Prospect Heights Police Pension Board

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PENSION BOARD MEETING MINUTES
City Hall Council Chambers
8 North Elmhurst Road
Prospect Heights, IL 60070
Tuesday
January 14, 2020

3:00 PM Police Pension Board Regular Meeting

Call to Order - At 3:00 PM, President Smith called to order the January 14, 2020 Regular Meeting of the Prospect Heights Police Pension Board at City Hall, 8 North Elmhurst Road, Prospect Heights, IL 60070.

Roll Call – Recording Secretary Schultheis called roll. A quorum was present.
TRUSTEES PRESENT – President Smith, Trustees – Lange, Minniear, Kearns
OTHER OFFICIALS PRESENT – Pension Fund Manager Wall, Attorney LaBardi, Recording Secretary Schultheis, Treasurer Tibbits, Pension Fund Accountant Earnhardt, and Trustee-candidate Thomas Huitink.

Approval of Minutes
A. October 8, 2019 Regular Meeting Minutes – **President Smith moved to approve the October 8, 2019 Regular Meeting Minutes as presented; seconded by Trustee Kearns.**
VOICE VOTE: All Ayes, No Nays

Motion carried 4 - 0

Public Comments – Treasurer Tibbits asked that the Pension Board consider recording the meetings for the sake of transparency.

Approval of Expenditures
A. Richard Reimer Pension Board Legal Counsel Payment -

a. Quarterly Retainer - **$750.00**

B. Karen Schultheis, Recording Secretary -

January 14, 2020 First Quarter Meeting **$ 125.00**

C. Approval of Pending Expenses - **President Smith moved for omnibus approval of the Quarterly Richard Reimer Pension Board Legal Counsel fees of $750 and the Recording Secretary Fee of $125 to Karen Schultheis; seconded by Trustee Kearns.**

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

Motion carried 4 - 0

Pension Board Investment Report – Pension Fund Manager Wall said that the fund was invested 66% in equities, but would be at the 65% allowed level by the end of the Fiscal year. He noted that the total asset value of the funds was $17,789,537. He stated that the yearly rate of return is 18.37%. He noted that the five-year gain had been $4.4 million. In Fixed Income, the Fund did not beat the Bloomberg Barclays Benchmark Fund, because the portfolio is very defensively aligned. Fund Manager Wall believes that the Federal Reserve will not be cutting rates, and expects rates to rise to 2 – 2.5%. He also stated that the Global Benchmark was beaten in certain sectors – the Momentum sector being the biggest underperformer. The Real Estate portfolio was only recently initiated and showed a modest gain. It was noted that the economy is doing well and the Fund Manager is optimistic about equities. The issues that might affect the economy are – the November elections, earnings, geopolitical risks, trade deals and Iran.

President Smith moved to approve the Pension Board Investment Report as presented; seconded by Trustee Lange.

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

Motion carried 4 - 0

Pension Board Legal Counsel Report – Attorney LaBardi updated the Board regarding consolidation of the pension funds. He said that training will now be 8 hours instead of 16 for current Board members and new Board member training will go from 32 hours to 16. The training can be done online.

The Asset transfer currently has a 30-month timeline.

The Board will still be responsible for quarterly meetings. Once the money has been transferred, there will be no more need for the Fund Manager. The City and the Board will lose a lot of discretion in the allocation and management of the funds.

The pension will not have mandated funding. There are 650 funds in the state of Illinois that will require 650 actuarial reports.
Attorney LaBardi stated that, at this point, no one knows the costs and liabilities of consolidation. He added that the State will not pay for transition costs – those costs will be the responsibility of the Board.
Attorney LaBardi said that it is expected that this will probably start being implemented in 2021 – the larger funds first. Everything must be completed in 30 months.
Trustee Minniear asked if there were any other states that had consolidated pension funds. Fund Manager Wall replied that Arizona and Pennsylvania currently do, but Pennsylvania only assumes control of funds from municipalities where the pension funds are underperforming; and Arizona assumes the costs not the pension board.
Attorney LaBardi said that Illinois has taken this step to control the pension funds because the State government claims that the loss is $1mm per day.
It was noted the Lauterbach and Amen would still handle all Administrative costs.
Attorney LaBardi added that the annual training outing to Lake Geneva has been cancelled; but the IPPFA meeting in Springfield was still going to be held.

Attorney LaBardi explained that the Tier II enhancements would include:

- Higher COLA increases (3% or CPI – whichever was lower)
- Cap for Tier II salary to be recalculated (the DOI will recalculate)

It was noted that there will probably litigation initiated by different groups, but as of now, there is none.

Pension Board Lauterbach and Amen Monthly Financial Report – Fund Accountant Earnhardt said that the fund is 65% funded; which is above the state average. The state average is 55%. He noted that the City has paid 100% of the amount requested.
President Smith moved to approve the Police Pension Fund Monthly report as presented; seconded by Trustee Lange.

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

Motion carried 4 - 0

President Smith moved to approve the vendor checklist as presented; seconded by Trustee Kearns.

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

ABSENT - None

Motion carried 4 - 0

Old Business

A. Review of the previous adoption of recommended tax levy from actuarial valuation and forward request to City of Prospect Heights – verify that there were no changes – There were no changes. **No action was taken**

B. Review of the previous Adoption of municipal compliance report and forward to City of Prospect Heights – verify that there no revisions – there were no revisions. **No action was taken.**

C. Information on the Portability of Pensions – update to be given by Lauterbach and Amen – There was a question regarding an officer that that had three years in Prospect Heights and is going to Arlington Heights. Fund Accountant Earnhardt said that the Pension could be transferred, but that he would have to stay more than two years to maintain credible service. There is the possibility of losing the entire pension if he moves again in less than two years. – **No action was taken.**

10. New Business

A. Addition of Officer Bradley Sigsworth to the Pension Fund - It was noted that the paperwork had been sent to Lauterbach and Amen and that he had completed the Police Academy. – **DEFERRED UNTIL APPLICATION IS COMPLETE.**

B. Approval of Officer Lange 16 Hour Annual Training – 8-hour online and 8-hour class training through Northern Illinois University – No action is needed. Lauterbach and Amen is in receipt of the verification of the training.

C. Review and Approval of 2020 COLA report provided by Lauterbach and Amen – President Smith moved to approve the 2020 COLA report provided by Lauterbach and Amen; seconded by Trustee Lange.

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

Motion carried 4 - 0

It was noted that the COLA rates are effective January 1, 2020. COLA starts on your fifty-fifth birthday based on anniversary date.

D. Reappointment of William Kearns to Prospect Heights Police Pension Fund – President Smith moved to reappoint William Kearns to the Prospect Heights Police Pension Board; seconded by Trustee Lange.

VOICE VOTE: All Ayes, No Nays

Motion carried 4 - 0

E. Semi Annual Review of Executive Session Minutes to Determine if they need to remain confidential – None.

F. Determine need for election of Beneficiary and Active Trustees and/or reappointment of appointed Trustees – It was noted that the Trustees should submit their names, and that an election was only required if more than one candidates was running. – **no action was taken**

G. Schedule Annual Examinations for disabled Police Officers under the Age of 50 - It was noted that all of the disable officers were over 50 years old. – **No action was taken.**

H. Annual verifications of eligibility of for beneficiaries – this is something that is handled by Lauterbach and Amen. They send letters to retirees to see if they are still alive. – **No action was taken.**

I. Review/Update vendor contracts (accountants, actuaries, attorneys, investment managers/advisors or consultants) – None.

J. Obtain Predatory Lending Certification Forms from Illinois Regulated Banks – The Treasurer must get a letter from Village Bank and Trust stating that they are not predatory. This should be kept in the City records.

Next Meeting Date – Tuesday, April 14, 2020 at 9:00 AM – City Hall. 8 North Elmhurst Road, Prospect Heights, IL 60070 – the Trustees and the Attorney and Fund Managers agreed to a new time of 9 AM. The first 9 AM meeting will be the Second Quarter Meeting on April 14, 2020.

Adjournment – At 4:24 PM, President Smith moved to Adjourn; seconded by Trustee Lange.

VOICE VOTE: All Ayes, No Nays

Motion carried 4 – 0

MINUTES WERE APPROVED BY PENSION BOARD

President Smith **Pension Fund Secretary**

ON APRIL 14, 2020. DUE TO SHELTER-IN-PLACE ORDERS; PENSION BOARD MEMBERS ATTENDED ELECTRONICALLY ONLY.