Prospect Heights Police Pension Board
PENSION BOARD MEETING MINUTES
City Hall Council Chambers
8 North Elmhurst Road
Prospect Heights, IL 60070
Tuesday
January 9, 2018

3:00 PM Police Pension Board Regular Meeting

1. Call to Order – At 2:59 PM, President Smith called to order the January 9, 2018 Regular Meeting of the Police Pension Board at City Hall, 8 North Elmhurst Road, Prospect Heights, IL 60070.

2. Roll Call - Secretary Schultheis called the roll. A quorum was present.
PENSION BOARD MEMBERS IN ATTENDANCE – President Smith, Secretary Palazzolo, Trustees – Lange, Kearns, Minniear
OTHER OFFICIALS PRESENT – Corporal Suerth (arrived at 3:08 PM and left at 3:28 PM), Secretary Schultheis, Legal Counsel LaBardi, Investment Advisor Wall, Treasurer Tibbits, and Pension Fund Accountant May.

3. Approval of Minutes
A. October 10, 2017 Police Pension Board Regular Meeting Minutes – **Trustee Kearns moved to accept the October 10, 2017 Minutes as amended; seconded by President Smith. There was unanimous approval.**

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

Motion carried 5- 0

4. Public Comments – Treasurer Rich Tibbits said that he felt that it was incumbent upon the Board to have the meeting recorded and broadcast to the public. It was noted by the Board that it was not legally obligated to do so, and that the public was invited to attend the meetings.

5. Approval of Expenditures

A. Richard Reimer Pension Board Legal Counsel Payment -

a. Quarterly Retainer - **$750.00**

B. Karen Schultheis, Recording Secretary

January 2018 Quarterly Meeting **$ 125.00 – Trustee Kearns moved for omnibus approval of approval of the Richard Reimer Pension Board Legal Counsel payment of $750 and Recording Secretary January 2018 Quarterly fee of $125.00; seconded by President Smith. There was unanimous approval.**

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

Motion carried 5- 0

It was noted that Annual dues should be added to the Second Quarter Agenda.

6. Pension Board Investment Report – Financial Advisor Wall said that with Fixed Income equities included, the portfolio was about 62% in equities. The equities can be at this high a percentage as long as they are adjusted back into the lower equity bracket by the end of the fiscal year. The total gains for the quarter were $508,729.31. It was noted that the equities showed an almost 12% return for the calendar year – **Trustee Kearns moved to approve the Pension Board Investment Report as presented; seconded by Trustee Palazzolo. There was unanimous approval.**

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

Motion carried 5- 0

7. Pension Board Legal Counsel Report – Attorney LaBardi discussed the changes in the DOI recommended levy assumptions. It was noted that the actuary can use any number but the DOI would be using numbers –

Fund Size – Over $10,000,000 - **Prior Return Assumption – 6.75%** - **New Investment Return Assumption – 6.5%**

Attorney LaBardi said that he would discuss the change in the assumptions with Lauterbach and Amen. Financial Advisor Wall said that he will adjust the percentage that he uses on his policy. Pension Fund Accountant May said that he will have Lauterbach look into the rates of the actuarial study. It was noted by Financial Advisor Wall that if the ½ of the Portfolio is in stocks returning 8% and 1/2 was in bonds returning 5%; then 6.5% should be the assumption after payments and fees.

To be added to the April Agenda, should the Police Pension Fund be using 6.5%, 6.75%, or 7%. The Action Item will be a Lauterbach actuarial study regarding the rate of return.

8. Pension Board Lauterbach and Amen Monthly Financial Report

A. Introduction of new Representative Michael May – **President Smith moved to Approve Lauterbach and Amen Financial Report as presented; seconded by Trustee Kearns. There was unanimous approval.**

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

Motion carried 5- 0

9. Old Business

A. Custodian Registration – Update Schwab Account – there was discussion regarding who needed to be on the account. Attorney LaBardi said that the Department of Insurance said that the Treasurer needed to be on the account, while Reimer Legal Counsel did not think it was necessary. – **President Smith moved to remove former signatories Suerth and Coglianese and replace them with Michael Smith, Kevin Lange and Rich Tibbits; seconded by Trustee Lange. There was unanimous approval.**

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

Motion carried 5- 0

President Smith moved to open a new small cap account I-Share ETF; seconded by Trustee Palazzolo. There was unanimous approval.

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

Motion carried 5- 0

President Smith moved to allow acceptance of electronic statements authorizing Wall and Associates to deliver statements electronically; seconded by Trustee Lange. There was unanimous approval.

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

Motion carried 5- 0

Wiring Funds – Financial Advisor Wall does not have custody of the assets. Financial Advisor Wall would like the authority to wire funds as needed. **President Smith moved to memorialize the authority of Financial Advisor Dave Wall and Associates to wire funds as needed; seconded by Trustee Lange. There was unanimous approval.**

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

Motion carried 5- 0

An action item to be added to the April Meeting would be review of the Small-Cap Equities Guideline which requires legal review.

Financial Advisor Wall said that he will move funds into the S & P 600 ETF which he noted is better than the Russell 2000 – he highlighted the fact that the S & P 600 has outperformed the Russell 2000 by 150 basis points. This transfer into accounts did not require a motion as the Financial Advisor already has that authority. **The consensus of the Board was to allow 2% from Bonds to go into equities.**

B. Discuss Lee Willett Pension Application Update/Approval – This candidate cannot be put on payroll until he is approved by the Board. It was noted that on December 4, 2017, Lee Willett was put on pay status, and that this information was sent to Lauterbach and Amen.

President Smith moved to approve and order retirement benefit status for Lee Willett retroactive to April 4, 2017 for 21 years of credible service with a salary rank of $76,843.98 and original monthly pension payments of $3,361.92; seconded by Trustee Lange. There was unanimous approval.

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

Motion carried 5- 0

It was noted by President Smith that Detective Joe Vertone will be a new pensioner.

C. Alan Thibeault military buyback payment – Agreement Update – It was noted that the Board had received signed copy of the buyback. **President Smith moved to approve Alan Thibeault's buyback payment plan; seconded by Trustee Lange. There was unanimous approval.**

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

Motion carried 5- 0

D. Finalize Pension Dues in longevity checks for 2016 – Update – It was noted that the 2016 longevity checks – all have pension dues have been caught up. 2017 have gone out – everyone is paid up and caught up – **No action was taken.**

E. Investment Strategies - Discussed and approved previously.

F. Adoption of Tax Levy, if necessary – Tax Levies have been approved previously.

G. Fiduciary Liability Coverage – Trustee Palazzolo said that the Board has no coverage as of now. Attorney LaBardi noted that there are not a lot of insurance companies that write this kind of insurance. He also said that it is not required by law but it was not prudent to be serving on a Board without such coverage; because Board members were open to be sued personally. President Smith wanted to meet with the Mesirow insurance agent before agreeing to an insurance contract. **Action Item – to have insurance agent from Mesirow attend the April Board Meeting.**

President Smith moved to approve the policy as presented; seconded by Trustee Lange.

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

Motion carried 4 - 1

Financial Advisor Wall asked how a quote was issued without an application submitted.

Trustee Palazzolo said that he would contact Mesirow and tell them that the insurance coverage quote was approved.

10. New Business

A. Approval of annual COLA increases – **President Smith moved to approve the COLA increase as calculated and presented; seconded by Trustee Lange. There was unanimous approval.**

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

Motion carried 5- 0

B. Semi Annual Review of Closed Session Minutes (the Pension Board does not have any since the last semi-annual review) - None

C. Determine the need for election of beneficiary and active trustees and/or reappointments of appointed trustees - None

D. Schedule Annual Examination of firefighters/police officers under 50 – **President Smith moved to schedule annual examination of firefighters and officers under 50; seconded by Trustee Lange. There was unanimous approval.**

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

Motion carried 5- 0

Reimer will conduct an in-person evaluation with pensioners Allegretti and Wagner. It was noted by the Attorney that this does not require an Agenda Item.

E. Annual verifications of eligibility for beneficiaries – It was noted by Trustee Lange that all of the pensioners on the list are alive. Attorney LaBardi said that while it is not regulated by statute, it was recommended that that Lauterbach and Amen issue an affidavit that they would keep track of the mortality of the pensioners. It was suggested that they could keep track, for a fee, with three mailings per year, and a certified letter if there is no response.

Agenda Item – Cost from Lauterbach and Amen for this service.

F. Review/update contracts with vendors (accountants, actuaries, attorneys, investment managers/advisors or consultants) – Not applicable at this time

G. Obtain predatory lending certification forms from Illinois regulated banks – This does not apply to the Prospect Heights Pension Board as federal banks are used.

H. Approval of Joseph Vertone Pension Application – Fund Accountant May said that Lauterbach and Amen is still working on the calculation for Joe Vertone. President Smith noted that pension applicant Vertone was eligible to collect and had submitted his application in November, 2017. It was also noted that the numbers had been submitted. **President Smith moved to approve the retirement benefits of Joe Vertone effective 11/28/2017 - $95,207 with 26 years of credible service, 65% of salary attached to rank for a monthly rate of $5,157.05; seconded by Trustee Lange. There was unanimous approval.**

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

Motion carried 5- 0

I. Marriage Licenses for several officers – **DEFERRED TO NEXT AGENDA**

President Smith asked what would happen if an officer died on duty and was not vested.

11. Next Meeting Date – April 10, 2018 at 3:00 PM – 8 North Elmhurst Road, Prospect Heights, IL 60070

12. Adjournment – At 4:41 PM, Trustee Kearns moved to Adjourn; seconded by President Smith. There was unanimous approval.
VOICE VOTE: All ayes, no nays.

Motion carried 5 – 0.

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President Michael Smith Secretary Sal Palazollo