



**Prospect Heights Police Pension Board  
PENSION BOARD MEETING MINUTES  
City Hall Council Chambers  
8 North Elmhurst Road  
Prospect Heights, IL 60070  
Tuesday  
April 9, 2019**

3:00 PM Police Pension Board Regular Meeting

**Call to Order** - At 3 PM, President Smith called to order the April 9, 2019 Police Pension Board meeting at City Hall, 8 North Elmhurst Road, Prospect Heights, IL 60070.

**Roll Call** - Pension Secretary Schultheis called roll. A quorum was present.  
TRUSTEES PRESENT – President Smith, Trustees – Palazzolo (entered at 3:16 PM and left the meeting at 4:20 PM), Lange, Kearns, Minniear  
OTHER OFFICIALS PRESENT - Pension Secretary Schultheis, Attorney LaBardi, Treasurer Tibbits, Accountant Earnhardt (via conference call), and Fund Manager McLeod, Fund Manager Wall, Lauterbach and Amen Representative Ratkovich, and Cook Castle Representative Kiesewetter.

**Approval of Minutes**

A. January 8, 2019 Regular Meeting Minutes – **President Smith moved to approve the January 8, 2019 Minutes as presented; seconded by Trustee Lange.**

**VOICE VOTE:** All ayes, No nays

Motion carried 4 – 0; Trustee Palazzolo absent

**Public Comments** – Treasurer Tibbits asked that it be noted that he recommended that the Police Pension Board have its meetings televised and recorded.

**Approval of Expenditures**

A. Richard Reimer Pension Board Legal Counsel Payment -

a. Quarterly Retainer - **\$750.00**

B. Karen Schultheis, Recording Secretary

April 9, 2019 Second Quarter Meeting **\$ 125.00**

C. Approval of Pending Expenses – all monthly financials already paid including vendor checks in the amount of \$42,376.03

**President Smith moved for omnibus approval of Item A Richard Reimer Pension Board Legal Counsel Payment of \$750; Karen Schultheis, Recording Secretary**

**April 9, 2019 Second Quarter Meeting \$ 125.00; Approval of Pending Expenses – all monthly financials already paid including vendor checks in the amount of \$42,376.03; seconded by Trustee Kearns.**

**ROLL CALL VOTE:** AYES – President Smith, Trustees - Lange, Kearns, Minniear  
NAYS – None  
ABSENT – Palazzolo

Motion carried 4 – 0, 1 absent

**Trustee Palazzolo enters the Meeting at 3:16 PM.**

**Pension Board Investment Report** – Portfolio Manager Wall gave an update on the Pension Fund. He noted that the plan is up 8.3%. He stated that the US economy is very strong, and that real wages are up 5%. The portfolio is over-weighted in US securities and underweighted in foreign securities. Portfolio manager Wall will scale back US equities by fiscal year end April 30<sup>th</sup>, to comply with the maximum percentage allowable. While the Strategic Beta is trailing other indicators, he told the Board to stay the course and be patient, allowing the index 3 -5 years to grow. He asked the Board if they will be attending the conference in May. President Smith said that the trustees attend the one in October.

**President Smith moved to approve the investment update as presented; seconded by Trustee Lange. There was unanimous Approval.**

**ROLL CALL VOTE:** AYES – President Smith, Trustees - Lange, Kearns, Minniear, Palazzolo  
NAYS – None  
ABSENT – None

Motion carried 5 - 0

**Pension Board Legal Counsel Report** – Attorney LaBardi discussed pending legal cases regarding pensions. There was discussion regarding a case as to whether there was an injury in the line of duty or not. There was also a case to determine whether

or not an accident during training was eligible for disability pay. And a case of a firefighter's widow getting 100% salary for a firefighter who died of colon cancer, as firefighters are exposed to toxins. It was noted by Attorney LaBardi that firefighters line of duty pay is different than that of the Police.

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

Lauterbach Representative Ratkovich discussed the balance sheet. She noted that the total amount in the Police Pension Fund is \$16,218,000 as of February 28, 2019. She said that income statement showed \$27000 paid for Administration and \$750,000 paid in Pension benefits as of 2/28/2019. That amount shows an increase of \$198,725.00. President Smith said that most retirements are done. It was noted that the Pension is paying out around \$81,000 in benefits every month. Officers Yanke and Stone are possible retirement candidates for July.

**President Smith moved to Approve the Monthly Financial report from Lauterbach and Amen as presented; seconded by Trustee Lange. There was unanimous Approval.**

**ROLL CALL VOTE:**           AYES – President Smith, Trustees - Lange, Kearns, Minniear, Palazzolo  
                                      NAYS – None  
                                      ABSENT – None

Motion carried 5 - 0

### **Old Business**

**A. Election of beneficiary and active trustees and/or reappointment of appointed trustees – request for reappointment of Appointed Trustees** - President Smith asked if any of the terms were expiring. Lauterbach Principal Earnhardt said that Lauterbach conducts the election services at no cost to the Pension Board. After the meeting, he would discuss the positions that needed to be filled. – **no action was taken.**

**B. Annual Examination for Pension Fund benefit for Scott Wagner** – A copy of the Annual Disability Examination Report of Scott Wagner was provided by Reimer and Dobrovolny. Attorney LaBardi stated that the doctor had found Mr. Wagner to be disabled. As he is now 50 years old, no further examinations need to be conducted. **President Smith moved to discontinue disability payments to Scott Wagner; seconded by Trustee Lange. There was unanimous Approval.**

**ROLL CALL VOTE:**           AYES – President Smith, Trustees - Lange, Kearns, Minniear, Palazzolo  
                                      NAYS – None

ABSENT – None

Motion carried 5 - 0

**C. Military Buyback Timeframe Rules and Regulations Approval** – Attorney LaBardi said that the timeframe was not identified in the statutes. He noted that the Prospect Heights Police Pension Board used a timeframe of seven years for buyback. Prior military service is calculated at 6% interest. – **No need for action.**

### **New Business**

**. Approval of Vanguard Fiduciary Liability Quote** – presentation Greg Kiesewetter of Cook Castle – See attached documentation – (Documentation saved with Minutes) – Mr. Kiesewetter said that there were two options for coverage. One was for \$1 million and the other for \$2 million. There is no existing coverage. The name insured is the Fund itself. Trustees have coverage as well – it was noted that past, present and future trustees have coverage. The coverage applies as long as the Pension has active coverage. The coverage is based on when the claim is made. The Pension Fund has the right to selection of Counsel, and does not have to use the insurance Counsel.

There was a question regarding poor investment decision coverage. Mr. Kiesewetter said that ERISA side there would be coverage but not on public pensions. As long as the Pension Fund stayed within the statutory guidelines, there was little chance of being sued.

It was noted by Attorney LaBardi that the City cannot recoup overpayment of benefits through insurance.

Mr. Kiesewetter said that he would be adding coverage to include Recording Secretary Schultheis to the coverage.

It was noted that the coverage amounts can change in accordance with the wishes of the Board.

**President Smith moved to get coverage from Vanguard Fiduciary Liability through Cook Castle for \$1,000,000 Fiduciary Liability coverage for \$4,326 from May, 2019 – May, 2020; seconded by Trustee Palazzolo. There was unanimous Approval.**

**ROLL CALL VOTE:**           AYES – President Smith, Trustees - Lange, Kearns, Minniear, Palazzolo  
                                  NAYS – None  
                                  ABSENT – None

Motion carried 5 - 0

It was noted that an invoice would be sent to Lauterbach and Amen for Payment. The renewal process will be started in February, 2020.

**Trustee Palazzolo exited the Meeting at 4:20 PM**

**B. Review statutory asset allocation requirements and portfolio allocation prior to close of fiscal year** – reviewed previously in the Meeting. – **No action was taken.**

**C. Review and/or modification of Board’s Investment policy** – Portfolio Manager Wall said that there were no recommendations – **no action was taken.**

**D. Authorize payment of annual Department of Insurance Compliance Fee** – **President Smith moved to approve payment upon receipt of Department of Insurance fee as a percentage of assets; seconded by Trustee Lange.**

**ROLL CALL VOTE:**           AYES – President Smith, Trustees - Lange, Kearns, Minniear  
                                  NAYS – None  
                                  ABSENT – Palazzolo

Motion carried 4 – 0, 1 absent

**E. Status of Independent Audit Report.** – Lauterbach and Amen will give status of audit. The audit will be starting in the summer. – **No action was taken.**

**F. Review and/or modification of Board’s Administrative Rules and Regulations** – **President Smith moved to adopt Rules and Regulations including military buyback as presented; seconded by Trustee Lange.**

**ROLL CALL VOTE:**           AYES – President Smith, Trustees - Lange, Kearns, Minniear  
                                  NAYS – None  
                                  ABSENT – Palazzolo

Motion carried 4 – 0, 1 absent

**G. Annual Filing of Statement of Economic Interest for each Trustee** – President Smith reminded the Board that they needed to fill out a Statement of Economic Interest by May 1. – **No action was taken.**

**H. Update BMO Harris Forms** – Lauterbach and Amen needs new forms signed new forms signed for new signature cards and licenses.

**Next Meeting Date – July 9, 2019 at 3:00 PM – 8 North Elmhurst Road, Prospect Heights, IL 60070**

**Adjournment – At 4:25 PM, President Smith moved to Adjourn; seconded by Trustee Lange. There was unanimous approval.**

**VOICE VOTE:**               All Ayes, No Nays.

Motion carried 5 – 0

Approved by the Prospect Heights Police Pension Board on the 9<sup>th</sup> of July, 2019.

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Secretary Palazzolo

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President Smith