



**Prospect Heights Police Pension Board  
PENSION BOARD MEETING MINUTES  
City Hall Council Chambers  
8 North Elmhurst Road  
Prospect Heights, IL 60070  
Tuesday  
October 10, 2017**

4:00 PM Police Pension Board Regular Meeting

- 1. Call to Order** – President Smith called the October 10, 2017 Prospect Heights Police Pension Board Regular Meeting to order at 4:00 PM at the City Hall Chambers, 8 North Elmhurst Road, Prospect Heights, IL 60070.
- 2. Roll Call** – Deputy Clerk Schultheis called roll. There was a quorum present.  
TRUSTEES IN ATTENDANCE – Minniear, Lange, Smith, Kearns (electronically by previous notification to the Police Pension Secretary Lange)  
ABSENT – Palazzolo (by previous notification)  
OTHER OFFICIALS IN ATTENDANCE – Deputy Clerk Schultheis, Pension Attorney LaBardi, Pension Board Accountant Earnhardt, Pension Board Certified Financial Planner Wall, Pension Board Treasurer Tibbits (electronically, by previous notification)

**President Smith moved to accept the election results in which Scott Minniear ran unopposed as the candidate for the position of Retired Officer Trustee; seconded by Trustee Lange.**

|                        |          |                      |
|------------------------|----------|----------------------|
| <b>ROLL CALL VOTE:</b> | AYES -   | Lange, Smith, Kearns |
|                        | NAYS -   | None                 |
|                        | ABSENT - | Palazzolo            |

Motion carried 3 – 0, one absent

**3. Approval of Minutes**

A. August 14, 2017 Special Police Pension Board Meeting Minutes – **Trustee Lange moved to approve the August 14, 2017 Special Police Pension Board Minutes as presented; seconded by President Smith.**

**VOICE VOTE:** All Ayes, No Nays

Motion carried 4 – 0, Trustee Palazzolo absent.

**4. Public Comments - None**

**5. Approval of Expenditures**

A. Richard Reimer Pension Board Legal Counsel Payment -

a. Quarterly Retainer - **\$750.00**

B. Karen Schultheis, Recording Secretary

October 2017 Quarterly Meeting **\$ 125.00**

C. Police Pension Conference – **Not to Exceed \$1700 – President Smith moved for omnibus approval of the Richard Reimer Pension Board Legal Counsel Quarterly Retainer of \$750; Karen Schultheis October 2017 for \$125; and the Police Pension Conference not to exceed \$1700; seconded by Trustee Lange.**

**ROLL CALL VOTE:** AYES - Lange, Smith, Minniear, Kearns  
NAYS - None  
ABSENT - Palazzolo

Motion carried 4– 0, one absent

**6. Pension Board Investment Report** – Pension Fund Certified Financial Planner Wall gave an update on the status of the pension fund. The allocation is 57% equities. The performance has shown a quarterly dollar gain after management fees of \$414,132.70 (2.88% annualized rate of return). Certified Financial Planner Wall discussed small cap funds and the suggestion of 5% invested in the small cap funds like the S & P 600 which consistently outperforms the Russell 2000. He noted that there is already a Schwab account that can start getting funded. Although this was brought to the attention of the Board, the Certified Financial Planner can implement this funding this new account at his discretion. It was noted that based upon the cash available, Certified Financial Planner Wall was looking to invest \$125,000 in Schwab.

**President Smith moved to transfer a balance not in excess of \$125,000 to the Schwab Investment Account; seconded by Trustee Lange.**

**ROLL CALL VOTE:** AYES - Lange, Smith, Minniear, Kearns  
NAYS - None  
ABSENT - Palazzolo

Motion carried 4 – 0, one absent

**President Smith moved to accept and file the Wall and Associates Pension Board Investment Report as presented; seconded by Trustee Kearns.**

**ROLL CALL VOTE:**       AYES -       Lange, Smith, Minniear, Kearns  
                              NAYS -       None  
                              ABSENT -   Palazzolo

Motion carried 4 – 0, one absent

**7. Pension Board Legal Counsel Report** – Pension legal Counsel LaBardi discussed recent rulings regarding pension funds, including funds that go into default, double dipping and emergency meetings. – **No action was taken.**

**8. Pension Board Lauterbach and Amen Monthly Financial Report** – Pension Board Accountant Earnhardt said that he is waiting on the Police Pension September Financial Report. **President Smith moved to accept and file the Prospect Heights Police Pension Fund Report as presented; seconded by Trustee Lange.**

**ROLL CALL VOTE:**       AYES -       Lange, Smith, Minniear, Kearns  
                              NAYS -       None  
                              ABSENT -   Palazzolo

Motion carried 4 – 0, one absent

## **9. Old Business**

A. Appointment of Scott Minniear as Retiree Trustee Board Member – This was voted upon at the start of the meeting. The appointment was approved. – **No further action taken.**

B. Discuss Lee Willett Pension Application – Discussion and update. It was noted by Mr. Earnhardt that the details of Mr. Willett's services were still being cleared up. This could be approved at the next meeting. President Smith noted that Mr. Willett did not realize that he was eligible. Attorney LaBardi said that the payment could not be made until it was approved by the Board. It was noted that eight months of money had already accrued. – **No action taken.**

C. Alan Thibeault military buyback payment – The amount of money for the military service repayments is \$29,912.13. **The consensus of the Board was to charge 6% interest for payments.** The total amount must be paid before retirement. President Smith said that Officer Thibeault would like the option for \$200 per paycheck which would run through 2024. The repayments will be forwarded to the Pension Attorney to formalize the deductions effective 11/15/2017. Attorney LaBardi stated that Officer Thibeault had not yet signed the agreement. **Approval would be made at the January 9, 2018 Meeting.**

D. Finalize Pension Dues in longevity checks for 2016 – Pension Accountant Earnhardt said that the City Finance Director DuCharme needed to reach out to each officer that is affected by longevity pay for 2016 individually for their preferences. It will be processed through payroll by the City. It only amounts to about \$200 per officer affected. Various payment options were shown to the Board. It was noted that in the future, this issue was resolved. – **No action was taken.**

E. Discuss equity percentages in Investment Portfolio – There was discussion as to what the DOI considers to be equities. It was noted that the Pension could run over 65% in equities during the year, but not with new money. President Smith said that there was interest in the Board in increasing the percentage of equities in the portfolio.

Certified Financial Planner Wall gave an update on capital markets forward earnings. He was suggesting that the portfolio be invested 64-65% in equities. **President Smith requested that a copy of the investment policy be sent to his attention.** – **No further action taken.**

## **10. New Business**

A. Approval of 2018 Meeting Schedule – **President Smith moved to approve the 2018 Police Pension Board Meeting calendar with the regular time of 3 PM; seconded by Trustee Lange.**

**VOICE VOTE:** All Ayes, No Nays

Motion carried 4 – 0, Trustee Palazzolo absent.

B. Adoption of a Tax Levy from Actuarial Valuation and Forward Request to Municipality – It was noted that this report had proposed changes but they could be changed. It was noted that the rate of return was based on 6.75%. A final report could not be issued until the audit was completed. The percent funded is 65.83% It was noted that the Pension could not be adopted until the actual numbers were in the report. – **Action taken in omnibus form below.**

C. Adoption of a Municipal Compliance Report and Forward to Municipality –This report was to be signed and forwarded to the City for adoption. –**President Smith moved to adopt approve and adopt the House Bill 5088 – Municipal Compliance Report and forward it to the Municipality as well as Adopting the Tax Levy from the Actuarial Valuation and Forwarding the Request to the Municipality; seconded by Trustee Lange.**

**ROLL CALL VOTE:**

|          |                                |
|----------|--------------------------------|
| AYES -   | Lange, Smith, Minniear, Kearns |
| NAYS -   | None                           |
| ABSENT - | Palazzolo                      |

Motion carried 4 – 0, one absent

D. Deadline for Filing Independent Audit Report with DOI – **No action was taken**

E. Deadline for Filing DOI Annual Report (October 31 - No extensions will be given this year) – **No action taken**

F. Begin RFP Process for on Investment Consultants, if necessary – **No action taken**

**11. Next Meeting Date – January 9, 2018 at 3:00 PM (subject to approval of the 2018 Meeting Schedule)**

**12. Adjournment – At 5:21 PM, President Smith moved to Adjourn, seconded by Trustee Lange.**

**VOICE VOTE:** All Ayes, No Nays

Motion carried 4 – 0, Trustee Palazzolo absent.

**Approved by the Prospect Heights Police Pension Board on this the 9<sup>th</sup> day of January, 2018**

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**President Michael Smith**

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**Secretary Salvatore Palazzolo**