



Police Department
One Olde Half Day Road
Lincolnshire, IL 60069-3035
847-913-2350



LINCOLNSHIRE POLICE PENSION FUND MEETING

February 28, 2019

Called to order: 6:08 p.m.

Trustees present: Steven Lee (via telephone – out of town for official business), Adam Hyde, Mickey Herst, Patrick Quillinan (arrival at 6:35 pm) and Jamie Watson

Guests present: Laura Goodloe (Fund Attorney), Doug Krapf (via phone, Investment Manager), Michael Peterson (Village Treasurer/Finance Director)

Absent: None.

Reading and approval of minutes of last meeting:

Approval of the Minutes of the Board meeting from August 7, 2018 and November 13, 2018.

Motion to accept as presented by Mr. Hyde.
Seconded by Mr. Herst.

Passed unanimously, Mr. Quillinan absent.

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.

Mr. Peterson informed the Board about new secure check features from pension fund checks issued by Lauterbach and Amen.

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 fourth quarter performance of the Fund, which included a return of -8.41%. The yearend return for the fund was -6.46%, or a total loss of \$1,464,600. The total assets as of December 31, 2018 were \$21,011,988.

An update was presented from February 22, 2019. The total assets at that time were \$22,567,473, or a return since the beginning of the year of 7.8%.

Mr. Krapf confirmed no mid-quarter rebalancing took place.

Mr. Krapf reviewed the three managers currently on "Watch Status," Dodge and Cox International and Victory Integrity and Oppenheimer International. A review of all funds led Mr. Krapf to recommend replacement of Victory Integrity and Oppenheimer International with Fidelity International Index Fund and Vanguard Small Cap Value Index Fund. Both replacements would include lower fees to be paid. In addition, Mr. Krapf recommended adding BlackRock Global Allocation to "Watch Status" due to underperformance.

A motion was made by Mr. Watson to replace Oppenheimer International and Victory Integrity with Fidelity International and Vanguard, and to add BlackRock to Watch Status.

Seconded by Mr. Herst.

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

Mr. Hyde made a motion to allow mid-quarter rebalancing of the portfolio if necessary. 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. Hyde, 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. Village of Lincolnshire split (NW Lake Forest), Megerle and Lill Physicals, \$451.00 each, \$902.00 total.
2. Puchalski, Goodloe, Marzullo, LLP (legal fees)
 - a. 3rd Quarter 2018, \$868.75
 - b. 4th Quarter 2018, \$781.25
3. Pablo Pesa, Refund-Rollover to Fidelity Investments, \$8,199.27

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

Seconded by Mr. Watson.

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

Old business:

Mr. Peterson informed the Board that the 2019 tax deposits will be forthcoming during the next few months.

Mr. Hyde informed the Board the retiree certifications have all been received and are filed appropriately.

New business:

A Met Life check were received and delivered to Mr. Krapf for deposit. The trust interest check was in the amount of \$4.20.

Mr. Hyde informed the Board that all 2018 year end salary and contribution data was received from the Village. Creditable service forms are being completed by Chief Leonas.

Ms. Goodloe provided legal updates to the Board. She also presented a first draft of an updated Administrative Rules and Regulations document. The Board will review the document for a vote next meeting.

Mr. Lee reviewed potential litigation from Shepherd Finkelman Miller & Shah LLP for Fannie Mae and Freddie Mac. Ms. Goodloe offered legal guidance.

Mr. Herst made a motion to join the litigation pending final contract review by Ms. Goodloe during the upcoming weeks.
Seconded by Mr. Quillinan.

Passed unanimously.

Mr. Hyde informed the Board Mr. Lee's term ends in April. Mr. Lee informed the Board he wishes to continue service. Mr. Hyde will discuss reappointment for Mr. Lee with Village Manager Burke during the upcoming weeks.

A motion was made by Mr. Hyde to authorize elections for active and beneficiary positions on the Board. Terms end in April for: Mr. Hyde, Mr. Watson and Mr. Quillinan.

The Australian Ballot System will be utilized for the elections. Nominations will be issued to all active and beneficiary members and will be due March 21, 2019. If contested, Mr. Hyde will meet with Mr. Lee to review nominations and ballots.

Seconded by Mr. Herst.

Passed unanimously.

Mr. Hyde requested approval for an IME for Scott Alm. The authorization was to pay for the exam in an amount not to exceed \$3,000.

Seconded by Mr. Quillinan

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

Mr. Watson nominated Mr. Hyde to the Open Meetings Act Officer and FOIA Officer positions.

Seconded by Mr. Herst.

Passed unanimously.

Mr. Hyde informed the Board about two FOIA requests this quarter. The first was from Strategic Insight and the second from Financial Investment News. Both were complied with and closed.

Consider applications for membership:

Officer Nikki Megerle joined the Lincolnshire Police Department on February 1, 2019. She made proper application to the Fund as a Tier II member.

Nikki Megerle resigned from the Department on February 27, 2019, while at the police academy.

A motion to accept Ms. Megerle's application to the Fund was made by Mr. Hyde.
Seconded by Mr. Herst

Passed unanimously.

Consider applications for benefits:

Former member Pablo Pesa joined the Department on June 1, 2017 and resigned on August 12, 2018. His total contributions were \$8,199.27. Mr. Pesa was informed about taxability by Lauterbach and Amen and he decided to roll the contributions into an account at Fidelity Investments.

A motion to refund Mr. Pesa's contributions was made by Mr. Hyde
Second by Mr. Watson

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

Trustee Continuing Education:

All trustees completed their 2018 required training.

To date, the following continuing education has been completed in 2019:

Steven Lee, 0 hours
Adam Hyde, 0 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 7:45 p.m.

The next meeting is May 28, 2019.

Motion to adjourn by Mr. Herst
Seconded by Mr. Watson

Passed unanimously

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Adam M. Hyde', with a large, sweeping flourish that loops back under the signature.

Adam M. Hyde, Secretary

Accepted:

A handwritten signature in black ink, appearing to read 'Steven Lee', written in a cursive style.

Mr. Steven Lee, President