

**LAKE BLUFF POLICE PENSION FUND
REGULAR BOARD MEETING
January 17, 2013 5:30 P.M.**

Roll Call

President Gehrke called the regular meeting to order at 5:30 P.M. at the Lake Bluff Public Safety Building Conference Room.

Trustees Present: Erik Gehrke, Michael Inman, Catharine Lemieux, Carl Schons, and Thomas Vinson.

Others Present: Treasurer, Susan Griffin and Graystone Consulting Advisor Thomas McShane.

Non-Agenda Items and Visitors

None

Motion to Amend the Agenda

At the request of Treasurer Griffin, Trustee Schons moved to amend agenda Item #2 to include a request from Keith Landy to revise his pension amount; Trustee Vinson seconded and the motion was approved unanimously on a voice vote.

Approval of Meeting Minutes

Trustee Schons moved to approve the October 18, 2012 regular meeting minutes as presented; seconded by Trustee Lemieux and approved unanimously on a voice vote.

New Business

1. Appointment of Pension Board Trustee Michael Inman

Treasurer Griffin introduced Michael Inman who was appointed to the Pension Board by Village President Letchinger on Monday, January 14, 2013 to fill the unexpired term of Steve Gersten. Mr. Inman is a retired founding partner and litigation specialist from Inman & Fitzgibbons, Ltd., a firm that specializes in defending companies in workers' compensation and general liability claims.

2. Commander Hartwig Retirement Pension Approval and Keith Landy Pension Revision Request

Treasurer Griffin advised the Trustees that Commander Debby L. Hartwig retired from the Lake Bluff Police Department on 12/28/12 after serving 30 years. Cmdr. Hartwig began as a police officer with the department on 12/27/1982. Her pension amount is 75% of her ending salary of \$101,729 or \$76,296.75 annually. *Trustee Lemieux moved to grant a retirement pension to Commander Hartwig in the amount of \$76,296.75 effective 12/28/2012; seconded by President Gehrke and approved unanimously on a roll call vote. Ayes: Gehrke, Inman, Lemieux, Schons, and Vinson. Nays: None.*

Treasurer Griffin stated that Sergeant Keith Landy was injured at work on January 11, 2010 and the Pension Board granted him a duty disability pension on February 15, 2011. Mr. Landy's service with the Village was terminated on February 16, 2011. Pursuant to the disability pension offset for workers' compensation total temporary disability (TTD) payments under 40 ILCS 5/3-114.5, he has been receiving a duty disability pension since 9/2/2011 when his TTD payments ceased. On August 20, 2010

the Village received notice from the Illinois Council of Police (ICOPs) that the union had been certified by the State to represent the Village's Sergeants in contract negotiations. On October 22, 2012 the Village Board approved the first union contract with ICOPs. The contract provided a retro-active salary increase for Mr. Landy effective May 1, 2010 until his salary payments ceased under PSEBA. He has requested a revision to his pension payments citing this retro-active payment. The members considered this request and determined that, in the absence of Attorney Collins, they did not have enough information to make a decision. The matter was tabled until the next meeting. Trustee Inman requested that Attorney Collins prepare a legal opinion to be distributed to the Trustees prior to the meeting.

3. Training Updates

President Gehrke reminded the trustees about the State training requirements pursuant to 40 ILCS 5/1-109.3 (PA 096-0429). New trustees are mandated to complete 32 hours of training within their first year and existing trustees must complete 16 hours of continuing training each year. The training must include all of the following: 1) Article 1 of the IL Pension Code "fiduciary duties and liabilities"; 2) Adjudication of pension claims; 3) Basic accounting and actuarial information; 4) Trustee ethics; 5) IL Freedom of Information Act (FOIA); and 6) IL Open Meetings Act (OMA). Training must be certified by a training facility that is accredited and affiliated with a State of IL certified college or university. Discussion ensued regarding the applicability of legal and other professional certification training toward this requirement. It was noted that training certificates are being maintained by Attorney Collins and in the Pension Fund Secretary's files.

Old Business

4. Status Update: Request for Duty Disability Pension – Officer Riforgiato

President Gehrke stated that Attorney Collins has received the required three medical certifications for Officer Riforgiato pursuant to his request for duty disability pension. Officer Riforgiato and his Attorney are both available on Thursday, January 24th at 5:30 PM for a hearing. All Trustees except Trustee Lemieux are able to attend this public hearing. Trustee Inman inquired about the disability hearing process and requested information from Attorney Collins about the basis used to make a duty disability determination.

5. Treasurer's Report

Treasurer Griffin presented the Statement of Net Assets reflecting audited net assets of \$7,462,787 as of December 31, 2012. The Changes in Net Plan Assets shows an increase in net assets of \$300,836 for the period of May 1-December 31, 2012 from additions to the net plan assets of \$742,024 minus deductions of \$441,188. The total 2011 property tax levy received through September is \$548,421. The market value of the assets as of December 31, 2012 was \$7,505,966 (reflects unrecognized gains/losses.) Treasurer Griffin noted that the most of property tax monies are received in June and September; therefore, expenses will outpace revenues for the remaining four months of the fiscal year. She noted that attached to the financial statements is a breakdown of the dividends received or reinvested in the equity mutual funds for the fiscal year-to-date. *Trustee Lemieux moved to accept the Treasurer's Report; seconded by Trustee Schons and approved unanimously on a voice vote.*

6. Investments

a. Investment Report

Thomas McShane provided an update on the transfer of assets from Northern Trust Bank to Morgan Stanley (MSSB) noting that the cash and the fixed income investments have been transferred to MSSB. The equity transfers are expected to be complete by the end of January. Mr. McShane presented an investment report with asset allocations and suggested increasing the allowable allocation of corporate bonds to exceed 10%. There was uncertainty about the State law limit on corporate bond investments. The Trustees asked that Mr. McShane's recommended changes to the investment policy and review of a dossier on fixed income managers be held at a special meeting devoted exclusively to the investment portfolio. A special meeting was scheduled for Thursday, February 28th from 3:00-5:00.

b. Investment Activity

The Trustees agreed to keep the available funds in cash until a money manager has been contracted as fixed income options are very limited and the fund is at the maximum allowed by law for equity investments.

Items from the Members

The Trustees noted that the attorney is currently a candidate for election to the Illinois Senate and briefly discussed the Fund's legal representation.

Next Board Meeting Dates

- A special meeting to consider disability pension recipient Keith Landy's request to revise his pension amount subsequent to the ratification of the ICOPs union contract is scheduled for Thursday, January 24, 2013 at 5:00 PM in the Public Safety Building Conference Room.
- The public hearing for determination of Officer Gerard Riforgiato's duty disability pension is scheduled for Thursday, January 24, 2013 at 5:30 PM in the Public Safety Building Community Room.
- A special meeting to discuss fixed income managers and review the Investment Policy is scheduled for February 28, 2013 at 3:00 PM in the Public Safety Building Conference Room.
- The next regular meetings are scheduled for: **Thursday at 5:30 PM in the Lake Bluff Public Safety Conference room on these dates: April 18, 2013; July 18, 2013; and October 17, 2013.**

Adjournment

At 7:50 P.M. Trustee Vinson moved to adjourn the meeting; Trustee Inman seconded the motion and it was approved unanimously on a voice vote.

Respectfully submitted,

Thomas Vinson
Secretary

Susan Griffin
Treasurer/Recording Secretary