



**SPECIAL MEETING MINUTES**  
**Monday**  
**February 14, 2022 at 9 AM**

**Call to Order** - At 9:07 AM, President Lange called to order the Special Meeting of the Prospect Heights Police Pension Board Meeting at City Hall, 8 North Elmhurst Road, Prospect Heights, IL 60070.

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

TRUSTEES PRESENT – President Lange, Trustees –Minniear, Kearns.

ABSENT – Huitink, Sigsworth

OTHER OFFICIALS PRESENT – Pension Attorney LaBardi, Pension Accountant Representative Birkenheier, Pension Fund Manager Wall (electronically), Treasurer Tibbits, and Recording Secretary Schultheis.

**Approval of Minutes**

A. October 12, 2021 Regular Meeting Minutes – **President Lange moved to Approve the October 12, 2021 Regular Meeting Minutes as presented; seconded by Trustee Kearns.**

**ROLL CALL VOTE:**

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

Motion carried 3 – 0; 2 Absent

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

## **5. Approval of Expenditures**

### **A. Richard Reimer Pension Board Legal Counsel Payment -**

- a. Quarterly Retainer plus General Matters plus \$2.10 photocopy - **\$752.10**

### **B. Karen Schultheis, Recording Secretary -**

February 14, 2022, 1<sup>st</sup> Quarter Meeting **\$ 125.00**

### **C. Richard Reimer Longevity Pay review – Porlier Retirement - **\$350.00****

### **D. Invoices:**

a) 59497 – Accounting and Benefits Administration Services (September, 2021) - **\$725.00**

b) 60519 - Accounting and Benefits Administration Services (October, 2021) - **\$725.00**

c) 60210 – Affidavits of Eligibility – (October 25, 2021) - **\$250.00**

d) 61077 – Preparation of the Illinois Department of Insurance Report for the fiscal year ended (November 19, 2021) - **\$1385.00**

e) 62278 – Municipal Compliance Report for the fiscal year ended - **\$600.00**

f) 61986 – Accounting and Benefits Administration Services (November, 2021) - **\$725.00**

g) 62766 – Accounting and Benefits Administration Services (December, 2021) - **\$725.00**

h) 63271 - Accounting and Benefits Administration Services (January, 2022) - **\$725.00**

i) 63070 – Affidavits of Eligibility - **\$250**

**E. Payment of Expenditures – President Lange moved for omnibus approval of Richard Reimer Pension Board Legal Counsel Payment - Quarterly Retainer plus General Matters plus \$2.10 photocopy - \$752.10; Karen Schultheis, Recording Secretary -January 11, 2022, 1<sup>st</sup> Quarter Meeting \$ 125.00; Richard Reimer Longevity Pay review – Porlier Retirement - \$350.00; Invoices:**

a) 59497 – Accounting and Benefits Administration Services (September, 2021) - **\$725.00**

b) 60519 - Accounting and Benefits Administration Services (October, 2021) - **\$725.00**

c) 60210 – Affidavits of Eligibility – (October 25, 2021) - **\$250.00**

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**h) 63271 - Accounting and Benefits Administration Services (January, 2022) - \$725.00**

**i) 63070 – Affidavits of Eligibility - \$250; seconded by Trustee Minniear.**

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

Motion carried 3 – 0; 2 Absent

**Pension Board Investment Report** – Fund Manager Wall said that the Account return is up 4.85% for the Quarter and 14.14% for the Year. He noted that the current allocation is holding a lot of cash in the bond portfolios. He said that the Portfolio has been “very” defensive with fixed income.

He said that the dynamic sector of the fund is underperforming due to the momentum stocks, which are lagging the S&P 500. He said that he is considering moving half of the assets out of the fund and putting them into a third dynamic fund, because the third fund does a great deal of market timing and they have a robust cash position. He noted that this third fund had been right on target with its positioning when COVID hit in March, 2020. He noted that this fund only amounts to 2% of the portfolio.

Fund Manager Wall stated that the Portfolio is over-weighted in tech stocks. Tech stocks do not do well in inflation.

**The consensus of the Board was that there was no issue with moving assets into the third fund.**

Fund Manager Wall said that the Global Fund was up 15.2% ytd. He noted positions that beat and underperformed benchmarks.

Trustee Kearns asked if Fund Manager Wall was looking to put assets in inflation-adjusted funds. Fund Manager Wall replied that the fund is cash rich, but there was not a good place in the bond market for it.

Fund Manager Wall said that TIPS – Treasury Inflation-Protected Securities – are not performing well. He added that the consumer price level has risen 60 basis points which is the highest it has risen in 40 years.

He believes that in March, the Federal Reserve will raise interest rates. He said that the federal government does not consider this inflation trend to be transitory.

Fund Manager Wall said that consumer confidence is waning, and does not believe that last year’s growth will be sustained.

Fund Manager Wall concluded that there is a great deal of volatility in the market, even with intraday trading.

Fund Manager Wall asked that former Pension Fund President Smith be removed from the Schwab account. President Lange said to add Trustee Sigsworth as the additional signee. **Fund Manager Wall asked that former Pension Fund President Smith write a letter stating that he wants to be removed from the Schwab account, and include that Bradley Sigsworth would be added.**

**President Lange moved to remove former President Smith from the Schwab Account and replace him with Trustee Sigsworth; seconded by Trustee Minniear.**

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

Motion carried 3 – 0; 2 Absent

**President Lange moved to Accept the Pension Fund Investment Report as presented; seconded by Trustee Kearns.**

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

Motion carried 3 – 0; 2 Absent

**Pension Board Legal Counsel Report**

**A.**Execution of the Resolution attached to the POPIF correspondence as Exhibit

**B.**Consolidation Lawsuit

**C.**Exhibit B – Form of Notice of Transfer of Investment Assets

Attorney LaBardi said that April 1 will be the transfer date for the pension funds. He noted that the consolidation lawsuit is still pending in the Kane County Circuit Court – the judgement has been pending for three months.

-He noted that as long as the Kane County decision is pending, the DOI will not report anyone who is not compliant assuming the Court rules prior to June.

-there are two bills in the House and Senate to move the deadline back one year for the Police Pension Fund from June, 2022 to June, 2023. Attorney LaBardi said that a number of clients have asked the consolidated board to move to later transfer dates. Thus far, these requests have been granted “liberally.”



Motion carried 3 – 0; 2 Absent

Attorney LaBardi said that the agents will be receiving POPIF materials. He offered assistance with any questions on future materials.

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

#### **A. Active Member Statement – Discussed with No issues reported**

Pension Accountant Representative Birkenheier said that as of January 31, 2022 there is a net position on the Trust of \$22,366,092.95. She noted that the total contributions from the City and pension members was \$714,480.83 (in the nine months that ended January 31, 2022).

#### **B. Approved Cash Management Policy – the POPIF has been sent to the Trustees.**

**C. Cash Analysis Projection – Attorney LaBardi said that POPIF has advised the Pension Fund should have three months of cash on hand. That would be \$173,000 x 3 months = \$528,000 that should be kept when the transfer of funds is made.**

**President Lange moved to approve the Lauterbach and Amen Financial Report as presented; seconded by Trustee Kearns.**

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

Motion carried 3 – 0; 2 Absent

### **Old Business**

**A. Mitch Weber portability – No action taken.** President Lange noted that Mitch Webber’s pension materials were transferred to the South Holland Police Department. ➔

**B. Actuarial Valuation – Pension Accountant Representative Birkenheier confirmed that the Actuarial Valuation matched the audit. President Lange moved to approve the Actuarial Report as presented and recommend a levy in the amount of \$1,453,064; seconded by Trustee Minniear.**

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

Motion carried 3 – 0; 2 Absent

**New Business**

**A. Approval of Retirement Decision and Order for Mark Porlier – President Lange moved to adopt and publish the Approval of Retirement Decision and Order for Mark Porlier; seconded by Trustee Minniear.**

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

Motion carried 3 – 0; 2 Absent

**B. Overview of Cash Management Process/Discussion of Transfer of Funds from Village Bank to Charles Schwab Account – Crista Birkenheier – No action taken**

**C. Approval of Annual COLA increases – Crista Birkenheier – President Lange moved to approve the Annual COLA increases; seconded by Trustee Minniear.**

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

Motion carried 3 – 0; 2 Absent

**D. Semi-annual review of closed executive session minutes to determine if they need to remain confidential – There were no executive sessions. No action taken.**

**E. Determine need for election of beneficiary and active trustees and/or reappointment of appointed trustees – request for re-appointment of appointed trustees- Lauterbach and Amen will mail Pension Trustee election forms. The elections will need to be conducted. Attorney LaBardi said that all active positions should expire at the same time. The statute says that the election must be the third Monday in April; this would mean that the nominations should be sent out soon. – No action was taken**

**F. Schedule Annual examination for disabled police officers under the age of 50 – there are no disabled police officers under the age of 50 – No action taken.**

**G. Annual verifications of eligibility for beneficiaries – No further action needed**

**H. Review/update contracts with vendors (accountants, actuaries, attorneys, investment managers/advisors or consultants) – No further action needed**

**I. Obtain predatory lending certification forms from Illinois regulated banks – No further action needed.**

Treasurer Tibbits referred back to **Overview of Cash Management Process/Discussion of Transfer of Funds from Village Bank to Charles Schwab Account** – asked who transfers the money from the Village bank to the Funds. He asked if there was a written cash management policy as the City’s Finance Director,

Cheri Graefen said that she does not handle the transfer of funds from the Village Bank to the Schwab Account. He also noted that Pension Fund Manager, Dave Wall, did not have authorization to move the money from the Village Bank and Trust. He added that the Village Bank and Trust is a holding account and pays benefits. Pension Account Representative Birkenheier said that Lauterbach and Amen does not manage the account and that there is \$393,000 in that account. Treasurer Tibbits said that the money has not been moved from the account in a long time.

Trustee Kearns said that no money will be moved from Village Bank and Trust to Wall Capital.

Pension Account Representative Birkenheier noted that it is a cash account with a small interest amount.

Attorney LaBardi wondered if this money had been accounted for by Wall Capital. **The consensus was to add Village Bank and Trust to the next Agenda.**

**Next Meeting Date – Tuesday, April 12, 2022 at 9 AM – City Hall. 8 North Elmhurst Road, Prospect Heights, IL 60070**

**Adjournment – At 10:47 AM, President Lange moved to Adjourn, seconded by Trustee Minniear.**

<b>ROLL CALL VOTE:</b>	AYES -	Lange, Kearns, Minniear
	NAYS -	None
	ABSENT -	Huitink, Sigsworth

Motion carried 3 – 0; 2 Absent

Approved by the Prospect Heights Police Pension Board on this the 12<sup>th</sup> day of April, 2022.



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President Lange