

Prospect Heights Police Pension Board
Tuesday
January 12, 2021 at 9 AM

Call to Order - At 9:07 AM, Trustee Lange called to order the Regular Zoom meeting of the Prospect Heights Police Pension Board.

A. Motion to approve President Pro tem for the January 12, 2021 Police Pension Board Meeting. – Not needed.

Lauterbach and Amen recorded the Meeting. Trustee Kearns was present in City Hall. It was noted that Trustee Lange would assume the role of President Pro Tem. President Smith had tendered his resignation from the Board

Roll Call – Recording Secretary Myzia called roll. A quorum was present.

TRUSTEES PRESENT – President Pro Tem Lange, Trustees – Huitink, Kearns, Minniear

OTHER OFFICIALS PRESENT – Recording Secretary Myzia, Treasurer Tibbits, Pension Portfolio Manager Wall, Pension Attorney LaBardi, Pension Accountant Earnhardt, Officer Barrett Loehrer; Deputy Clerk Schultheis (left the meeting at 9:50 AM)

Approval of Minutes

A. October 13 2020 Regular Meeting Minutes – **Trustee Huitink moved to approve the October 13, 2020 Regular Minutes as presented; seconded by President Pro Tem Lange.**

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

Motion carried 4- 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. Jennifer Myzia, Acting Recording Secretary -

January 12, 2021, 1st Quarter Meeting **\$ 125.00**

C. 2020 MidAmerican Pension Conference – Kevin Lange, Michael Smith, Scott Minniear - **\$1455.00**

D. Registration Confirmation for IPPFA Online 4-Hour Transition Training – Kevin Lange- **\$125.00**

E. 2021 IPPFA Membership dues - **\$795.00**

F. Mandatory Transition Training Course – Scott Minniear - **\$125.00**

G. Approval of Expenditure – **Trustee Kearns moved for omnibus approval of the expenditures to include Richard Reimer Pension Board Legal Counsel Payment - Quarterly Retainer - \$750.00; Jennifer Myzia, Acting Recording Secretary - January 12, 2021, 1st Quarter Meeting \$ 125.00; 2020 MidAmerican Pension Conference – Kevin Lange, Michael Smith, Scott Minniear - \$1455.00; Registration Confirmation for IPPFA Online 4-Hour Transition Training – Kevin Lange- \$125.00; 2021 IPPFA Membership dues - \$795.00; Mandatory Transition Training Course – Scott Minniear - \$125.00; seconded by Trustee Huitink.**

ROLL CALL VOTE:

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

Motion carried 4- 0

Pension Board Investment Report – Pension Manager Wall said that the last half of the year had produced “exceptional” results. The pension fund now maintains over \$20,000,000. He stated that 70% of the Fund was in stocks (67% actual stocks and the rest in ETF’s). he said that the investments have risen \$2.3 million since the last quarter, and the Prospect Heights Police Pension Board has a five-year rate of return of 8.7%.

Trustee Huitink stated that the fixed income has weighed down the Fund. He asked if there was a way to “re-characterize” the dividend paying as a bond? Pension Fund Manager Wall replied that any security in a mutual fund is defined as an equity even if it is a bond fund. Dividend paying mutual fund even if a bond fund will count against the stock percentage allowable.

Trustee Huitink asked if there are any hybrid securities? Pension Fund Manager Wall replied that they did not meet the requirements of the state statute.

Pension Fund manager Wall said that the Fixed Income portion of the Fund was flat. He said that the fixed income was defensive in nature and would do better in a climate of rising interest rates.

He noted that Global Equities Fund was up \$1.6 million. He added that the Momentum Fund had a remarkable year. He said that the Strategic Beta Fund had a challenging year, and under-performed the S&P 500. Value stocks had a “terrible” year, and the Strategic Beta is weighted in value stocks.

Small Caps stocks is up 10.75% for the year, but under-performed the S&P. The Real Estate Fund is down 14.75% - that Fund will be reevaluated.

Pension Fund Manager Wall said that when there is a consultant CFO for the State, they will have more latitude in what instruments they can invest in.

Trustee Kearns said that the investing timeline for the City Police Pension Fund has to be two years until it converts over to state control. He asked if structured notes are allowable as fixed income? Pension Fund Manager Wall responded that structured notes are permissible.

Trustee Kearns said that Morgan Stanley had bonds that guarantee little or no return but have a buffer or upside capture. He asked if these instruments could be fitted into fixed income for more growth. Pension Fund manager Wall said that he would look into it, but warned that it cannot be packaged, and would have to be an individual bond.

President Pro Tem Lange moved to Approve the investment report as presented; seconded by Trustee Kearns.

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

Motion carried 4- 0

Pension Board Legal Counsel Report – Attorney LaBardi noted the Police Reform Bill pending – HB3653 regarding new bill numbers for witness slips.

He said that the statutory consolidation deadline is the end of June, 2022, but could be completed earlier. He said that the Fire Department Board has been elected.

Pension Board Lauterbach and Amen Monthly Financial Report

A. Discussion Regarding Annual Affidavits of Eligibility – President Pro Tem Lange moved to authorize the attorney to send a letter to Lee Willette for return of affidavit within 30 days of notice or suspend direct deposit in which case, he must pick up his check at City Hall with Deputy Clerk Schultheis as the point of contact; seconded by Trustee Huitink.

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

Motion carried 4- 0

Pension Accountant Earnhardt said that as of 12/31/2020 the pension fund had \$20,344,616.64. **President Pro Tem Lange moved to approve the Lauterbach and Amen Monthly Financial Report as presented; seconded by Trustee Huitink.**

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

ABSENT - None

Motion carried 4- 0

At 9:50 AM, Deputy Clerk Schultheis left the meeting.

President Pro Tem Lange moved to approve the actuarial valuation report request for a recommended contribution levy of \$1,238,854.00; seconded by Trustee Huitink.

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

Motion carried 4- 0

It was noted that the recommended contribution has increased by \$183,646 from the prior valuation.

9. Old Business

A. Adoption of Public Act 95-0950 Municipal Compliance Report and forward to City – Required Final Audit Numbers. – President Pro Tem Lange moved to Adopt the Public Act 95-0950 Municipal Compliance Report; seconded by Trustee Kearns.

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

Motion carried 4- 0

New Business

A. Resignation of President Michael Smith from the Police Pension Board – President Pro tem Lange said that he is looking for a new member ballots, and he will keep everyone informed regarding a special election. – **no action was taken.**

B. Schedule annual exams for examinations for disabled firefighters/police officers under the age of 50 – No action was taken.

C. Approval of the Annual COLA increases – Trustee Huitink moved to approve the annual COLA increases; seconded by President Pro Tem Lange.

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

Motion carried 4- 0

D. Semi-Annual Review of Closed Executive Session Minutes to determine if it needs to remain confidential – There are no Executive Session Minutes. No action was taken.

E. Determine the need for election of beneficiary an active trustees and/or reappointment of appointed trustees – request for reappointment of appointed trustees – there was discussion regarding upcoming terms. President Pro Tem Lange said that he would like an excel spreadsheet with all of the members’ names and term expiration dates made clear. – No action was taken.

F. Annual verifications of eligibility for beneficiaries –It was noted that there was one that was missing, and the new one will be out in June. – No action was taken.

G. Review/update contracts with vendors (accountants, actuaries, attorneys, investment managers) – All contracts are up-to-date. – No action was necessary.

H. Update Rules and Regulations for Training and Approval of Reimbursables- possibly to approve pending expenditures before payment – Trustee Huitink moved for preapproval of payment of quarterly legal retainer payment of \$750.00; seconded by President Pro Tem Lange.

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

Motion carried 4- 0

It was noted that all hourly-billed invoices must have Board approval before payment.

Next Meeting Date – Tuesday, April 13, 2021 at 9 AM – City Hall. 8 North Elmhurst Road, Prospect Heights, IL 60070

Adjournment – At 10:17 AM, President Pro Tem moved to Adjourn; seconded by Trustee Kearns.

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

Motion carried 4- 0

Approved by the City of Prospect Heights Police Pension Board on this the 13th day of April, 2021.