



## **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, 2022

The regular meeting of the Lake Zurich Police Pension Board was held on July 12, 2022 at 8:00 a.m. in the Community Room at the Lake Zurich Police Department, 200 Mohawk Trail, Lake Zurich, Illinois.

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

Dave Bradstreet called the meeting to order at 8:02 a.m.

Roll call shows the following Board members were present: Dave Bradstreet, Mike Moran, Andy Sieber, Colin Gaffney, and Eric Burk.

Also present: John Falduto, Sawyer Falduto Asset Management LLC; Tom Sawyer, Sawyer Falduto Asset Management LLC; Attorney Jim Wargo, Ottosen DiNolfo Hasenbalg & Castaldo, Ltd; Derek Flessner, Lauterbach & Amen; Stephanie Steiner, Police Department Management Assistant; and Michael Duebner, Management Services Director.

Also in attendance: Heidi Andorfer, Foster & Foster, and Dave Anderson, Deputy Chief.

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

There was no public comment.

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

Motion was made by Eric Burk to approve the minutes from the regular meeting of the Lake Zurich Police Pension Fund from May 18, 2022. Motion was seconded by Andy Sieber and passed upon a voice vote.

AYES: Sieber, Burk, Bradstreet, Gaffney, Moran

NAYS: None

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

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

Andy Sieber explained the following bills have been paid: Lauterbach & Amen \$700.00 for services, \$540.00 to Ottosen DiNolfo Hasenbalg & Castaldo, Ltd for legal services, \$4337.53 to the Lake Zurich Firefighters Pension Fund for overpayment that was found during the Village audit, and \$52.78 to reimburse Andy Sieber for postage and mailing of consolidation materials.

##### **B. Lauterbach & Amen: Financial Report**

Derek Flessner reviewed the monthly financial report. As of May 31, 2022, the Fund's net position is \$29,117,255.69.

##### **C. Sawyer Falduto Asset Management – Quarterly Report**

John Falduto reviewed the Quarterly Investment Report in detail. Year-to-date, the Fund's gross investment return through June 30, 2022 was -16.9% as compared to the account



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benchmark return -15.8%. Since inception in 2009, the total Fund investment return is 7.5%, compared to the account benchmark of 7.6%. It was noted that since 2009, the Fund's cumulative net investment gain is \$14,560,438.00.

### **1. Review of and updates to the Investment Policy/Asset Allocation Parameters**

John Falduto reviewed the Fund's asset allocations. No changes were made.

#### **D. IPOPIF – Verus Advisory, Inc. Report**

John Falduto advised once we have assets in the consolidated fund, we should be getting a review from them. He hasn't seen one come out yet, but will advise the Fund once he gets one.

#### **E. IPOPIF – State Street Report**

John Falduto advised this report should also be generated as the assets come in and are transitioned. They have seen other municipalities receiving these reports, but ours has not come in yet.

#### **F. Village Treasurer Report**

No report at this time. John Falduto noted some tax money deposits occurred in June.

#### **G. Attorney's Report**

Attorney Jim Wargo discussed IPOPIF items below.

Motion was made by Dave Bradstreet to approve the financial and investment reports as presented, seconded by Andy Sieber and passed upon a roll call vote.

AYES: Sieber, Burk, Bradstreet, Gaffney, Moran

NAYS: None

## **V. UNFINISHED BUSINESS**

### **A. Illinois Police Officer Pension Investment Fund (IPOPIF)**

#### **1. Status on Transfer of Assets to IPOPIF**

Jim Wargo advised only about 1/3 of Article 3 Funds have transferred so far and things are not moving very quickly. The full transfer of our funds has not completed, but it's getting closer.

#### **2. Review/Approve Resolution Appointing Account Representatives for the Enterprise Cash Flow Module for the Lake Zurich Police Pension Fund**

Jim Wargo advised it's better to get this done sooner rather than later, because there is a training aspect involved. It was previously discussed to have Andy Sieber and Amy Sparkowski as the representatives. The Board decided to add a third representative, Colin Gaffney, for the Fund. A Lauterbach & Amen representative will also be assigned.

A motion was made by Andy Sieber, seconded by Dave Bradstreet, to approve the amended resolution 22-02 naming Andy Sieber, Amy



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Sparkowski, and Colin Gaffney as authorized agents of the Fund. Motion passed on a roll call vote.

AYES: Sieber, Burk, Bradstreet, Gaffney, Moran  
NAYS: None

### **3. Review/Approve Enterprise Cash Flow Module (eCFM) and MyStateStreet.com Access Form**

Some representatives have been hesitant to give out their personal cell phone numbers. It's required because the system requires a mobile device that will need a code to be entered into an app to access the money, which is more secure than a two-factor identification. Approving the cash movement can be set as a reoccurring process in the new system.

Motion was made by Andy Sieber, seconded by Dave Bradstreet, to approve the Enterprise Cash Flow Module (eCFM) and MyStateStreet.com Access Form with Andy Sieber, Amy Sparkowski, and Colin Gaffney as authorized agents. Motion passed on a roll call vote.

AYES: Sieber, Burk, Bradstreet, Gaffney, Moran  
NAYS: None

### **4. Confirm/Review/Approve Collateralization of Local Accounts**

This form was completed at the last meeting. Everything has been completed, signed, and returned.

### **5. Review/Update Cash Projections and Cash Needs**

John Falduto advised that once the Fund has the ability to receive money from the consolidated fund, and transition money to the consolidated fund, the Board should set a dollar amount that would need to be set aside to make sure there is enough money on hand to cover all of the bills while learning to navigate the new system. The set amount can be reconfigured again at the next quarterly meeting once we know everything is working correctly.

A motion was made by Dave Bradstreet, seconded by Andy Sieber, to direct Sawyer Falduto Asset Management LLC to set a target cash balance of \$450,000.00 in the Schwab account at the freeze date prior to consolidation. After consolidation, and when the balance in money market in the Schwab account exceeds \$500,000.00, send all excess above \$450,000.00 to the consolidated fund for investment. This transfer process will first occur once the ability to make deposits and get withdrawals from the consolidated fund is established. Motion passed on a roll call vote.

AYES: Sieber, Burk, Bradstreet, Gaffney, Moran  
NAYS: None

### **6. Amendments to and/or Termination of Investment Professional Contracts**

No changes will be made at this time.



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### **7. Update on Pension Litigation**

The judge upheld the constitutionality of the statute. This case has been appealed, and is now going to the Appellate Court.

#### **B. Cybersecurity**

Andy Sieber briefed the Board that Village email accounts are not created for non-employees.

## **VI. NEW BUSINESS**

#### **A. Approval of the IDOI**

Derek Flessner advised the report has been completed and filed. He will send over a copy to the Board to review and approve in October. Derek asked if the Board had received the bill for the report. Andy Sieber advised he did receive it and requested it to be paid.

#### **B. Review of Actuarial Valuation and Tax Recommendation to Village**

Heidi Andorfer from Foster and Foster was on hand to discuss the actuarial report from her firm. She compared the numbers from the 1/1/2021 report to the 1/1/2022 report.

Normal cost, accrued liability and unfunded liability were touched on, and Heidi reviewed a list of assumptions and methods that were used in calculating the numbers. Foster and Foster's recommended contribution amount from the Village for the upcoming 2022 tax levy was \$2,142,608.00.

Andy Sieber motioned to accept the actuarial report as presented, seconded by Dave Bradstreet and approved on a voice vote.

AYES: Sieber, Burk, Gaffney, Moran, Bradstreet

NAYS: None

Motion to request from the Village the recommended contribution amount of \$2,142,608.00 was made by Andy Sieber, seconded by Dave Bradstreet and passed on a roll call vote.

AYES: Sieber, Burk, Gaffney, Moran, Bradstreet

NAYS: None

#### **C. Reorganization of Board and election of officers**

A motion to keep the Board the same as listed below was made by Dave Bradstreet, seconded by Andy Sieber, and passed on with a voice vote. FOIA and Open Meetings officer will also be assigned to Andy Sieber. The Board Officers for the 2022/2023 year are as follows:

President:	Dave Bradstreet
Vice President:	Eric Burk
Secretary:	Andy Sieber
Assistant Secretary:	Colin Gaffney



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### **D. Trustee Training**

Andy Sieber advised the online training cost has increased. He offered the Board the option to go to the IPPFA conference if they would prefer. Jim Wargo advised there is free training available from Illinois Municipal League. Each Board member will be required to select which training they would prefer to get their required 8 hours of training completed. The Board will cover the training costs as long as they are reasonable.

### **E. Approval of new membership – Jeffrey Marra, June 6, 2022**

The Board received an application for membership into the Fund from the following newly hired lateral officer:

Jeffrey Marra Hire Date: 6/6/2022 Tier II

Jeffrey Marra started with a yearly salary of \$86,427.20. Andy Sieber made a motion to accept the new officer into the Lake Zurich Police Pension Fund, seconded by Dave Bradstreet and passed on a voice vote.

AYES: Sieber, Burk, Gaffney, Moran, Bradstreet  
NAYS: None

### **VII. ADJOURNMENT**

There being no more business to come before the Board, Andy Sieber motioned to adjourn the meeting at 9:52 a.m. Motion seconded by Dave Bradstreet and passed on a voice vote.

The next meeting will be October 11, 2022.

Respectfully submitted:

  
Secretary, Board of Trustees

Minutes prepared by Management Assistant Steiner

Approved by the Board of Trustees at a meeting held on 10/11/2022