



## **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**

**January 11, 2011**

The special meeting of the Lake Zurich Police Pension Board was held on January 11, 2011 at 8:00 a.m. in the Training 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 8:02 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, Ltd; Nathan Gaskill; Allison Barrett, Lauterbach & Amen; Office Manager Diana Chesser; Village of Lake Zurich Finance Director Al Zochowski; Village of Lake Zurich Assistant Village Administrator, Roy Witherow; Village of Lake Zurich; Bob Poklop

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

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

Motion was made by Mark Ernst to approve the minutes from the Regular meeting on November 11, 2010 meeting. Seconded by David Anderson and passed upon the following voice vote.

AYES: Anderson, Filantres, Williams, Ernst, Bradstreet

NAYS: None

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

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

David Anderson explained the bills that have been paid. \$648.25, to Ottosen Britz Kelly Cooper & Gilbert, Ltd. for services rendered; \$505.00 to Lauterbach & Amen, for the month of November; to Ottosen Britz Kelly Cooper & Gilbert, Ltd. the amount of \$2471.29; \$750.00 paid to Mark Ernst for the IPPFA Spring training program. \$505.00 to Lauterbach & Amen, for the month of October \$15.90 to Dave Anderson for postage to get the Annual Report down to the Dept. of Insurance in a timely manner and \$925.00 for the Annual Report to Lauterbach & Amen.



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

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

**B. Lauterbach & Amen: Financial Report.** Kelly Kruger reviewed the Financial Report for the month ending November 30, 2010 in detail. Nathan Gaskill answered various questions from the board.

Motion was made by Mark Ernst to accept the Lauterbach & Amen Financial Report. Seconded by Dave Bradstreet and passed by a roll call vote.

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

**C. Sawyer Falduto Investment Report:** Tom Sawyer reviewed and explained the portfolio of the Quarterly Investment Performance Report for the fourth quarter of 2010 in detail. Tom Sawyer and Nathan Gaskill answered various questions from the board.

David Anderson asked some questions relating to pension reform laws and if this issue should be tabled for the April meeting to go over our investment policy and make some changes if we wish to do so since the law doesn't go into effect until July? Tom Sawyer advised he believes that is a good idea and that our policy will need some changing as well.

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

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

## **V. UNFINISHED BUSINESS**

### **A. Chesser litigation update**

Carolyn Clifford explained the decision on this to uphold the Circuit Court decision and that at this time the plaintiff has not sought to appeal the decision. Her understanding is that this matter is considered ended.

### **B. Meeting with Village Trustee plan**

David Anderson explained that in the last meeting the board had discussed meeting with the Village Trustees in hopes that we have an open line of communication as well as some education on both parts as far as pension situation that we are in and how we can move forward together. He has received



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word that the meeting will take place on Monday, January 24, 2011 at 7:00 p.m. at the Village Hall. We need to decide how to approach this. There is a power point presentation done by Sherry Lauterbach which is very good and he was wondering if we could use that. Nathan Gaskill advised that the information used in that presentation came from the Actuary. Discussed in detail who should present the pension information to the Village Board. Al Zochowski added that he is the liaison between the Village Board and the Pension Board and feels he should present the information. John Filantres feels we should let them ask questions and not necessarily try to educate them on the details of the pension laws. Carolyn added she believes they need to be advised what the issues are and that we want to work cooperatively. They need to be aware of what the consequences are in putting off the cost of the pension fund down the road. Catherine Williams added that she feels it is a story and how we got to where we are today and how we got to where we are and where we need to be should be presented. It was decided that all were comfortable with those in the room presenting information. Carolyn Clifford will put some things together. Dave Bradstreet, David Anderson and Mark Ernst will be able to attend the meeting. Mark Ernst added that members of the community may be in attendance as well. Discussed Tom Sawyer and John Falduto attending, as well as a Lauterbach & Amen representative being there. This will be posted as a special meeting. Al Zochowski mentioned that the Fire Department will be attending for their pension as well. David Anderson will speak to Dave Pilgard from the Fire Department.

**C. FY 2010 Tax Levy – Village Funding Intention**

John Filantres explained a copy of a letter he received from the Village of Lake Zurich to the law firm explaining that the Village intends to fully fund the police pension fund.

**D. Officer Frost – Credible service buy back Cary P.D.**

David Anderson explained that Officer Frost is looking to buy back his 3 yr 7 month 29 days credible service from the Village of Cary to incorporate into Lake Zurich Pension Fund. He went on to explain that Officer Frost will be required to pay \$19,679.00 to the Village of Cary's police pension fund and then an additional \$26,974.34 to the LZ Pension fund. The question arises how we want to collect these funds. Can there be an installment plan, pre-tax dollars, lump sum, etc. Nathan Gaskill advised the pension board decides this and we want to be consistent so that the military buy-back will be done the same way. He mentioned that it may be able to be done through payroll deduction. David Anderson asked if we can come up with two options for payments. Nathan Gaskill stated there are guidelines for buying back money as well as interest and payments. His firm will keep track of this.

John Filantres asked if the military buy back discussion may be added with this. Officer Vince TeRonde explained he does not have the funds to buy back his service. He had questions which Nathan Gaskill explained what the statute dictates. He added that it is different for each person depending on their situation. This was discussed in detail of how the military buy back can be handled. Discussed language and wording. One lump sum can be paid. Payment



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options will be set up and ready for the April meeting. The interest rate is up to five years. Carolyn Clifford advised we need to add an entire policy regarding the buy back. Nathan Gaskill will draft something with repayment terms such as paying back half now and spread the rest over a five year time. David Anderson asked if we can keep the same guidelines for officers who want to buy back service from other departments and military buy back. David Anderson added that Lauterbach & Amen will have a form for military buy back which can be filed out and taken care of now as some want to move ahead right away with it. He gave the forms which are already completed to Nathan Gaskill

### **VI. NEW BUSINESS**

#### **A. Pension reform bill**

Carolyn Clifford explained the article she handed out regarding changes in pension laws such as salary caps on the benefits; changes in vesting age; increases; survivor benefits. Some Board members had questions which were answered by Ms. Clifford. She added that the rules will need to be updated. John Filantres asked that all members read the article.

#### **B. Scheduled Pension benefit increases approval**

David Anderson explained the benefit increases he received from Lauterbach & Amen for the retired members who are over the age of 55. Herb Gehrke receives an increase of \$217.45 per month; James Glogovski, \$89.38; Ed Leis, \$167.00; Ron Letto, \$104.40; Steve Phillips, \$170.78; William Urry, \$70.48; Rudy Velasquez, \$91.98, for a total \$845.94. These are the cost of living increases for this current year.

Motion was made by David Anderson to approve the Cost of Living increases for the pensioners. Mark Ernst seconded and passed by roll call vote.

AYES: Anderson, Filantres, Williams, Ernst, Bradstreet

NAYS: None

#### **C. Open Meeting Act Requirements**

Carolyn Clifford explained the requirements of the open meetings all of which we are in line with. Public Comment portion be provided and meeting minutes must be approved within 30 days of the meeting or the 2<sup>nd</sup> subsequent meeting thereafter, whichever is later.

#### **D. Annual Servicer Certifications**

Carolyn Clifford explained that this is required if we were doing business with a bank, we would need to submit the servicer certifications. We do not do business with any banks.

#### **E. Review annual timeline for 2011**

Carolyn Clifford brought a draft of what we should be doing on a timely basis. She briefly explained the document and will make a final draft.



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John Filantres asked when we review the closed meeting minutes. Ms. Clifford replied we will take care of that on the next quarterly meeting.

David Anderson clarified that we will have more decisions on options for buy backs at the April meeting. He also added that he has reserved two rooms for the October IPPFA conference. This will be discussed at the April meeting as well.

Carolyn Clifford also explained the February NIAFPD conference information that she handed out.

David Anderson also mentioned that his position, as well as Catherine Williams' and John Filantres' positions are up April 30<sup>th</sup>. We will have 2 elections to run and will ask the Village President to reappoint Catherine Williams. David Anderson will send letters out to pensioners to see who is interested in running.

John Filantres added that the Law Firm of Ottosen Britz Kelly Cooper & Gilbert, Ltd; is increasing their hourly rate.

**VIII Adjournment**

There being no more business to come before the Board, John Filantres made a motion to adjourn. Seconded by Mark Ernst and passed by a unanimous voice vote. Meeting adjourned at 10:52 a.m.

Respectfully submitted:

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Secretary, Board of Trustees

Minutes prepared by Diana Chesser

Approved by the Board of Trustees at a meeting held on April 12<sup>nd</sup>, 2011.