Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Conference Room, 200 East Sigwalt, Arlington Heights, Il 60005
Arlington Heights Police Station
200 E. Sigwalt, Arlington Heights, IL 60005

October 28, 2015
5:30 PM

I. CALL TO ORDER

A. Public Comments

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Regular Meeting - July 24, 2015

IV. CLOSED SESSION

V. TREASURER'S REPORT

A. Report from the Village Treasurer
B. Approval of Check Register

VI. PAYMENT OF BILLS

VII. REPORTS

A. Quarterly Investment Report – Wall and Associates
Potential purchase or sale of securities, portfolio rebalancing, and/or potential retention or termination of investment managers/advisors

VIII. OLD BUSINESS

A. Review and/or modification of the Pension Fund's Investment Policy
B. Review and/or modification to the Boards Administrative Rules and Regulations

IX. NEW BUSINESS

A. Retirement – Approval of Final Decision & Order – Sergeant Thomas Boggs, 08/23/15
B. Resignation of Officer Erik Sloan, 10/03/15 (Contribution Refund from Fund)
C. New Hire – Officer Justin Boisvert, 09/25/15
D. Chicago Clearing House/Robbins & Gellar LLC. Check Deposit $1,203.73
E. Schedule 2016 Quarterly Meetings
F. Adoption of the Municipal Compliance Report and forward to Municipality
G. Filing of the DOI Annual Report, October 31, 2015
H. Status of Board Trustees' annual training requirements

X. OTHER BUSINESS

XI. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.

Item: Regular Meeting - July 24, 2015

Department:

ATTACHMENTS:

Description	**Type**
July 24, 2015 Minutes - Draft	Minutes

MINUTES OF THE REGULAR MEETING OF THE ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES POLICE DEPARTMENT ADMINISTRATION CONFERENCE ROOM 200 EAST SIGWALT STREET, ARLINGTON HEIGHTS, ILLINOIS FRIDAY, JULY 24, 2015

President Andrew Whowell called the meeting to order at 3:05 PM. Roll call was taken with:

Board Members Present:	Andrew Whowell, President
	Tom Henderson, Vice President
	Mike Schenkel, Secretary
	Harry Malone, Trustee
	Gary McClung, Trustee
Also Present:	Thomas Kuehne, Finance Director/Treasurer
	David Wall, Wall & Associates
	Keith Carlson, Pension Board Attorney
	Wells Price & Laurence Richey, Great Lakes Advisors

APPROVAL OF MINUTES

MR. MALONE MOVED, SECONDED BY MR. MCCLUNG, TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD ON APRIL 22, 2015. The motion carried unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Kuehne gave a brief overview of the Police Pension Fund Financial Report for period ending June 30, 2015 saying that the first installment of real estate tax contributions are reflected in the revenues and said the second installment revenues are starting to come in. He went on to say that the Pension Refunds line item is budgeted at $17,000 this year, saying that because there is an upcoming pension refund of $72,795.61 he suggested that a budget amendment be done in the amount of $56,000 so that the Police Pension Fund doesn't go over budget for the year.

MR. MCCLUNG MOVED, SECONDED BY MR. HENDERSON TO AMMEND THE PENSION REFUNDS LINE ITEM OF THE POLICE PENSION FUND 8-MONTH BUDGET BY $56,000, FROM $17,000 TO $73,000. Roll call was taken. The motion passed unanimously.

B. Actuarial Valuation of the Village of Arlington Heights Police Pension Fund

Mr. Kuehne passed out the actuarial valuation as of May 1, 2015 that was done by Sander Goldstein, saying that the funded ratio is at 73.5% and is up compared to the prior year. He explained that a different cost method called the Entry Age Actuarial Cost Method was used per GASB 67 requirements. He continued by giving an overview of the actuarial valuation. Mr. Kuehne went on to explain that Sander Goldstein's calculation of the Annual Required Contribution is $2,779,725, saying that it is based on the 8-month period. He recommended that the required contribution be based on the prior year amount of $4,500,000, and said that using prior year amounts was previously discussed with the Village Board saying that they were fine with it.

<u>MR. WHOWELL</u> MOVED, SECONDED BY <u>MR. HENDERSON</u> TO RECOMMEND THAT THE VILLAGE OF ARLINGTON HEIGHTS ADOPT A PROPERTY TAX LEVY IN THE AMOUNT OF $4,500,000. Roll call was taken. The motion passed unanimously.

<u>MR. WHOWELL</u> MOVED, SECONDED BY <u>MR. SCHENKEL</u> TO APPROVE SANDERS & GOLDSTEN'S ACTUARIAL VALUATION AS OF MAY 1, 2015 FOR THE POLICE PENSION FUND. The motion passed unanimously.

Mr. Carlson stated that he will file a copy of the Actuarial Valuation with the Department of Insurance (DOI).

C. 2016 Proposed Budget

Mr. Kuehne also passed out the proposed Police Pension Fund budget for 2016. He gave a brief overview of projected revenues and expenditures saying that it is a very conservative budget. He stated that he will update the estimated actual Pension Refunds line item for the 8-month period to reflect $73,000.

<u>MR. HENDERSON</u> MOVED, SECONDED BY <u>MR. MCCLUNG</u> TO APPROVE THE PROPOSED 2016 POLICE PENSION FUND BUDGET AS PRESENTED BY MR. KUEHNE. Roll call was taken. The motion carried unanimously.

<u>APPROVAL OF CHECKS</u>

Checks #456- #463

<u>MR. SCHENKEL</u> MOVED, SECONDED BY <u>MR. WHOWELL</u> TO APPROVE THE PAYMENT OF CHECKS #456 - #463. Roll call was taken. The motion carried unanimously.

<u>PAYMENT OF BILLS</u>

Reimer & Carlson Law Firm, $1,053.92
Pamela Wilkiel, Recording Secretary, $300.00

<u>MR WHOWELL</u> MOVED, SECONDED BY <u>MR. MCCLUNG,</u> TO APPROVE THE PAYMENT OF BILLS. Roll call was taken. The motion carried unanimously.

<u>REPORTS</u>

Quarterly Investment Report – Wall and Associates

Mr. Wall presented the second quarter investment report. He said that the portfolio has about 4% in cash, 57% in equities, and 39% in fixed income. He added that the fixed income portfolio is about 20% in investment grade corporates, 34% government treasuries, agencies and cash, and 46% in mortgage securities. Mr. Wall explained that he in the middle of a conversion of the pension fund to go into a new accounting reporting system, saying that that some of the report may not make sense, but assured the Board that the beginning and ending numbers and the returns he is reporting are accurate. He continued by saying that the return on a year-to-date basis net of fees is about 2%, that three-year number was almost 9.2 %, and that the five year number almost 7.5%. He continued by giving an overview of the rest of investment portfolio.

Mr. Richey & Mr. Price of Great Lakes Advisors explained to the Board members that there have been personnel changes to the fixed income group, saying that it will not affect the Police Pension Board. Discussion took place regarding their investment teams. They presented a quarterly report and gave an economic overview and outlook and explained various companies in their investment portfolio, which now include new positions in four companies. The representatives finished by giving an overview of the Great Lakes Advisors second quarter report for the Pension Fund.

OLD BUSINESS

A. DOI Compliance Audit Payment – May 15, 2015

Mr. Whowell said that payment was made for the DOI Compliance audit and was a part of the approval of checks made today.

B. 2015 IPPFA Training Conference

Mr. Whowell said that the Board members are registered for the 2015 IPPFA Training Conference in October.

NEW BUSINESS

A. Review and/or modification of Pension Board's Investment Policy

Mr. Wall provided asset allocation models as requested from the previous meeting and asked the Board if they wanted to increase their investment in equities to the allowable 65%. Under the current Arlington Heights Police Pension Fund's policy, a 55 % target allocation for investment in equities is allowed. Mr. Carlson's told the Board that it is his opinion that if the Board changes their target allocations, they need to change their investment policy. Discussion continued regarding possible changes to the Pension Board's investment policy in regards to investing more in equities. Mr. Carlson added that if equities go beyond the 65% allowed because of growth, rebalancing would need to be done, per the DOI, unless you change the policy. Mr. Carlson asked the Board to include discussion on the investment policy on the next Pension Board's agenda in order to give the Board time to review the current policy, saying that an amendment to the policy can be executed at the next meeting if the Board chooses to do so. The Board agreed that that they would like to stay with all stocks with the 65% as opposed to bonds. Mr. Wall said that a motion to change the investment policy to adjust the target allocations for investment in equities to 65% with a maximum of 70% due to growth can be made at the next meeting, but noted that rebalancing may need to be done before the end of the fiscal year.

MR. HENDERSON MOVED, SECONDED BY MR. MALONE TO DIRECT MR. WALL TO SELL $3 MILLION OF BONDS AND TO ALLOCATE $1 MILLION TO GREAT LAKES ADVISORS, $1 MILLION TO BOSTON ADVISORS, AND $1 MILLION TO THE RUSSELL 3000 ETF. Roll call was taken. The motion carried unanimously.

B. Review and/or modification of the Boards Administrative Rules and Regulations

Mr. Whowell provided the Board with a draft of the Board's Administrative Rules and Regulations which was forwarded and approved by Rick Reimer. Mr. Carlson suggested the Board review the draft document which could be approved at the next meeting in October.

C. Final approval of contract with Board Consultant Dave Wall & Associates

Mr. Whowell explained that the contract with Dave Wall & Associates was approved at the last meeting in April which was subject to attorney review.

D. Approval of contract/agreement with Chicago Clearing House, Robbins & Gellar, LLC

Mr. Whowell explained that this contract is for any litigation that may arise.

MR. MALONE MOVED, SECONDED BY MR. SCHENKEL TO APPROVE THE CONTRACT AGREEMENT WITH THE CHICAGO CLEARING HOUSE ROBBINS & GELLAR. Roll call was taken. The motion carried unanimously.

E. Death of Retired Lieutenant - George Ekblad (June 3, 2015)

Mr. Whowell stated that the Finance Department was notified of Mr. Ekblad's death, saying that Mr. Schenkel will contact his wife for a copy of his death certificate. He stated that there will be no change in benefits except that the pension payment will remain locked. Mr. Carlson requested that approval of the spousal benefit be put on the next Board agenda in October.

F. New Hire – Officer Christopher Johnson – June 24, 2015

Mr. Whowell stated that Officer Christopher Johnson is currently at the training academy. His application is on file and is fully completed with all necessary information.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG TO APPROVE OFFICER CHRISTOPHER JOHNSON'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE JUNE 24, 2015. The motion carried unanimously.

G. 2015 Pension Board Trustee Elections

Mr. Whowell explained that in May 2015 that he and Mr. Henderson were unopposed in the election process, and that effective May 12th were re-elected to a two year term. He went on to say that the retiree election recently took place and is effective back to May 12th. He went to say that Mr. Schenkel was re-elected after running against Jerry Lehnert. 69 votes were cast, with Mr. Schenkel receiving 50 and Mr. Lehnert 19.

MR. WHOWELL MOVED, SECONDED BY MR. MALONE THAT THE BOARD ACKNOWLEDGE THAT ANDY WHOWELL, PRESIDENT, THOMAS HENDERSON, VICE-PRESDIDENT, AND MICHAEL SCHENKEL, SECRETARY WERE RELECTED TO THEIR CURRENT POSTITIONS EFFECTIVE MAY 12, 2015. The motion passed unanimously.

H. Renewal Fiduciary Insurance Policy (Coverage form 09/01/15 to 09/01/16)

Mr. Whowell explained that the fiduciary insurance policy expires in September 1, 2015. He said the policy is with Markel Insurance, has a $3 million limit, and a premium amount of $6,449.

MR. WHOWELL MOVED SECONDED BY MR. MCCLUNG TO APPROVE THE ANNUAL RENEWAL OF THE FIDUCIARY LIABILITY INSURANCE POLICY WITH MARKEL INSURANCE FOR PERIOD 9/1/15 THROUGH 9/1/16. Roll call was taken. The motion passed unanimously.

I. Resignation of Officer Steven Cortese – June 3, 2015

Mr. Whowell said that Mr. Cortese resigned on June 3, 2015 to take a position in Colorado, saying that he and wants to rollover his pension amount into an IRA. Mr. Cortese was told not take any monies out of the fund until he has an IRA open so that a check can be sent directly to that IRA. Mr. Whowell stated he has a rollover amount of $72,795.61 which was calculated on his purchase of credible service time from Hanover Park Illinois Police Department in the amount of $57,860.14 and his contributions to the Arlington Heights Police Pension Fund of 14,935.47.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG THAT THE BOARD APPROVE THE TRANSFER OF OFFICER STEVEN CORTESE'S CONTRIBUTIONS OF $72,795.61 FROM THE ARLINGTON HEIGHTS POLICE PENSTION FUND TO AN IRA ACCOUNT OF MR. CORTESE'S CHOICE WHEN HE COMPLETES THE APPROPRIATE PAPERWORK FOR THE IRA ACCOUNT. Roll call was taken. The motion passed unanimously.

ADJOURNMENT

There being no further business to discuss:

MR. SCHENKEL MOVED, SECONDED BY MR. WHOWELL, TO ADJOURN THE MEETING AT 4:37 PM.

SUBMITTED BY: ______________________________
Michael Schenkel, Secretary

APPROVED BY: ______________________________
Andrew Whowell, President