



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

3:00 PM Police Pension Board Regular Meeting

Call to Order - At 3:03 PM, President Smith called to order the July 9, 2019 Prospect Heights Police Pension Board at City Hall, 8 North Elmhurst Road, Prospect Heights, IL 60070.

Roll Call - Pension Board Secretary Schultheis called roll. There was a quorum present.

TRUSTEES PRESENT – President Smith, Trustee Palazzolo, Trustee Lange, Trustee Kearns, Trustee Minniear

OTHER OFFICIALS PRESENT – Attorney LaBardi, Lauterbach and Amen Actuary, Cavanaugh, Lauterbach and Amen Accountant Earnhardt, Pension Fund Manager McLeod, Treasurer Tibbits, and Pension Secretary Schultheis

Approval of Minutes

A. April 9, 2019 Regular Meeting Minutes – **Trustee Kearns moved to approve the April 9, 2019 Regular Meeting Minutes as presented; seconded by President Smith. There was unanimous approval.**

VOICE VOTE: All Ayes, No Nays.

Motion carried 5 - 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

July 9, 2019 Third Quarter Meeting \$ 125.00

President Smith made a motion for omnibus approval of Richard Reimer Pension Board Legal Counsel Payment - Quarterly Retainer - \$750.00; Karen Schultheis, Recording Secretary July 9, 2019 Third Quarter Meeting \$ 125.00. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange; President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

C. Approval of Pending Expenses – President Smith moved to approve IPPFA hotels and fees for the dates of October 1 – 3, 2019 reduced rate; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange; President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

President Smith amended motion to Approve Fall Conference with no hotel expenses for Trustee Palazzolo and only one hotel night for Trustee Kearns; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange; President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

Pension Board Investment Report – Pension Fund Manager McLeod said that the results for the Quarter were good noting that April and May were tough months but the fund rebounded in June. He said that the Pension fund was currently 63% in equities due to the end of the fiscal year restrictions, but that the fund would bring its equity position up to 65%.

He noted that in the next quarter Wall Capital Group wanted to segregate the emerging markets component out into an international account. He also noted that the Double Line Mutual Fund beat the S&P all the time. The Vanguard is a 60-40 split; with the 40% including 20% Double Line and 20% Momentum. He noted that the portfolio is trying to stay out of certain sectors – and keep in sectors that are displaying good track records. Pension Fund Manager McLeod noted that four sectors beat the S & P, and that the portfolio would not always stay in the same sectors.

There was discussion regarding payroll per month at \$83,000 for benefit payments. \$447,000 was given from the City to the Village Bank and Trust, and that account will have \$700,000 to handle benefit payroll. Pension Fund Manager McLeod suggested that the Board keep \$450,000 in the Village Bank and Trust and invest the rest in an investing account.

President Smith moved to move all funds in excess of \$450,000 upon deposit in the Village Bank and Trust to the Prospect Heights Fixed Income Account; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

President Smith moved to accept the Wall Capital Group Pension Fund update as presented; seconded by Trustee Palazzolo. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

Pension Board Legal Counsel Report – Attorney LaBardi discussed pertinent legal cases including a “Mistake in benefits” regarding an overpayment, in which the courts ruled not to change the benefit.

Attorney LaBardi said that the State has not passed any pension legislation but Governor Pritzker wants consolidation of pensions. He is favorable of Article 3 and 4 to consolidate.

No action was taken.

Pension Board Lauterbach and Amen Monthly Financial Report

Lauterbach and Amen Accountant Earnhardt noted that as of June 30, 2019 the total assets of the Police Pension Fund is \$17,195,551.06. He reviewed the Year End Close Adjustments and June 30, 2019 month end.

President Smith moved to accept the Pension Fund report as presented and itemized; seconded by Trustee Kearns. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

President Smith moved to approve vendor checks as presented; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

Old Business

A. Vanguard Fiduciary Liability Policy – It was noted that the policy is in force and that the Pension Board has a binder

New Business

A. Semi-Annual Review of Closed Executive Session Minutes to determine what needs to remain confidential – There are no Executive Session Minutes.

B. Election Board Officers (President, Secretary, Etc.) – Attorney LaBardi asked about the results for the Retiring/Disability Trustee election. It was noted that there was no one else that sought nomination. **President Smith moved to certify that Trustee Minniear was elected and approved by the Board for another two-year term as Trustee representing Retired/Disability pensioners; seconded by Trustee Palazzolo. There was unanimous approval.**

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
 President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

Trustee Kearns moved that Salvatore Palazzolo be maintained as Secretary, Kevin Lange as Vice President, Michael Smith as President, and William Kearns as Assistant Secretary; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
 President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

C. Review of DRAFT tax levy valuation for the fiscal year end April 30, 2019 – Lauterbach and Amen Actuary Cavanaugh said that new actuarial standards have meant more risk disclosures. He discussed factors that impact the Fund. He also said

that there has been a slight increase in the fee for the Tax levy report - \$500 - \$1200 more because of the increased work involved with the new statutes.

He recommended a \$1,055,208 contribution (which is a 5.2 % increase) – this would include the City component; employee contributions are separate.

Pension Fund Manager McLeod stated that 83% of the contribution payment is an unfunded liability.

It was noted that there have been four new hires, three retired and one non-vested termination. Other facts included salary increases that were greater than expected due to six promotions.

There has been a change in Assumptions – the DOI now requires spousal information. For instance, the Police Department shows a 75% marriage rate; while the assumption shows 80%.

There has also been a change in base mortality rates, as people are living longer each year.

There was discussion of what the Funding policy rate should be. The Pension Board's policy of 6.75% is ¼% higher and more aggressive than the DOI. That ¼% difference equates to \$380,000.

Trustee Kearns moved to direct Lauterbach and Amen to revise their Actuarial Valuations to remove the Illinois Minimum Statutory calculation; seconded by Trustee Palazzolo. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

D. Review of Trustees' annual training requirements – Board Members will be attending the IPPFA. Trustee Palazzolo will not be going to the Fall Conference. He will need to complete training.

E. Surviving Spouse Benefits for Satoko (Suzuki) Pawlicki following the June 10, 2019 death of Retired Officer Joseph Pawlicki – President Smith moved to approve spousal benefits for Satoko (Suzuki) Pawlicki from June 10, 2019 for \$5447.15 per month; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

It was noted that the calculation is stagnant for spouse's life, at a rate of \$65,366.28 per year. The benefits begin the day after the pensioner's death – starting June 11, 2019.

F. Retirement of Sergeant Mike Stone –President Smith moved to approve benefits to Sergeant Stone who will be leaving the Police Department on August 24, 2019 with benefit rate of 72.5% of salary at \$7094.67 per month starting on August 25, 2019; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

It was noted that the Decision in Order was received, and that the August prorated amount would be \$1602.02. The annual rate of benefits is \$85, 136.04. Furlough days have been included. Sgt. Stone is 50 years old with 29 years of service.

President Smith moved for a written decision to adopt and publish for Sgt. Stone with financial information, but not to certify until the actual retirement; seconded by Trustee Lange. There was unanimous approval.

ROLL CALL VOTE: AYES – Trustees – Palazzolo, Kearns, Minniear, Lange;
President Smith

NAYS - None

ABSENT - None

Motion carried 5 – 0

It was noted that documentation was to be dated July 9, 2019 but a certificate of service would not be filled out until retirement.

G. IPPFA Conference – Discussed previously.

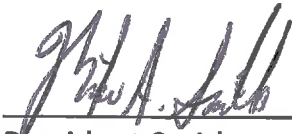
Next Meeting Date – October 8, 2019 at 3:00 PM – 8 North Elmhurst Road, Prospect Heights, IL 60070

Adjournment – At 4:50 PM, President Smith moved to Adjourn; seconded by Trustee Palazzolo. There was unanimous approval.

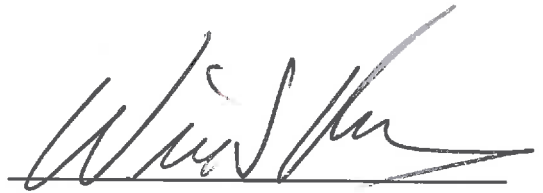
VOICE VOTE: All Ayes, No Nays.

Motion carried 5 – 0.

Approved by the Prospect Heights Police Pension Board on this the 8th day of October, 2019.



President Smith



Secretary Palazzolo

Asst. William Kearns