Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Department Community Room
200 E. Sigwalt, AH 60005
October 26, 2022
5:30 PM

I. CALL TO ORDER

II. ROLL CALL

A. Public Comments

III. APPROVAL OF MINUTES

A. July 27, 2022

IV. CLOSED SESSION

V. TREASURER'S REPORT

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

VI. PAYMENT OF BILLS

VII. REPORTS

A. A. Quarterly Investment Report - Wall Capital Group

- Potential purchase or sale of securities, portfolio rebalancing, and/or potential retention or termination of investment managers/advisors.

VIII. OLD BUSINESS

A. Update regarding pending litigation
B. Approval of the Municipal Compliance Report
C. Approval of the Actuarial Valuation and Adoption of the recommended tax levy
D. 2022 IPPFA Training Conference attendance
E. New Hire - Christopher Seebacher 5/02/22 (Tier I

Participant - hired by Evanston P.D. in 2009)

IX. NEW BUSINESS

A. Schedule next calendar year quarterly meetings
B. Retirement, Decision and Order, Michael Cowsert
C. Notice of Death, Paul Sandberg, no surviving spouse
D. New Hire - Wynton Parker 8/01/22 (Tier II Participant)

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 Rosangela Maldonado, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, rmaldonado@vah.com or (847)368-5791.

MINUTES OF THE REGULAR MEETING OF THE ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES
MULDER COMMUNITY ROOM, POLICE DEPARTMENT
200 E. SIGWALT STREET
WEDNESDAY, JULY 27, 2022
DRAFT

Vice President Thomas Henderson called the meeting to order at 5:30 PM. Roll call was taken with:

Board Members Present:	Tom Henderson, Vice President Mike Schenkel, Secretary Bill Falk, Assistant Secretary Harry Malone, Trustee
Board Members Absent:	Petar Milutinovic, President
Also Present:	Dave Wall, Wall Capital Group, Keith Karlson, Pension Board Attorney, Mary Ellen Juarez, Assistant Director, Finance, Kim Peterson, Recording Secretary

PUBLIC COMMENTS

Melissa Cayer asked what the federal reserve requires the Pension Board to do, which Mr. Henderson advised that the Pension Board has no direct mandate from the federal reserve, as this is a banking system. The Pension Board does not have any money on deposit with them, nor do they receive any monies from them.

APPROVAL OF MINUTES

A. April 20, 2022
B. June 8, 2022 – Special Meeting

Mr. Falk moved, seconded by Mr. Malone, to approve the minutes of the regular board meeting held on April 20, 2022 and the minutes of the special meeting held on June 8, 2022.
The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Henderson advised that Item C. Approval of annual valuation reports presented to the Village, is also going to be addressed in the Treasurer's Report.

Ms. Juarez presented the Police Pension Fund Financial Report and advised that as of the end of June there is $1.5 million in the checking account. Ms. Juarez discussed how they will need to transfer in $2 million in August, to help cover the pension payments they will need to make in August. On the Cash Flow chart, Ms. Juarez explained how she has the contribution tax, which are the property taxes, coming in September, October and November. Cook County is sending out the tax bills very late, therefore Ms. Juarez is unsure when they will see property tax revenue. Mr. Henderson asked if the projected property tax revenue inflows in September, October and November will not come to pass, which Mr. Karlson advised that it is highly unlikely they will come to pass. Mr. Henderson advised that the Board has previously put the mechanisms in place to instruct Dave Wall to transfer funds without Board approval each time, however they are taking this opportunity to instruct Dave Wall to transfer $2 million in August and possibly another $2 million at the end of September or beginning of October, as well as another $2 million in December, if the property taxes don't come in.

Ms. Juarez advised that there are several creditable service transfers that came in from some of the newer Officers, including two from Evanston and one from Normal, IL.

B. Approval of the Check Register

Mr. Henderson moved, seconded by Mr. Schenkel, to approve the check to Wall & Associates, checks #681 through 687, and check #688 to Kim Peterson, in the amount of $500 for secretarial services. Roll Call was taken. The motion passed unanimously.

NEW BUSINESS

C. Approval of annual valuation reports presented to the Village

Mr. Henderson stated that this information was included in the packets the Board received. Ms. Juarez advised that the actuarial report recommended $3,757,141.00, however they will keep it the same as the levy was last year at $3,911,000.00, which is a little bit above what they recommended, but lower than last year's levy. Mr. Karlson asked who the actuary is, which Ms. Juarez advised that it is MDM in Chicago. Mr. Karlson advised that the Board has to submit their request for the levy prior to the first meeting in December, which is when the Village will issue their levy. Ms. Juarez advised that this levy will then be collected in 2023.

Mr. Henderson moved, seconded by Mr. Falk, to approve the annual actuarial report and request the Village levy a tax for the sole benefit of the Arlington Heights Police Pension Fund in an amount not to be less than the recommended amount of $3,757,141.00. Roll Call was taken. The motion passed unanimously.

Ms. Juarez asked if the Finance Department will receive something regarding this request, which Mr. Karlson advised that this motion directs the Finance Department to proceed with the levy request.

Mr. Henderson moved, seconded by Mr. Schenkel, to accept the Treasurer's Report. The motion passed unanimously.

PAYMENT OF BILLS

None.

REPORTS

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

Mr. Wall advised that the fund is having a challenging year. Mr. Wall stated that the plan is sitting at just about 63% of the portfolio in equities, with approximately $157.6 million in plan assets. In addition, Mr. Wall advised that on a year-to-date (YTD) basis, the plan is down approximately 14% and there is $38 million in investment gains over the last 5 years. The operating account currently has $1.5 million, which Mr. Wall advised that he will be making arrangements to transfer $2 million over to it so that the Finance Department can make their pension payments.

Mr. Henderson asked Mr. Wall if it will be a problem to send over $4 million to the operating account if that is what is needed, which Mr. Wall stated it should not be a problem. Mr. Wall advised that the NIS Fixed Income account is down about 2.25% for the quarter and the Passive All-cap portfolio is down about 16.25% for the quarter, with the Russell 3000 down 21% YTD. Mr. Wall advised the Great Lakes Large-Cap portfolio is down about 9.92% versus their benchmark which is down 12.8% YTD. The Passive Large-Cap and GW&K Small-cap portfolio are both down about 20% YTD, and the International portfolio is down 27%.

Mr. Wall advised that the remainder of the year will be continue to be challenging, although the last 10 days have been pretty decent for the market.

Mr. Schenkel moved, seconded by Mr. Malone, to accept the Investment Report. The motion passed unanimously.

OLD BUSINESS

A. Update regarding pending litigation

Mr. Karlson advised they are pending appeal, which takes time, and a stay was issued against the Board, which means the Board will not be subjected to any penalties. Mr. Karlson stated he does not have a timeline right now.

B. Annual filing of statement of economic interest statements for each Trustee

Mr. Henderson asked if everyone filed their statement of economic interest, which all stated they have.

NEW BUSINESS

A. Semi-annual review of closed session minutes to determine what needs to remain confidential

Mr. Henderson advised that they do not have any closed session minutes to review.

B. Review status of Trustees annual training requirements

Mr. Henderson advised that he completed his training in the Spring and asked if the Trustees wanted to attend the Fall conference, which can be done either in person or online. Mr. Falk asked if his continuing education credits count towards the training requirement, which Mr. Karlson advised that they are acceptable.

C. Approval of annual valuation reports presented to the Village

Mr. Henderson advised that the Board has already addressed this item.

D. Potential selection of independent enrolled actuary for recommended tax levy

Mr. Henderson advised that the Board is not changing actuaries, as they use the Village's actuary.

E. New Hire – Christopher Seebacher 5/02/22 Tier I Participant

Mr. Henderson advised that they will have to address this item at the next Board meeting.

OTHER BUSINESS

Mr. Karlson advised that there are two open times for transfer of credit to and from IMRF right now. Last year they opened up the transfer from IMRF to Article 3, but that was only meant for Police Officer time, which they now have changed to include CSO time and Corrections, which is open until November 13th. In addition, for anyone who left an Article 3 fund and went to an IMRF qualified employer, they can transfer time up to 10 years out, by January 1, 2023.

Mr. Karlson also advised that in regards to the consolidated fund, which consists of a nine-person board, there is a portion of the statue for consolidation that requires a super majority, which is six votes, to be able to determine the assumed rate-or-return. Five of the board members are in favor of 6.75 being the assumed rate-of-return and four of the board members are arguing for 7. The actuary, CIO of the consolidated fund and the investment professional have all said the ceiling is 6.75. It was voted on numerous times and is now at a 5 – 4 stalemate. Mr. Karlson advised that if the Police Pension Fund monies are to go to the consolidated fund, there are some people on the Board trying to do the right thing and there are some who have a different perspective on what the right thing is.

ADJOURNMENT

Mr. Henderson moved, seconded by Mr. Schenkel to adjourn the meeting at 6:13 PM. The motion passed unanimously.