



**Prospect Heights Police Pension Board
CITY HALL
8 NORTH ELMHURST ROAD
PROSPECT HEIGHTS, IL 60070**

**REGULAR MEETING MINUTES
October 10, 2023 at 9 AM**

Call to Order – At 9:00 AM, President Lange called to order the Regular Meeting of the Prospect Heights Police Pension Board Meeting at City Hall, 8 N. Elmhurst Road, Prospect Heights, IL 60070.

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

TRUSTEES PRESENT – President Lange, Trustees – Kearns, Huitink, Sigsworth (electronically at 9:01 AM)

ABSENT – Trustee Minniear (with previous notification, Treasurer Tibbits (with previous notification)

OTHER OFFICIALS PRESENT – Attorney LaBardi, Accountant Birkenheier, Deputy Clerk Schultheis, Accountant Rychtarczyk. In the audience – City Administrator Wade and City Assistant Finance Director Tannehill.

At 9:01 AM, President Lange moved to allow Trustee Sigsworth to enter the meeting electronically; seconded by Trustee Huitink.

ROLL CALL VOTE:

AYES -	Huitink, Kearns, Lange
NAYS -	None
ABSENT -	Minniear
ABSTAIN -	Sigsworth

Motion carried 3 – 0; one absent, one abstention

Approval of Minutes

A. July 11, 2023 Regular Meeting Minutes – President Lange moved to Approve the July 11, 2023 Regular Police Pension meeting Minutes, as amended; seconded by Trustee Kearns.

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

Motion carried 4 – 0; one absent

4. Public Comments – City Administrator Wade asked to discuss the City’s initiative, as a Non-Home Rule community, to be able to use hotel/motel taxes to help fund the police pension. Trustee Huitink said that the pension funding is an agenda item.

Treasurer Tibbits asked that the Police Pension Board meetings be recorded and that the recordings be retained for the sake of transparency.

Approval of Expenditures

A. Richard Reimer Pension Board Legal Counsel Payment -

a. Quarterly Retainer plus General Matters - **\$750.00**

**B. Karen Schultheis, Recording Secretary October 10, 2023 , 4th Quarter Meeting
 \$125.00**

C. Invoices

a. Invoice# 80135 – Actuarial Report for fiscal year ended April 30, 2023 - Tax - **\$2,835.00**

b. Invoice #80293 – Actuarial Report for the fiscal year ended April 30, 2023 – GASB 67/68 - **\$2,680.00**

c. Invoice #80456– Year End work papers - **\$785.00**

d. Invoice #79896 – June, 2023 Accounting and Benefits Administration- **\$760.00**

e. Invoice 2082 – CompCore Pro Service Agreement – scheduling of IME Pension Board
 Todd Alan Godair - **\$10,900.00**

f. Invoice #82021 – Accounting and Administrative Services - **\$760.00**

g. Invoice #7870 – 2024 IPPFA membership Dues (due by 12/31/2023 - **\$795.00**

h. Invoice #81270 – Police Pension Summary Analyses - **\$275.00**

i. Invoice #80855 – Accounting and Benefits Administration - **\$760.00**

D. IPPFA Payment – Registration of Trustees – Invoice #23-2045 - \$2,250.00

E. Payment of Expenditures - Added to the expenses as per Accountant Birkenheier, two invoices from Reimer Dobrovolny and Labardi for a total of \$3,413.86 and the September Lauterbach and Amen Invoice for Accounting and Administrative Services of \$760.00.

Trustee Kearns moved for omnibus approval of payment for Richard Reimer Pension Board Legal Counsel Payment Quarterly Retainer plus General Matters - \$750.00; Karen Schultheis, Recording Secretary October 10, 2023 , 4th Quarter Meeting \$125.00; Invoice# 80135 – Actuarial Report for fiscal year ended April 30, 2023 - Tax - \$2,835.00; Invoice #80293 – Actuarial Report for the fiscal year ended April 30, 2023 – GASB 67/68 - \$2,680.00; Invoice #80456– Year End work papers - \$785.00; Invoice #79896 – June, 2023 Accounting and Benefits Administration- \$760.00; Invoice 2082 – CompCore Pro Service Agreement – scheduling of IME Pension Board Todd Alan Godair - \$10,900.00; Invoice #82021 – Accounting and Administrative Services - \$760.00; Invoice #7870 – 2024 IPPFA membership Dues (due by 12/31/2023 - \$795.00; Invoice #81270 – Police Pension Summary Analyses - \$275.00; Invoice #80855 – Accounting and Benefits Administration - \$760.00; IPPFA Payment – Registration of Trustees – Invoice #23-2045 - \$2,250.00; two invoices from Reimer Dobrovolny and Labardi for a total of \$3,413.86 and the September Lauterbach and

Amen Invoice for Accounting and Administrative Services of \$760.00; seconded by President Lange.

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

Motion carried 4 – 0; one absent

Trustee Huitink thought that the IPPFA conference fees had been paid previously. Accountant Birkenheier said that the Board had been registered as per the last meeting, but the payment had not been approved.

Trustee Huitink said that since the Board outsourced accounting services with Lauterbach and Amen and the City outsources services with Lauterbach and Amen, he suggested that the Board and the City combine the services to save money.

City Administrator Wade noted the possibility and legality issues that might be caused by combining the two –such as a conflict of interest. He also stated that the Lauterbach and Amen staff at the City had different functions and were at different pay scales and job skills/expertise than the Lauterbach and Amen accountants working for the Board.

Attorney LaBardi said that in order to consider the combination of the two, Lauterbach and Amen would need to propose a contract of services. – **Lauterbach and Amen will discuss at the January 2024 Meeting – this will be a talking point item**

Pension Board Legal Counsel Report

A. Discussion/possible action Godair Disability- Request to Withdraw Application – Trustee Huitink asked why the Board needed to pay the \$11,000 for the doctors when the applicant had withdrawn the disability application. Attorney LaBardi said that the medical exams were required by law, not by the applicant. Trustee Huitink said that the City should pay for the medical exams not the Pension Board. Attorney LaBardi said that this was not for treatment but for independent exams.

He added that medical bills in the range of \$9,000 - \$12,000 was common for these disability claims. Attorney LaBardi said that there is no basis in the law that requires the applicant to pay for medical charges required by law. Attorney LaBardi noted that the Pension Board had approved the independent medical exams at a previous meeting. CompCore is the company that finds the independent doctors to give the exams.

It was noted by Attorney LaBardi that Sgt. Godair is on full time, light duty. He will not pursue his disability claim.

President Lange moved to agree to Sergeant Todd Godair’s request to with draw his disability claim; seconded by Trustee Kearns.

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

Motion carried 4 – 0; one absent

Attorney LaBardi said that it is unusual to have a disability application withdrawn by the applicant. It was noted that since he did have the three medical exams, the City and the Board attorneys do have copies of the results.

-Attorney LaBardi noted that the consolidation lawsuit is still pending. There is no hearing date yet.

Pension Board Lauterbach and Amen Monthly Financial Report

- A. Global Cash Movement – Crista Birkenheier –
- B. BMO Harris Collateralization Agreement
- C. Discussion regarding opening a BMO Money Market
- D. Review/amendment to cash management policy

Trustee Kearns asked if the Pension Board had verification that that funds had been moved from Schwab to BMO. Accountant Birkenheier said that the accounts had been reconciled and transferred to BMO.

Noted that IPOPIF report month ended September 30, 2023 has been received by the Pension Board.

Included as an Agenda item for the January 2024 Meeting will be the IPOPIF Versus Report that can be found on the website at info@ipopif.org that includes benchmarks, asset allocation and performance.

Accountant Birkenheier noted that the net asset position of the Fund – modified cash basis – for the period ending September 30, 2023 is \$20,146,475.45. Deductions for the five-month period ending September 30, 2023 was \$645,0670.82 with additions of \$143,401.97; leaving a change in position of **(\$502,268.85)**.

Trustee Huitink asked if there were any predictability to the revenue stream; and Accountant Birkenheier said that as the money goes into BMO automatically, it was difficult to predict the revenue stream.

Trustee Kearns moved to approve the September, 2023 Financial Report as presented; seconded by Trustee Huitink.

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

Motion carried 4 – 0; one absent

D. Review/amendment to cash management policy - Accountant Birkenheier said that the 15th if every month, \$120,000 was moved from State Street to BMO to pay benefits. The consensus of the Board was that the amount should stay at \$120,000 for 2024.

President Lange moved to direct Lauterbach and Amen to keep the recurring monthly rate withdrawn for State Street Bank and transferred BMO Harris to remain at \$120,000 for the year 2024; seconded by Trustee Huitink.

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

Motion carried 4 – 0; one absent

B. BMO Harris Collateralization Agreement – Accountant Birkenheier said that the \$2.2 million collateralization agreement expires 2/29/2024.

It will be put on the January 9, 2024 Police Pension Board Agenda.

Attorney LaBardi said that collateralization might not be needed anymore.

C. Discussion regarding opening a BMO Money Market – Trustee Huitink asked why BMO was charging the Board a fee; and Accountant Birkenheier said that fees were offset by the interest rate returns.

Trustee Huitink noted that most money markets have interest rates at 5.2%. He wanted to know why the Pension Board was invested with the 4% rate. He suggested Schwab.

Accountant Birkenheier said that Schwab charges monthly fees.

Attorney LaBardi said that the Board could open a Schwab Fund.

January 9, 2024 Agenda topic – Have Lauterbach and Amen look into the 5.2% Schwab money market rates.

Trustee Huitink asked Assistant Finance Director Tannehill where the City keeps cash. Assistant Finance Director Tannehill said at Village Bank and Trust.

Old Business

A. Review of Investment Statement – from the July 11, 2023 meeting

B. Approval of the Actuarial Valuation – from the July 11, 2023 meeting

C. Review of Investment Statement – from the July 11, 2023 meeting

The actuarial valuation is still in DRAFT because the Board is awaiting the audit from the City. The City is awaiting the audit from the Chicago Executive Airport. Accountant Birkenheier asked if the Board could approve the actuarial valuation without the audit? Attorney LaBardi recommended against making that assumption.

President Lange said that there will need to be a special meeting to approve the actuarial valuation. TABLED until Special Meeting.

Attorney LaBardi said that the IPOPIF valuation would be available by the end of October, but he would recommend the Board accepting that number over its own valuation recommendation. **The consensus of the Board is against using the IPOPIF number.**

New Business

A. Adoption of recommended tax levy from actuarial, valuation and forward request to Municipality – TABLED until Special Meeting

B. Adoption of municipal compliance report and forward to municipality – TABLED – tied to audit report which is not yet available

C. Schedule next calendar year quarterly meeting times/dates – President Lange moved to Adopt the dates and times for the 2024 Regular Meeting Police Pension Board; seconded by Trustee Huitink.

ROLL CALL VOTE:

AYES -	Lange, Sigsworth, Huitink, Kearns
NAYS -	None
ABSENT -	Minniear

Motion carried 4 – 0; one absent

D. Deadline for filing independent audit report with DOI – Accountant Birkenheier said that the independent filing audit is due October 30th, and that she could submit a .pdf draft and then send the final version when completed.

E. Deadline for filing of DOI annual report (October 31, 2023) – to be filed by Lauterbach and Amen.

F. Approval of Officer Jared Musson to be added to the Police Pension Fund – **President Lange moved to approve Officer Musson to be added to the Police Pension Board; seconded by Trustee Kearns.**

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

Motion carried 4 – 0; one absent

G. City Contributions to the Prospect Heights Police Pension Plan – Trustee Huitink said that it makes sense for the Board to do a presentation before the City Council. He believed that the City is funding at a lesser percentage than it believes it is funding. He said that the Pension needed to be funded 90% by 2040, but now was only 61% funded. He stated that last year the City was barely over the statutory minimum because some of its assumptions were flawed.

Trustee Huitink is hoping that the City and the Pension Board can make a mutual, long term funding policy. He would like to see the pension funded 100% in the next fifteen years, even though that would imply some large contributions by the City Council. In the long run, the City would save millions of dollars over extending the years to 100% funded, he said, because this is amortization driven.

City Administrator Wade said that the City does not have the revenue to fund such large contributions every year. Trustee Huitink suggested legislative changes and access to Tourism District tax. City Administrator Wade cautioned that even if the City were to be able to get access to hotel/motel tax it would only be about \$300,000 - \$400,000.

Trustee Huitink suggested that the City make the airport pay for its police protection. City Administrator Wade cautioned that the FAA controls what funds the City can get from the Chicago Executive Airport.

Trustee Kearns suggested a referendum requesting increased police tax. City Administrator Wade so potential, and was amenable to the concept.

City Administrator Wade said that 42% of the taxes collected from the hotel/motel goes to hotels. This is a tremendous loss to the City. Assistant Financial Director Tannehill and President Lange will reach out to the IPPFA to support the City's efforts.

H. Audit Request – Money Weighted Rate of Return – President Lange – Eccezion is an auditor. IPOPIF will provide an annual money weighted rate of return required by GASB67.

I. Approval of Officer Richard Herdus to be added to the Police Pension – **TABLED.** President Lange said that Officer Herdus had not applied yet. It was noted that if he wanted to be added to the Prospect Heights Police Pension, he would need to apply within 90 days of his start date of 9/22/2023.

J. Records Management Policy – President Lange – Jennifer Flores will be giving the Pension Board a free consultation to audit the documents and to dispose them. Lauterbach and Amen may have duplicate records. There are also Human Resource records that need to be audited.

K. Records Disposal Certificate Secretary of State (Records Disposal) – President Lange

