



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

3:00 PM Police Pension Board Regular Meeting

Call to Order – At 3:06 PM, President Smith called to order the October 8, 2019 Regular meeting of the Prospect Heights Police Pension Board at City Hall, 8 North Elmhurst Road, Prospect Heights, IL 60070.

Roll Call – Police Pension Board Secretary Schultheis called roll.

TRUSTEES IN ATTENDANCE – President Smith, Trustees – Minnlear, Kearns, Lange

ABSENT – Trustee Palazzolo

OTHER OFFICIALS IN ATTENDANCE – Treasurer Tibbits, Pension Fund Manager McLeod, Pension Attorney Greene, Pension Fund Accountant Ratkovich, and Police Pension Board Secretary Schultheis.

Approval of Minutes

A. July 9, 2019 Regular Meeting Minutes – Trustee Kearns moved to approve the July 9, 2019 Regular Meeting Minutes as presented; seconded by President Smith.

VOICE VOTE: All ayes, no nays.

Motion carried 4 – 0, Trustee Palazzolo absent.

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

October 8, 2019 Fourth Quarter Meeting **\$ 125.00**

C. Approval of the Pension Conference Expenses (including hotel/lodging, meals, transportation) – to include reimbursement to President Smith and Trustee Minniear for a total of \$1282.11.

D. Approval of Pending Expenses - to include Quarterly vendor report from Lauterbach and Amen in the amount of \$38, 431.56

President Smith moved for omnibus approval of Richard Reimer Pension Board Legal Counsel Payment of Quarterly Retainer - \$750.00; Karen Schultheis, Recording Secretary - October 8, 2019 Fourth Quarter Meeting \$ 125.00; Approval of the Pension Conference Expenses (including hotel/lodging, meals, transportation) – to include reimbursement to President Smith and Trustee Minniear for a total of \$1282.11; and Pending Expenses - to include Quarterly vendor report from Lauterbach and Amen in the amount of \$38, 431.56; seconded by Trustee Lange.

ROLL CALL VOTE:

AYES -	Lange, Smith, Minniear, Kearns
NAYS -	None
ABSENT -	Palazzolo

Motion carried 4 – 0; one absent.

Pension Board Investment Report – Pension Fund Manager McLeod said that the Fund has 64% exposure in equities, and gained \$139,000 for the Quarter. He said that the Fund had outperformed the benchmark. He noted that the drag on the Fund has been the Fixed Income market, which is currently in a curve inversion (meaning that the short term rates are higher yielding than the long term rates). This typically indicates a recession one year after the inversion curve occurs, but other signs are pointing to an economy that is still robust. He noted that if there is a recession coming it will “probably” be in the second half of 2020.

Pension Fund Manager McLeod stated that the portfolio is very conservative; and the quality of the fixed income investments has the highest rating.

He noted that \$300,000 was allocated to the Real Estate Fund. That Fund is doing well and it has only been in place a few weeks.

He also stated that there would be an International Fund established to break out the domestic and international side of the Fund. He noted that the international side had not been performing as well as the domestic side

There was a question as to why the City did not keep more money in cash, and Trustee Kearns stated that the Fund did not want to be using management fees to be holding cash – that is what a bank would do not a fund manager.

Pension Fund Manager McLeod said that the strategic beta was doing well but lagging ytd. He noted that the Beta Is set up to earn money on the downside of the Market. It has an 80% capture in a down market, and yet the Fund earns 95% of an up market.

Pension Fund Manager McLeod said that the small cap fund beat the benchmark but lost money.

The Trustees gave direction for the Fund manager to put \$167,000 in the Strategic Beta Fund.

President Smith moved to Approve the Police Pension Fund Report as presented; seconded by Trustee Kearns.

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

Motion carried 4 – 0; one absent.

Pension Board Legal Counsel Report – Pension Board Attorney Greene said that there was no Quarterly newsletter because information was pending from the Springfield. The Pension Boards are awaiting to hear if the State will consolidate the pensions. He noted that Reimer was asking the Pension Trustees to sign a Resolution regarding the Consolidation of Pension Funds.

Fund Manager McLeod stated that no one knows what the bill from the State contains, so the Pension Board cannot react yet. There is a fear that whatever is decided in Springfield may be mandated. The resolution would state that the Prospect Heights Police Pension Board does not approve of the State acting on consolidation without the consideration of the pension boards in the State.

President Smith moved to Approve a Resolution Regarding the Consolidation of Pension Funds; seconded by Trustee Lange.

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

Motion carried 4 – 0; one absent.

Attorney Greene said that in January, 2020 there will be a new Open Meeting Act law going into effect. Training has been codified into law. There will also be new codes

regarding Redaction allowances for FOIA's.

Pension Board Lauterbach and Amen Monthly Financial Report – CPA Representative Ratkovich said that as of August 31, 2019, the Pension Fund shows a positive four month change of \$432,641.33. The Total Net held in Trust is \$17,699,042.60. President Smith moved to approve the Lauterbach and Amen Monthly Financial Report as presented; seconded by Trustee Lange.

ROLL CALL VOTE:

AYES -	Lange, Smith, Minniear, Kearns
NAYS -	None
ABSENT -	Palazzolo

Motion carried 4 – 0; one absent.

Old Business - None

10. New Business

A. 2020 Police Pension Board Calendar approval - President Smith moved to Approve the 2020 Pension Board Calendar as submitted; seconded by Trustee Kearns.

VOICE VOTE: All ayes, no nays.

Motion carried 4 – 0, Trustee Palazzolo absent.

B. Adoption of recommended tax levy from actuarial valuation and forward request to City of Prospect Heights - CPA Representative Ratkovich said that the Pension Board the final numbers were not yet available, because the final audit had not been received.

President Smith moved to adopt the tax levy as presented with no changes; seconded by Trustee Lange.

ROLL CALL VOTE:

AYES -	Lange, Smith, Minniear, Kearns
NAYS -	None
ABSENT -	Palazzolo

Motion carried 4 – 0; one absent.

CPA Representative Ratkovich said that the final numbers were not expected to be different.

C. Adoption of municipal compliance report and forward to City of Prospect Heights - CPA Representative Ratkovich said that this is currently in DRAFT form. They are still awaiting the final audit, but that it could be tentatively approved. President Smith moved to adopt the municipal compliance report and forward to the City of Prospect Heights contingent upon the actual, final report not having revisions; seconded by Trustee Lange.

ROLL CALL VOTE:

AYES -	Lange, Smith, Minniear, Kearns
NAYS -	None
ABSENT -	Palazzolo

Motion carried 4 – 0; one absent.

D. Deadline for filing Independent audit report from DOI - CPA Representative Ratkovich noted that this is not due until the end of October. There is no DRAFT available yet. It was decided that President Smith would be the one that would sign off on the DOI certificate.

E. Deadline for of DOI annual report – Completed.

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

G. IPPFA Resolution on Consolidation – Completed.

Next Meeting Date – January 14, 2020 at 3:00 PM – 8 North Elmhurst Road, Prospect Heights, IL 60070

Trustee Kearns asked about VEBA pre-tax health plans. He noted that this was not flex spending, and that it was usually implemented by the employer. He said that he would ask Human Resources Director Peter Falcone.

Trustee Minniear asked if you could transfer pensions more than once. Attorney Greene said that it depended on what the Departments were. CPA Representative Ratkovich said that she would follow up on the portability of pensions.

Adjournment – At 4:27 PM, President Smith moved to adjourn; seconded by Trustee Lange.

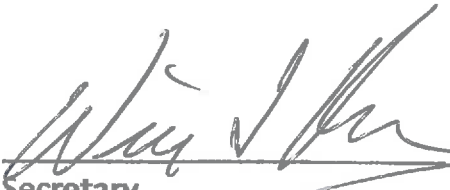
VOICE VOTE: All ayes, no nays.

Motion carried 4 – 0, Trustee Palazzolo absent.

Approved by the Prospect Heights Police Pension Board on this the 14th day of January, 2020.



President Smith



Secretary