Prospect Heights Police Pension Board

Prospect Heights Police Pension Board Minutes
Tuesday
October 13, 2020 at 9 AM

Call to Order - At 9:02 AM, President Smith called to order the October 13, 2020, Fourth Quarter Police Pension Board Regular Zoom Teleconference Meeting.

Roll Call – Recording Secretary Schultheis called roll. A quorum was present.
TRUSTEES IN ATTENDANCE – President Smith, Trustees – Lange, Minniear, Kearns, Huitink.
OTHER OFFICIALS IN ATTENDANCE – Pension Portfolio Manager Wall, Pension Attorney LaBardi, Pension Accountant Earnhardt, City Treasurer Tibbits, and Recording Secretary Schultheis.

Approval of Minutes
A. July 14, 2020 Regular Zoom Meeting Minutes – **Trustee Kearns moved to approve the July 14, 2020 Regular Zoom Meeting Minutes as presented; seconded by President Smith. There was unanimous approval.**

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

Motion carried 5 – 0

Public Comments – Treasurer Tibbits asked that the Board consider regular recordings of the meetings, as well as making those recordings available to the public for the purpose of transparency.

Approval of Expenditures
A. Richard Reimer Pension Board Legal Counsel Payment -
  a. Quarterly Retainer - **$750.00**
B. Karen Schultheis, Recording Secretary -
October 13, 2020, 4th Quarter Meeting **$ 125.00**

C. 2020 Mid-American Pension Conference – William Kearns - **$385.00**
D. Certified Trustee Program Course Completion – Thomas Huitink - **$550.00**
E. Approval of Pending Expenses – Trustee Lange asked if pending expenses for online IPPFA training of $485 per trustee could be approved. Attorney LaBardi said that they needed to be put on the next Agenda.
President Smith moved to Approve the expenses as stated; seconded by Trustee Lange to include Richard Reimer Pension Board Legal Counsel Payment Quarterly Retainer - $750.00; Karen Schultheis, Recording Secretary October 13, 2020, 4th Quarter Meeting $ 125.00; 2020 Mid-American Pension Conference – William Kearns - $385.00; and Certified Trustee Program Course Completion – Thomas Huitink - $550.00. There was unanimous approval.

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

Motion carried 5 – 0

Pension Board Investment Report – Pension manager Wall stated that the Pension Fund is up 5.9%, and 4% year-to-date. He said that Fixed Income is up 30%, and that the lion's share of the holdings is in AA bonds. He noted that the Fund is looking for corporate bonds to purchase. He stated that the global position is up 9.75%, and is ahead of the S&P. He said that the Strategic Beta is lagging the S&P, and that the expect for the Momentum group, all other categories in the Fund were underperforming. Fund Manager Wall said that the Market is up, and assuming a Biden presidential victory. He noted that the Market will not do well in a contested election. He said that there is anticipation of great improvement in the GDP. The current Pension Fund is over $19,000,000.
He said that the current portfolio is 69% in equity mutual funds and ETF's. Trustee Huitink asked if this would change, and Fund Manager Wall said not currently. He noted that the Board is a long term investor.
Trustee Kearns asked where the instruments were grade-wise. Manager Wall said that by statute, the portfolio had to have high grade bonds. He added that he is staying in highly liquid names.
There was a question regarding investment into individual instruments, but Manager Wall said that he does not buy individual stocks.
President Smith moved to Approve the Investment Report as presented; seconded by Trustee Huitink. There was unanimous approval.

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

ABSENT - None

Motion carried 5 – 0

Pension Board Legal Counsel Report – Attorney LaBardi said that there will be a November vote as to whether the will be an extension of the Municipal Funding deadline. Current legislation says that the pensions must be 90% funded by 2040. There is pending legislation that would move the date to 2050. This would impact the statutory minimum.
President Smith asked why the deadline extension was being considered? Attorney LaBardi said that it would reduce the amount of money that municipalities would have to pay out to the Pension each year. Trustee Huitink noted that this would have the effect of pushing everything to the back end.
President Smith added that the state's minimum does not mean that Prospect Heights has to put in the minimum. He said that the City has a history of meeting and beating the minimum.

Attorney LaBardi noted that Reimer also represents the Consolidated Investment Board, and there might be a potential conflict with the local boards. He said that the Board election would be in December and be installed in January, 2021. There is still no discussion of transfer of assets, but there is a July, 2022 deadline. Once the consolidated board is in place, there will be a uniform rate of return for the pension funds.

Pension Board Lauterbach and Amen Monthly Financial Report – Pension Fund Accountant Earnhardt said that there was a final bank statement that was not available and so the most recent financial report was August 31, 2020.
He stated that the Pension Fund had risen $2.5 million.
President Smith asked what the percent of the pension was funded as of August, 2020. Accountant Earnhardt said that it was a constantly changing target, and a tentative number would be about 64.15% funded.
President Smith moved to accept the Lauterbach and Amen Financial Report as presented; seconded by Trustee Lange. There was unanimous approval.

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

Motion carried 5 – 0

Old Business - None

New Business

A. Adoption of recommended tax levy from actuarial valuation and forward to Municipality – Accountant Earnhardt is waiting for the final audit numbers. If there are no adjustments, the recommended contribution number would be $1,238,854 for the tax levy. Attorney LaBardi recommended not voting on the number until it was finalized. Accountant Earnhardt said that the deadline to have the final numbers is October 31.

Trustee Huitink asked if the City typically met the contribution number. President Smith stated that the City typically met and exceeded the requested amount, and made up for any shortfalls.

Trustee Huitink felt that the Board was too aggressive with the actuarial analysis. Attorney LaBardi noted that the Board had two choices, to vote to TABLE the adoption of the tax levy and have a special meeting when the final numbers were available or vote to request a levy pending the final numbers are unchanged.

The consensus of the Board was to TABLE the adoption of a tax levy until the final audit numbers were available, and hold a Special Meeting the first week of November.

B. Adoption of Public Act 95-0950 Municipal Compliance Report and forward to City – TABLED. Requires Final Audit numbers. Will be voted on at Special Meeting in November.

C. Schedule 2021 quarterly calendar year - President Smith moved to Adopt the 2021 calendar; seconded by Trustee Kearns with Regular Quarterly Meetings at 9 AM on Tuesday, January 12, 2021; April 13, 2021; July 13, 2021; and October 12, 2021. There was unanimous approval.

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

Motion carried 5 – 0

D. Deadline for filing independent audit report with DOI - TABLED

E. Deadline for filing of DOI annual report - TABLED

F. Begin RFP process on investment consultants, if necessary – Not necessary

G. Acceptance of Barrett Loehrer to the Prospect Heights Police Pension Fund – President Smith moved to approve Barrett Loehrer to the Police Pension Fund, Tier II with a start date of 8/17/2020; seconded by Trustee Huitink. There was unanimous approval.

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

Motion carried 5 – 0

Next Meeting Date – Tuesday, January 12, 2021 at 9 AM – City Hall. 8 North Elmhurst Road, Prospect Heights, IL 60070 – President Smith noted that a possible

Adjournment – At 9:59 AM, President Smith moved to Adjourn; seconded by Trustee Lange. There was unanimous approval.

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

Motion carried 5 – 0

Approved by the Prospect Heights Police Pension Board on this the 12th day of January, 2021.

VP Kevin Lange