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## Prospect Heights Police Pension Board

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### **Prospect Heights Police Pension Board Minutes**

**Tuesday**

**October 12, 2021 at 9 AM**

**Call to Order** - At 8:58 AM, President Lange called to order the 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 Lange, Trustees – Sigsworth, Minniear, Kearns (by phone as per electronic request at 8:59 AM)

ABSENT – Trustee Huitink (by previous notification)

OTHER OFFICIALS PRESENT – Recording Secretary Schultheis, Attorney LaBardi, Accounting Client Rep Birkenheier, Treasurer Tibbits, and Portfolio Manager Wall (via phone)

**Approval of Remote Attendance for Trustee Kearns – At 8:59 AM, President Lange moved to approve the remote attendance of Trustee Kearns; seconded by Trustee Sigsworth.**

|                        |          |                            |
|------------------------|----------|----------------------------|
| <b>ROLL CALL VOTE:</b> | AYES -   | Sigsworth, Lange, Minniear |
|                        | NAYS -   | None                       |
|                        | ABSENT - | Huitink                    |
|                        | ABSTAIN- | Kearns                     |

Motion carried 3-0, one absent, one abstain

### **Approval of Minutes**

A. July 13, 2021 Regular Meeting Minutes – **Trustee Kearns moved to approve the July 13, 2021 Regular Meeting Minutes as presented; seconded by President Lange.**

|                         |        |                                    |
|-------------------------|--------|------------------------------------|
| <b>ROLL CALL VOTE -</b> | AYES - | Sigsworth, Lange, Kearns, Minniear |
|                         | NAYS - | None                               |

ABSENT - Huitink

Motion carried 4 – 0, one absent

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

**Approval of Expenditures**

A. Richard Reimer Pension Board Legal Counsel Payment -

a. Quarterly Retainer plus General Matters - **\$824.10**

B. Karen Schultheis, Recording Secretary -

October 12, 2021, 4<sup>th</sup> Quarter Meeting **\$ 125.00**

C. Approval of the IPPFA Membership Dues January 1, 2022 – December 31, 2022 - **\$795.00**

D. Approval of Expenditures – **President Lange moved to approve Richard Reimer Pension Board Legal Counsel Payment Quarterly Retainer plus General Matters - \$824.10; Karen Schultheis, Recording Secretary -October 12, 2021, 4<sup>th</sup> Quarter Meeting \$ 125.00; and Approval of the IPPFA Membership Dues January 1, 2022 – December 31, 2022 - \$795.00; seconded by Trustee Minniear.**

**ROLL CALL VOTE -** AYES - Lange, Kearns, Minniear, Sigsworth

NAYS - None

ABSENT - Huitink

Motion carried 4 – 0, one absent

**Pension Board Investment Report** – Portfolio Manager Wall said that the portfolio currently holds \$21,851,440 in assets. It is invested 64.5% in equities as of September 30, 2021. The portfolio is down six basis points since the last quarter, but has a 9 percent rate of return year to date. Treasurer Tibbits noted that the City does have cash that it will need to transfer to the Schwab account. Portfolio Manager Wall said that the Momentum fund was lagging, but the Double Line Fund had done well against the S&P. He said that the Momentum stock had been weighted in tech companies – it is now more weighted in value stocks. He noted that the fund rebalances twice a year – once in May and once in November. Manager Wall said that the Real Estate Fund is up 20.6% year to date.

Trustee Kearns asked if the Portfolio will remain in the Momentum Fund. Portfolio Manager Wall said that it would, but it would be re-weighted in value instruments.

**President Lange moved to accept the Pension Board Investment Report as presented; seconded by Trustee Sigsworth.**

**ROLL CALL VOTE -** AYES - Minniear, Sigsworth, Lange, Kearns

NAYS - None

ABSENT - Huitink

Motion carried 4 – 0, one absent

Treasurer Tibbits noted that Finance Director Graefen handles all of the transfers and balances. Portfolio Manager Wall said that the money would have to be put in the bond account because the equities are at their maximum. He added that the cash would need to be transferred to Schwab.

\*After his report, Portfolio Manager Wall left the meeting.

**Pension Board Legal Counsel Report** – Attorney LaBardi said that the Firefighter's Pension Investment Fund will have assets transferred in three tranches – the first of which was already transferred on October 1, 2021. The next tranche will be November 1 and the subsequent tranche will be December 1. He noted that the Police Pension Investment Fund has not approved any dates yet to begin transferring assets.

The Consolidation lawsuit is still pending in Kane County. There may be a motion for summary judgement in November or December. Attorney LaBardi stated that if Kane County finds the consolidation unconstitutional, the case would go to the Illinois Supreme Court. If Kane County finds that the Consolidation is constitutional, the case would go to the appellate court,

### **Pension Board Lauterbach and Amen Monthly Financial Report**

#### **A. Introduction of Crista Birkenheier as the new Lauterbach and Amen Representative**

Lauterbach and Amen Client Rep, Crista Birkenheier, said that as of September 30, 2021 the Prospect Heights Police Pension net position held in trust for Pension benefits is \$22,207,764.41. She noted that there has been a net change in the last five months of **(\$10,078.98)**.

Client Rep Birkenheier said that the total Member contribution as of September 30, 2021 is \$1.6 million.

President Lange asked why Mitch Weber and Corey Simpson were still listed on inactive/terminated. He said that Weber was working for South Holland PD and Simpson for Wheaton PD. Rep Birkenheier said that she would see if they had transferred their funds to those departments yet.

Treasurer Tibbits said that the City should try to transfer as much funds before the consolidation takes place. Because at the point of consolidation there will be a freeze.

Attorney LaBardi said that Lauterbach and Amen will provide a template for a cash management policy – this can be adopted by the Board. It will show how much the Board needs to keep and how much needs to be transferred. However, it requires dates, so the Board needs to wait until specific dates are supplied. There may be special meetings that will be meeting during the consolidation process.

**President Lange moved to approve the Lauterbach and Amen Financial Report as presented; seconded by Trustee Sigsworth.**

**ROLL CALL VOTE -**       AYES -       Sigsworth, Lange, Kearns, Minniear  
                              NAYS -       None  
                              ABSENT -   Huitink

Motion carried 4 – 0, one absent

**Old Business - None**

**New Business**

**A. Approval of Updated Police Pension Calculation Worksheet and Variance for Mark Porlier –**

Explanation was given as to why there was an error in the pension calculation.

President Lange said that Deputy Chief Porlier had an increase in his pay on January 1, 2021; and then a cost of living increase on May 1, 2021. But the January raise was not calculated into his salary.

Trustee Kearns asked how this happened, and President Lange said that the mistake was internal at PD. DC Porlier did not realize the error, and signed off on the incorrect calculation.

Trustee Kearns asked what would have happened if the error had been discovered years from now. Attorney LaBardi replied that the action that was taken in July was to approve the acceptance of Mark Porlier's pension. Had the Board given written decision that would have started the 35-day Administrative Review clock. If there is nothing questioned during the timeframe, the Board's decision is final. He noted that the Board had NOT taken the review step, so the 35-day time period had not been enacted. The only item being approved at this meeting is the approval of the recalculation.

**President Lange moved to approve the updated Police Pension Calculation and variance for Mark Porlier with a retirement date of June 26, 2021, having served 27 years with an ending salary of \$137,700.71, with a pension 67.5% of salary for a monthly payment of \$7745.67; seconded by Trustee Minniear.**

**ROLL CALL VOTE -**       AYES -       Lange, Kearns, Minniear, Sigsworth

NAYS - None  
ABSENT - Huitink

Motion carried 4 – 0, one absent

**President Lange moved to approve adjusted, retroactive underpayment of \$646 since retirement benefits started in June, 2021; seconded by Trustee Sigsworth.**

**ROLL CALL VOTE -** AYES - Kearns, Minniear, Sigsworth, Lange  
NAYS - None  
ABSENT - Huitink

Motion carried 4 – 0, one absent

**\*For the January, 2022 Meeting, Attorney LaBardi said to add an item to approve the Decision Order and start the 35-day clock.**

**B. Approval of the Police Pension Board 2022 Calendar – President Lange moved to approve the 2022 Quarterly Meeting Calendar as presented; seconded by Trustee Sigsworth.**

**ROLL CALL VOTE -** AYES - Minniear, Sigsworth, Kearns, Lange  
NAYS - None  
ABSENT - Huitink

Motion carried 4 – 0, one absent

**C. Approval of Municipal Compliance report and forward to the Municipality –** Lauterbach and Amen Client Rep Birkenheier said that the municipality audit is not finished yet. She asked if the Board wanted to vote on the numbers or wait for the official audit. **The consensus was to wait for the audit.**

Client Rep Birkenheier said that the expectation was that the audit would be completed by the end of October.

Attorney LaBardi said that there would be a need for a special meeting to approve the audit. That meeting could be conducted via Zoom.

**No action was taken.**

**D. Deadline for filing independent audit report with DOI – the deadline is October 31. – Informational item**

**E. Deadline for filing of DOI annual report (October 31<sup>st</sup> deadline) – Informational item.**

**F. Begin RFP process on investment consultants, if necessary – The Portfolio Manager, Dave Wall has investment discretion. – No action required.**

**Next Meeting Date – Tuesday, January 11, 2022 at 9 AM – City Hall. 8 North Elmhurst Road, Prospect Heights, IL 60070**

**Adjournment – At 9:43 AM, President Lange moved to Adjourn; seconded by Trustee Sigsworth.**

**ROLL CALL VOTE -**        AYES -        Kearns, Minniear, Sigsworth, Lange  
                                     NAYS -        None  
                                     ABSENT -    Huitink

Motion carried 4 – 0, one absent

Approved by the Prospect Heights Police Pension Board on this the 11<sup>th</sup> day of January, 2022.

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President Lange