letter was sent to Officer Zak requesting him to make an appointment with Dr. Gleason. He is not aware that this has been done. Dave Bradstreet stated he has made it very clear to him the consequences of him not taking action. David Zafiratos suggested the Board consider what they want to do. If we were to entertain terminating the benefits we would have to provide notice and conduct a hearing to do that. The annual physical is a requirement of the statute until he is age 50. If the hang up is finding him a doctor that is more convenient for him we can work with that. It is better to deal with that than to go through a hearing. David Zafiratos advised we can provide notice of the meeting as a hearing and advise him in the notice that if he fails to appear we are still going to move forward. We are not required to wait. There are different outcomes. He could go to the doctor and be found still disabled, he could go to the doctor and be found no longer disabled, at which time we will have to institute a hearing procedure to go through the process of terminating his disability pension. Or he can not cooperate with the process and we can terminate his benefits based on lack of cooperation. That is the least favorable. Board members decided to deliver a letter to him advising that an appointment needs to be scheduled before the October meeting. And that we will set the hearing date at the October meeting. Dave Bradstreet will hand deliver the letter.

F. 2012 IPPFA Conference update

David Anderson advised that he will be sending in the check for all members to be registered. He has hotel rooms reserved. The conference is October 2-5.

G. Actuarial study for December 2012 tax levy status

Kelly Brainerd advised that everything has been sent to Tim Sharpe. David Anderson asked Jodie Andrews to email the information to him.

VI. NEW BUSINESS

A. Retiree benefit increase vote/approve

This was done at the last meeting.



Lake Zurich Police Pension Board

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

The Board went back to the conference call with Tim Bowen regarding Fiduciary Liability Insurance.

VIII Adjournment

There being no more business to come before the Board, John Filantres made a motion to adjourn. Seconded by Eric Burk and passed by a unanimous voice vote. Meeting adjourned at 9:45 a.m.

Respectfully submitted:

Secretary, Board of Trustees

Minutes prepared by Diana Chesser

Approved by the Board of Trustees at a meeting held on 10/09/, 2012.