



VILLAGE OF LINCOLNSHIRE

MINUTES POLICE PENSION BOARD MEETING May 12, 2020

Present:

President Lee
Trustee Quillinan
Trustee Bethel

Trustee Herst
Trustee Hyde

Guests present:

Laura Goodloe (Fund Legal Counsel)
Doug Krapf (via phone, Investment Manager)
Brad Burke (Village Manager)
Michael Peterson (Finance Director)
Heidi Andorfer (Foster & Foster)

Absent:

None.

1.0 ROLL CALL

The meeting was called to order at 6:00 p.m. This meeting was called via GoToMeeting due to Covid-19 restrictions. The Village of Lincolnshire adopted a remote policy for meetings which includes how the public can view meetings and/or add comments. The following includes the remote public comment and/or listening options for the May 12, 2020 meeting.

1.1 REMOTE PARTICIPATION OPTIONS:

Listen live via phone at 571-317-3122 (access code 627-782-389).

1.1.1 To add public comments, call 847-913-2312 to leave a voicemail message with your comment by 5:00 p.m. on Monday, May 11, 2020. Email your comment to VOLPublicComment@lincolnshireil.gov by 5:00 p.m. on Monday, May 11, 2020.

1.1.2 Comments received before the meeting will be read concurrent with the respective agenda item. Comments may be sent to the VOLPublicComment@lincolnshireil.gov email address during the meeting, but it is not guaranteed they will be read until the end of the meeting.

Mr. Herst motioned to approve the adoption of remote policy for meetings. Mr. Lee seconded the motion. Passed unanimously.

2.0 APPROVAL OF MINUTES

2.1 Approval of the minutes of the Police Pension meeting held on February 11,

2020.

Mr. Hyde moved and Mr. Quillinan seconded the motion to approve the minutes as presented for the February 11, 2020 Police Pension meeting.

Passed unanimously.

3.0 TEASURER'S REPORT

3.1 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.

3.2 Mr. Peterson presented the December 31, 2019 Financial Report prepared by Lauterbach & Amen related to the Lincolnshire Police Pension Fund expenditures. Mr. Peterson also presented the certification of monies collected and expended by the Village of Lincolnshire on behalf of the Lincolnshire Police Pension Fund during the fiscal year beginning January 1, 2019 and ending December 31, 2019. The beginning funds held by the municipality were \$0.00. Property taxes received by Lake County were \$852,924.72. Employee pension contributions withheld were \$234,115.00 totaling \$1,087,039.72. The property taxes and employee pension contributions were transferred to the Lincolnshire Police Pension Fund.

4.0 INVESTMENT ACTIVITY

4.1 Mr. Krapf began the discussion by reviewing the current market climate. He reviewed the performance of the portfolio. Mr. Krapf discussed the quarterly performance of the Fund. The total portfolio as of May 12, 2020 was \$22,500,136. Mr. Krapf reviewed the rebalances that took place mid-quarter on March 10th and 17th, 2020.

4.2 Mr. Krapf recommended to increase monthly distribution to Harris Bank from \$110,000 to \$115,000 effective May 24, 2020.

A roll call vote was held to approve the action. Passed unanimously.

4.3 On March 10th, 2020, Mr. Krapf raised \$650,000 from Great Lakes Fixed Income which \$150,000 remained in cash balance. On March 17th, 2020, the remaining \$500,000 was distributed as follows: \$100,000 to Dodge & Cox International Fund – International Equities, \$200,000 to Vanguard Large Cap Growth Index – Large Cap US Equities, \$100,000 to Vanguard Extended Market Index – Small to Mid-Cap Equities, and \$100,000 to Fidelity International Index Fund – International Equities.

A roll call vote was held to approve the action. Passed unanimously.

4.4 Mr. Krapf reviewed the model portfolio and the current asset allocation. As the quarter ended in March 2020, the Fund was down -13.45%. As of May 2020, the Fund was down -6.6%. Equity was down -21.89%, Fixed Income was up 2.69%, and cash balances were up .31%.

4.5 Mr. Krapf reviewed the manager currently on “Watch Status”. Mr. Krapf relayed BlackRock Global has been on “Watch Status”. Mr. Krapf recommended removing BlackRock Global from “Watch Status”.

A roll call vote was held to approve the action. Passed unanimously.

4.6 Mr. Krapf recommended the investment strategy of investing in MFS International with the proceeds from Dodge & Cox.

A roll call vote was held to approve the action. Passed unanimously.

4.7 Mr. Krapf relayed Legacy reduced the Consulting Services Fee to 13 Basis Points as of January 2020.

4.8 Mr. Krapf reviewed the updated investment policy statement. The updated investment policy reflects legislation changes for sustainability factors.

A motion to accept the recommendations from Mr. Krapf was made by Mr. Hyde.

Seconded by Mr. Quillinan.

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

Mr. Lee made a motion to accept mid-quarter rebalancing.

Seconded by Mr. Herst.

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

5.0 PRESENTATION OF BILLS AND/OR DISBURSEMENTS

5.1 Puchalski, Goodloe Marzullo, Legal Fees, \$737.50

5.2 Foster & Foster, \$3,500

5.3 Illinois Department of Insurance compliance, \$4,203.17

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

Seconded by Mr. Lee.

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

6.0 OLD BUSINESS

6.1 Mr. Lee updated the Board on legal monitoring updates.

6.2 A Met Life check was received in the total amount of \$4.40 and delivered to Mr.

Krapf for deposit.

6.3 Ms. Goodloe updated the Administrative Rules and Regulations.

6.4 Statement of Economic Interests were completed by all trustees.

7.0 NEW BUSINESS

7.1 Ms. Goodloe discussed legal updates concerning pension consolidation changes and the status of the transfer.

7.2 On April 30, 2020, Mr. Herst was reappointed to the Lincolnshire Police Pension Fund by Mayor Brandt. His appointment letter has been filed.

7.3 Mr. Hyde informed the Board there were no FOIA requests this quarter.

7.4 Heidi Andorfer from Foster & Foster presented an actuarial valuation for the Fund. Foster & Foster used the valuation based on 24 total members from the Lincolnshire Police Department. In 2019, the Village revised their pension funding policy to fund the plan based on the budgeted number of active police officers. The Pension Board accepted this change at the February 11, 2020 meeting. However, the actuary did not reflect this in their report. Subsequent to the report, Ms. Andorfer provided and estimated the impact of the recommended contribution of \$9,600, thereby increasing the published contribution from \$1,068,536 to \$1,078,136. The valuation was a study into the assets and liabilities of the Fund. This helps the Fund determine how much funding should be requested from the Village next year. The target amount is \$30,384,920 for all members in the fund. This amount is the "normal cost", which represents the value of benefits earned during the year. This would represent the contribution if the plan were fully funded. Members funded \$234,115 last year while the Village funded \$852,925. The requested amount of contribution is a total of \$1,078,136.

Mr. Hyde presented a motion to accept the contribution request.

Mr. Lee seconded the motion.

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

7.5 MetLife payment to the Fund of \$4.40 received and will be delivered to Mr. Krapf for deposit.

7.6 Board election procedures are to be completed by July.

7.6.1 President

7.6.2 Vice President

7.6.3 Secretary

7.6.4 Assistant Secretary

7.6.5 Trustee

8.0 APPLICATIONS FOR MEMBERSHIPS

8.1 Muhammad made a request to transfer 24 months of military service to the Fund. Muhammad will be transferring military time to the Fund with an assumption of 25.6%. Muhammad has prior military service totaling \$37,017.48. Muhammad was unable

to be formally terminated from his previous employer due to Covid-19 shutting down his previous employer. Muhammad is set to be on a 5 year repayment schedule for the above amount, but interest may increase due to Muhammad not being able to access funds at his previous employer. The Fund agreed to hold the current amount until next meeting.

Mr. Hyde motioned to accept findings.

Seconded by Mr. Lee.

Passed unanimously.

9.0 EXECUTIVE SESSION

9.1 No Executive Session took place at the meeting. The Fund currently has no minutes being kept as Executive Session sealed minutes.

10.0 TRUSTEE CONTINUING EDUCATION

10.1 2020 Training – 8 hours plus Consolidation Training to be completed by all members.

11.0 CITIZENS COMMENTS

11.1 No public comment.

12.0 ADJOURNMENT

Mr. Hyde moved and Mr. Quillinan seconded the motion to adjourn the Pension Fund Meeting. The vote was unanimous and the meeting was adjourned at 8:16 p.m. The next meeting is scheduled for August 11, 2020 at 6:00 p.m.

Respectfully Submitted,

Roy Bethel, Assistant Secretary

Accepted:



Mr. Steven Lee, President