



Police Department  
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## LINCOLNSHIRE POLICE PENSION FUND MEETING

August 7, 2018

- Called to order:** 6:00 p.m.
- Trustees present:** Steven Lee, Mickey Herst, Patrick Quillinan and Jamie Watson
- Guests present:** Laura Goodloe (Fund Attorney), Michael Peterson (Pension Treasurer), Doug Krapf (Manager), via telephone
- Absent:** Adam Hyde (via phone)

**Reading and approval of minutes of last meeting:**  
Minutes of the Board meeting on May 15, 2018.

Motion to accept as presented by Mr. Quillinan.

Seconded by Mr. Watson.

Passed unanimously.

**Reading of report of the treasurer:**

Please reference the report as prepared by the Fund accounting firm, Lauterbach and Amen, LLP. All members acknowledged monthly reports are still being received from Lauterbach and Amen, LLP.

**Review and act on investment activity:**

Mr. Krapf began the discussion by reviewing the current market climate. He reviewed the performance of all managers and the portfolio.

Mr. Krapf discussed the second quarter performance of the Fund, which included a return of 0.66%. The return as of August 3, 2018 since the end of the quarter was 2.00%. The total assets as of June 30, 2018 were \$22,620,811. An update from August 3, 2018 was presented, and the assets as of that date were \$23,620,811.

Mr. Krapf confirmed no mid-quarter rebalancing took place. Dodge and Cox has been placed on "Watch Status" during the past quarter. Dodge and Cox has outperformed over the past ten years and Mr. Krapf strongly recommends maintaining the watch. Mr. Krapf reviewed the performance of each manager and highlighted the underperformance of Victory Integrity. Due to their continued underperformance, Mr. Krapf recommended the Board they were to be placed on "Watch Status" pursuant to our Investment Policy Statement.

Mr. Krapf informed the Board the portfolio was not in line with our Investment Policy Statement, so a rebalancing was recommended as outlined below.

1. Sell \$50,000.00 of the Vanguard Extended Market Fund (VEXAX)
2. Sell \$250,000.00 of the Victory Integrity Small Cap Value Fund (VSVIX)
3. Purchase \$100,000.00 of Vanguard Growth Fund (VIGAX)
4. Purchase \$100,000.00 of Oppenheimer International Fund (OIGYX)
5. Purchase \$100,000.00 of the iShares Core MSCI Emerging Market (IEMG)
6. Add \$130,000.00 to Diamond Hill Large Cap SMA

Discussion about all recommendations took place with the Board. Following the discussion, Mr. Herst made a motion to accept all recommendations as presented by Mr. Krapf.

Seconded by Mr. Lee

A roll call vote was held. Mr. Lee, Mr. Herst, Mr. Watson and Mr. Quillinan voted to approve the action.

Mr. Herst made a motion to allow mid-quarter rebalancing of the portfolio. The rebalance would amount to no more than 5% of the assets as of the close of the previous market day.

Seconded by Mr. Quillinan.

A roll call vote was held to allow a mid-quarter rebalancing as needed. Mr. Lee, Mr. Herst, Mr. Watson and Mr. Quillinan voted to approve the action.

**Presentation of bills and or disbursements:**

The current bills for payment were presented by Mr. Hyde

1. Pachulia, Goodloe, Marzullo, LLP Legal Bill, \$868.75
2. Village of Lincolnshire, Kreis/Salahat Physicals 50/50 split, Pending \$902.00
3. IDOI Compliance Fee, \$4,075.15 (approved in May)
4. Alliant Mesirov, Trustee Liability Insurance \$3,001.00.
5. IPPFA, Annual Conference Fee, \$1,500.00

A motion was made by Mr. Watson to pay the bills.

Seconded by Mr. Quillinan.

A roll call vote was held. Mr. Lee, Mr. Herst, Mr. Watson and Mr. Quillinan voted to approve the action.

**Old business:**

Mr. Lee discussed legal monitoring reports. Shepherd, Finkelman, Miller & Shah, LLP identified that the pension fund is eligible to file a claim from Liquidity Services. Mr. Lee will request that Jayne Goldstein file the claim form on behalf of the pension fund.

Mr. Lee discussed a lawsuit against some current and former executives of Wage Works by the Lincolnshire Police Pension Fund. Robbins Arroyo LLP will represent the pension fund. Mr. Lee said there are no fees or costs for pursuing this litigation.

Mr. Hyde reported that the DOI Annual Report Filing on June 29, 2018 was filed and accepted. The discussion was tabled until the next meeting on November 13.

The trustees continued the discussion from the May 15, 2018 meeting about the actuarial report prepared by Foster & Foster. This report recommends a Village contribution of \$832,137 for 2018. Mr. Peterson raised the issue about the number of active police officers included in the valuation. The actuarial valuation was based on the 21 active police officers in place on January 1, 2018, instead of the 24 included in the Village budget. Mr. Lee estimated that the Village contribution would have been about \$20,000 higher assuming that there were 3 additional Tier 2 officers in the plan. A motion was made to request the \$832,137 from the Village as justified by the actuarial report and to make an additional request for a total of \$855,000. Mr. Lee will appear before the Village Board at a future meeting to review the request.

Mr. Watson made a motion

Seconded by Mr. Herst.

Mr. Lee provided the Board with the Municipal Compliance Report. The Municipal Compliance Report was included in a form letter to the Village Board of Trustees and Village Staff requesting a funding amount of \$832,137 for 2018, to be paid in 2019.

**New business:**

Board Elections:

The board elected the following members of the Lincolnshire Police Pension Fund

- i. President: Mr. Lee
- ii. Vice President: Mr. Quillinan
- iii. Secretary: Mr. Hyde
- iv. Assistant Secretary: Mr. Watson
- v. Trustee: Mr. Herst

Mr. Herst made a motion to approve the elected members.

Seconded by Mr. Watson.

Passed unanimously.

Met Life provided a check of \$4.20. It was deposited.

Mr. Hyde informed the Board that there was a FOIA request by Kim Seung-Kyung. It was completed by Mr. Hyde.

**Applications for membership:**

Former Lincolnshire Police Officer Britany Tazzioli recently submitted an application to withdraw her contributions. This request is still pending until the Village of Gurnee can provide a final breakdown of costs.

**Consider applications for benefits:**

None.

**Trustee Continuing Education:**

To date, the following continuing education has been completed in 2018 with additional training pending at Octobers annual IPPF Conference:

Steven Lee, 0 hours

Adam Hyde, 4 hours

Jamie Watson, 0 hours

Patrick Quillinan, 0 hours

Mickey Herst, 0 hours

**Executive Session:**

No Executive Session took place at the meeting.

The Fund currently has no minutes being kept as Executive Session sealed minutes.

**Public Comment:**

No public comment.

**Adjournment:**

The meeting was adjourned at 9:15 p.m.

The next scheduled meeting is November 13, 2018.

Motion to adjourn by Mr. Quillinan

Seconded by Mr. Herst

Passed unanimously

Respectfully Submitted,



Jamie Watson, Assistant Secretary

Accepted:



Mr. Steven Lee, President