



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

3:00 PM Police Pension Board Regular Meeting

Call to Order - At 3:08 PM, President Smith called to order the October 9, 2018 Regular meeting of the Prospect Heights Police Pension Board at 8 North Elmhurst Road, Prospect Heights, IL 60070.

Roll Call – Deputy Clerk Schultheis called roll. A quorum was present.

TRUSTEES IN ATTENDANCE – President Smith, Trustees Lange, Kearns. Minniear

ABSENT – Palazzolo (be previous notification)

OTHER OFFICIALS IN ATTENDANCE – Treasurer Tibbits, Deputy Clerk Schultheis, Pension Board Attorney LaBardi, Pension Board Investment Manager Wall, Pension Board Investment Associate Stephen McLeod, and Lauterbach and Amen Pension Board Accountant Michael May, and Lauterbach and Amen Actuarial Representative Keven Cavanaugh

Approval of Minutes

A. July 10, 2018 Regular Meeting Minutes – **Trustee Kearns moved to approve the July 10, 2018 Regular Meeting Minutes as presented; seconded by President Smith.**

VOICE VOTE: All ayes, no nays.

Motion carried 4 – 0, Trustee Palazzolo absent.

Public Comments - None

Approval of Expenditures

A. Richard Reimer Pension Board Legal Counsel Payment -

- a. Quarterly Retainer - **\$750.00**
- B. Karen Schultheis, Recording Secretary
October 9, 2018 3rd Quarter Meeting **\$ 125.00**
- C. Reimbursement of Pension Conference Fund Expenditures
- D. Trustee Minniear's Course Reimbursement - **\$850.00**
- E. Approval of Pending Expenses – **Trustee Minniear moved to approve the expenses as presented and including the IPPFA costs of Trustee Kearns upon receipt of invoice, and Reimbursement of Pension Conference Fund Expenditures of \$2821.41 to be paid to President Smith; seconded by Trustee Kearns.**

ROLL CALL VOTE:

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

Motion carried 3 – 0, one abstain, one absent

Pension Board Investment Report - Pension Board Investment Associate Stephen McLeod gave an overview of the Pension Portfolio. It was noted that the ending value of the portfolio is up by \$554,000 this quarter for a total of \$15,956,136.60. It was noted that the fixed income is not moving as well, but that it is defensive by nature, and is looking as expected. It was noted by Pension Board Investment Manager Wall that earnings are still strong, and so, equities are doing very well. As per Pension Board Investment Manager Wall the Pension fund is over-weighted in equities relative to the benchmark, and that strategy has worked well. It was noted that on September 21, the S&P 500 Index was reconstituted. This reconstituted Index will be reviewed by Wall Capital Group. – **President Smith moved to approve the Pension Board Investment Report as presented; seconded by Trustee Kearns.**

ROLL CALL VOTE:

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

Motion carried 3 – 0, one absent

It was noted that, as per City Council request, Wall Capital Group will distribute a one-page summary page to the City Administrator.

Pension Board Legal Counsel Report – Attorney LaBardi gave a legal and legislative update.

Pension Board Lauterbach and Amen Monthly Financial Report –

-Trustee Kearns asked if a police officer retired and paid in under \$200,000; would they be getting payout plus 3 % COLA raises? Lauterbach and Amen Pension Board Accountant Michael May said yes, and noted that the amounts on the chart in which the Trustee was looking at did not include the City input.

-Trustee Kearns wanted to know what the year-to-date costs were for E&O insurance. He also asked if the insurance had been purchased? It was noted that the pension had voted to go ahead and purchase insurance. **There was a need to review the E&O Insurance application; which would be required to be filled out by the Board. Attorney LaBardi said that he would email the contact at Arthur J. Gallagher Insurance. Treasurer Tibbits said that he would contact Bob Korvas and report at the January, 2019 meeting.**

Lauterbach and Amen Pension Board Accountant Michael May discussed the Police Pension Fund Monthly Financial Report. Lauterbach and Amen City Assistant Finance Director Cheri Graefen came into the Meeting to discuss 2018 Employer's Contribution to the Pension Fund. It was a "catch up" from last year. The report that was distributed reads "due from" because it has not been transferred as of yet, and it is a one-time contribution.

It was noted that the City contributed the required amount to the Fund. Assistant Finance Director Graefen explained that in June and July the fund benefit payment was not enough to cover the payments. Advances were needed for the two months for the benefit payments.

Pension Board Investment Manager Wall questioned why no one had contacted Wall Capital if there was a payment shortfall.

It was noted that the Pension Board does not owe the City any money; the City just owes less money that was made in benefit payments. This was not levy money – that money goes straight into the Bank. So, the City contributed \$780,000 but minus the \$70,000 advance that was needed for the payments.

Trustee Kearns asked about COLA payments, as well as E and O Insurance. *It was noted by Trustee Kearns that the Pension Board had voted to buy the insurance previously. Accountant May said that he would see if an application had been filled out by the Board. He said that Gallagher was the insurance company they wanted to use for this type of insurance. Attorney LaBardi said that he would email a contact at Gallagher. Treasurer Tibbits said that he would reach out to Bob Korvas to attend the January meeting.

Pension Board Investment Manager Wall stated that the Fund has "plenty of liquidity."

It was noted that benefit payments have risen as the number of members drawing on it has increased this year. Pension Board Accountant Michael May said that the since last year, payments have gone up over \$17,000 per month.

Pension Board Investment Manager Wall suggested that the Pension keep a balance at the bank of \$300,000 to maintain adequate liquidity. Assistant Finance Director Graefen said that she would look at the timeline to determine when money will be moved.

President Smith moved to approve the Financial Report as presented; seconded by Trustee Kearns.

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

Motion carried 4 – 0; one absent

A. Kevin Cavanaugh's Discussion/Approval of Actuarial Valuation – Kevin Cavanaugh noted that the valuation was based on the audit and not finalized until approved. –

No action was needed on GASB 67/68 reporting.

President Smith moved to approve the tax levy report with valuation of \$1,002,709; seconded by Trustee Lange.

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

Motion carried 4 – 0; one absent

Old Business

A. Suspension of Direct Deposit for Pension Benefit of Scott Wagner – Attorney LaBardi said that releases had been gotten, and that there has been progress with the medical records. – **Deferred to January 8, 2019 Meeting**

B. Approval to Continue Officer Allegretti's Disability Benefits subject to further annual evaluations, as required under 5/3-115 and 5/3-116 of the Illinois Pension Code – It was noted that Officer Allegretti went for his annual physical and is still disabled. He is now 50 and no further medical evaluations are needed. – **President Smith moved to approve Officer Allegretti's disability benefits; seconded by Trustee Lange.**

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

Motion carried 4 – 0; one absent

10. New Business

A. 2019 Calendar of Meetings – **President Smith moved to approve the amended calendar; seconded by Trustee Kearns.**

VOICE VOTE: All ayes, no nays.

Motion carried 4 – 0, Trustee Palazzolo absent.

B. Adoption of recommended tax levy from actuarial evaluation and forward request to municipality – **Addressed previously.**

C. Adoption of Municipal Compliance Report and forward to Municipality – **President Smith moved to adopt the Municipal Compliance Report and forward to the Municipality; seconded by Trustee Lange.**

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

Motion carried 4 – 0; one absent

D. Deadline for Filing Independent Audit Report with DOI – Accountant May is waiting for the final report. He noted that the Audit goes with the annual report. He also required training certificates for last year. – **no action was taken.**

E. Deadline for filing of DOI annual report – **No action was taken.**

F. Begin RFP Process for Investment Consultants, if necessary – **Not necessary for this Pension Board**

G. Jesus Duron – Military Buyback – Jesus Duron decided that he would not contribute. – **No action was taken.**

H. Christopher Skeet – Payout of Contributions – Accountant May verified the numbers and said that there was a total of \$41,501.31. It will rollover in the

Northern trust account. It is based upon 6 ½ years of service. **President Smith moved to approve Officer Skeet's \$41,501.31 refund with no interest; seconded by Trustee Lange.**

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

Motion carried 4 – 0; one absent

I. Colleen Zitkus – New member Approval/Transferred Funds from Lincolnwood – It was noted that Officer Zitkus served 2 ½ years in Lincolnwood. She will need to apply to the Fund in order for the Board to approve her. – **No action was taken.**

J. GASB Report discussion/Payment Authorization – there was discussion regarding who pays. Last year, the City had paid \$5000 last year. The Pension will await an invoice from Lauterbach and Amen. – **Deferred until January, 2019 meeting.**

K. Bill Suerth – Application Approval – It was noted that Officer Suerth served 25 years. – **Trustee Kearns moved to approve the retirement application as of 9/17/2018 for 25 years of credible service at 62.5% of \$97,676.80 for a monthly pension amount of \$5,087.33; seconded by President Smith.**

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

Motion carried 4 – 0; one absent

L. General – Military Buyback Timeframe – Attorney LaBardi said that he will distribute information to review and then the Board can vote to Adopt for prior military service. The usual timeframe is a 5-year buyback. Once adopted, the same rules must apply to all applicants. – **deferred until January, 2019**

M. Approval to Videotape Police Pension Board Meetings to be put on the Prospect Heights cable channel/website and to be stored as DVD's – Treasurer Tibbits suggested that in the interest of transparency, and so that items could not be taken out of context; the meetings should be videotaped and made public. President Smith noted that the Minutes are published and the public is welcome to attend all of the meetings.

President Smith moved to deny the approval to videotape the Police Pension Board meetings to be put on the Prospect Heights cable channel/website and to be stored as DVD's; seconded by Trustee Lange.

ROLL CALL VOTE: AYES - Smith, Minniear, Lange
 NAYS - Kearns
 ABSENT - Palazzolo

Motion carried 3-1; one absent

N. Approval of Jerry Coglianese application – Accountant May said that he had received decision and order regarding Officer Coglianese on July 11, 2018. His application had been approved at the previous meeting. – **Trustee Kearns moved to start the 35 day clock for signatures by the Board/Treasurer to adopt and publish; seconded by Trustee Lange.**

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

Motion carried 4 – 0; one absent

O. Election of Trustee Minniear to position on slate of candidates – **Not applicable.**

Accountant May said that new hires have their own application as of August, 2018. **Further review of - I. Colleen Zitkus – New member Approval/Transferred Funds from Lincolnwood Approved by the Prospect Heights Police Pension Board of this the 8th day of January, 2019. Attorney LaBardi suggested that the Board approve Officer Zitkus' application given the length of time to the next meeting. President Smith moved to approve acceptance of Colleen Zitkus application as a Tier II member pending her application completion; seconded by Trustee Kearns.**

VOICE VOTE: All Ayes, No Nays

Motion carried 4 – 0, No Trustee Palazzolo

Next Meeting Date – January 8, 2019 at 9 AM – 8 North Elmhurst Road, Prospect Heights, IL 60070

Adjournment – At 5:18 PM, President Smith moved to Adjourn; seconded by Trustee Kearns.

VOICE VOTE: All ayes, no nays.

Motion carried 4 – 0, Trustee Palazzolo absent.

President Michael Smith

Secretary Sal Palazzolo