Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Commissions Room
33 S. Arlington Heights Rd., Arlington Heights, IL 60005
October 25, 2017
5:30 PM

I. CALL TO ORDER

A. Public Comment

II. ROLL CALL

III. APPROVAL OF MINUTES

A. July 26, 2017 Minutes

IV. CLOSED SESSION

V. TREASURER'S REPORT

A. Report from the Village Treasurer
B. Approval of the Check Register
C. Proposed 2018 Police Pension Fund Budget

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 mangers/advisors

VIII. OLD BUSINESS

A. 2017 IPPFA Conference, October 2-5 in St. Louis, attended by the Board of Trustees
B. Trustee Petar Milutinovic is scheduled to attend Trustee Certification October 30th - November 2nd.
C. Separation Refund Request - Officer Steven Cortese

D. Purchase of Service Time - Officer Petar Milutinovic (New anniversary date; November 22, 1999)

IX. NEW BUSINESS

A. Adoption of Municipal Compliance Report and forward to Municipality

B. Deadline for filing of the DOI Annual Report or potential extension (October 31, 2017)

C. Schedule next calendar year (2018) quarterly meeting dates/times

D. Refund of Contributions Request - Officer Justin Boisvert

E. Renewal of the Arlington Heights Police Pension Fund Liability Insurance - Mesirow Insurance Services

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: July 26, 2017

Department: Finance

July 26, 2017 Minutes

ATTACHMENTS:

Description	**Type**
July 26, 2017 Minutes	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
WEDNESDAY, JULY 26, 2017

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

Board Members Present: Tom Henderson, Vice President
Gary McClung, Trustee
Harry Malone, Trustee
Petar Milutinovic, Trustee
Mike Schenkel, Secretary

Also Present: Tom Kuehne, Village Treasurer
Rick Reimer, Pension Board Attorney
David Wall, Wall & Associates

PUBLIC COMMENTS

APPROVAL OF MINUTES
Mr. Malone moved seconded by Mr. Schenkel to approve the minutes of the regular meeting held on April 26, 2017. The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Kuehne passed out and gave a brief overview of the Police Pension Fund Financial Report for period ending June 30, 2017 saying that the fund has done well in the market.

B. Approval of Check Register

MR. HENDERSON MOVED, SECONDED BY MR. MC CLUNG TO APPROVE THE PAYMENT OF CHECKS #525- #534. Roll call was taken. The motion passed unanimously.

C. Actuarial Valuation - Arlington Heights Police Pension Fund for the year ending December 31, 2016

Mr. Kuehne passed out the actuarial valuation for year-ending 12/31/17 saying that it is something that the Village has been paying for every year. He explained the GASB amount and the statutory minimum amount that the State requires, and said that the GASB calculations are the amounts that are always used. He went on to say that the fund is now 73% funded, saying that last year it was just about 72% funded. He continued by giving an overview of the rest of the actuarial valuation and the twenty-year cash flow projection.

Mr. Kuehne asked the Board to approve the GASB amount of $3,878,094.

MR. HENDERSON MOVED, SECONDED BY MR. SCHENKEL TO ADOPT THE RECOMMENDED MUNICIPAL CONTRIBUTION 2017 TAX LEVY AMOUNT OF $3,878,094. Roll call was taken. The motion passed unanimously.

Mr. Reimer stated that he will draft a letter to the Village stating that the Police Pension Board has adopted the recommended levy amount. He also said that he will file a copy of the Actuarial Valuation Report with the IDOI.

PAYMENT OF BILLS

Pamela Wilkiel, Recording Secretary, $300.00
RDK Law Firm: $632.86 & $1,658.52
INSB: $720.00, $1,200.00, $1760.00, $432.00

MR. HENDERSON MOVED, SECONDED BY MR. MC CLUNG TO APPROVE THE PAYMENT OF BILLS. Roll call was taken. The motion passed unanimously.

REPORTS

Quarterly Investment Report – Wall and Associates
Mr. Wall stated that since Andy Whowell is no longer on the Board, the Schwab accounts need to be updated to remove his name and add another Board member. He also said that a letter from Andy Whowell to Schwab should be sent requesting that he be removed from Schwab accounts.

Mr. Henderson moved, seconded by Mr. McClung to have the custodial accounts at Schwab updated to reflect Tom Henderson and Tom Kuehne. The motion passed unanimously.

Mr. Wall had Mr. Henderson and Mr. Kuehne sign the necessary paperwork that was needed.

Mr. Wall stated that he developed some investment guidelines for the fixed income manager, NIS Group which he has provided them for review. He stated that they had a request for some verbiage to be added, but that when he looked at the Code, he wasn't' sure it should be added. He said that research can be done and that it can be added to the policy at a later date if it was permissible.

Mr. Wall presented the second quarter investment report saying that the portfolio has about 5% in cash, 64% in equities, and 31% in investment grade corporate bonds. Mr. Wall stated that the plan gained about $3.2 million this quarter and finished with about $122.7 million, with a rate of return for the quarter of just over 2.7% for the quarter. He went on to say that on a year-to-date basis the plan is up 6.8%% and the five-year at about 8% net of all fees. Mr. Wall continued by giving an overview of the rest of investment portfolio.

Mr. Wall said that another share class has been put on the platform at Schwab, called the Z Share Class, He explained that the expense ratio on the Z class has an expense ratio of 79 basis points compared to the International Fund (Fidelity) that the Board currently owns that has an expense ratio of 105 basis points. Mr. Wall stated that he is awaiting approval to buy that share class for the Board, and recommended that the Board swap out the current shares into the Z Shares, which will save 25 basis points in expenses. Mr. Wall stated that the Board will own the exact same fund with the same manager, and that the only thing changing is the basis points.

Mr. Henderson moved, seconded by Mr. McClung to authorize the Investment Consultant, Wall & Associates to sell all the current A Shares and to purchase the Z Shares in the Fidelity Diversified International Account with the sale proceeds. Roll call was taken. The motion passed unanimously.

Mr. Wall went on to say that similarly, by selling the Prudential Pridex Fund and buying the Vanguard 500 with Schwab would also have basis point savings. Currently the Pridex Fund has a 9 point expense ratio compared to the 4 point of the Vanguard 500. Discussion took place regarding the possibility of Vanguard reducing their fee to 4 basis points in order to avoid the move. Mr. Wall stated that he would ask Vanguard the question and that action could be taken at the next meeting in October.

Mr. Malone expressed his concern with the Fund's portfolio regarding the amount of investment in any one stock that several investment firms may have. Mr. Wall stated that he can create a detailed report to add to his quarterly report that would monitor the amounts of individual stock investments the Fund has.

OLD BUSINESS

A. Status – Duty Related Disability Application – Officer Michael McEvoy

Mr. Reimer stated that all three doctor's reports have been received and that a disability hearing can now be scheduled.

B. Military Buy Back Request – Officer Adam Plawer

Mr. Henderson stated that Officer Adam Plawer wishes to purchase his military years and that the amount is $37,683. He went on to say that Officer Plawer will establish a 5-year payment plan with the Village's Finance Department at an interest rate of 7.5% per year. Mr. Reimer stated that he will prepare a written agreement that will provide for all eventualities once he receives the amortization table.

C. Transfer of Creditable Service Time from Chicago Police Department – Officer Peter Milutinovic

Mr. Henderson stated that Officer Peter Milutinovic completed his payment of the requirements by his service from the Chicago Police Annuity and Benefit Fund. He purchased eight years, three months, and eleven days of credible service time.

D. Rebalance Portfolio to Conform with Statutory Asset Allocation

The rebalancing of the portfolio was already completed.

E. Annual Filing of Statement of Economic Interest Statements for each Trustee

All Statement of Economic Interest Statements have been completed.

F. Cash Swing Account Options

The Board uses Illinois Funds. Mr. Wall asked that the Board verify who the current signatory are, and have them updated if they still include Andy Whowell.

G. Review and/or modification of the Board's Investment Policy

Discussion took place regarding updates to the Arlington Heights Police Pension Board's Investment Policy.

Mr. Malone moved, seconded by Mr. Henderson to adopt the Arlington Heights Police Pension Board's Investment Policy dated July 2017. The motion passed unanimously.

Mr. Wall stated that he will get the appropriate signatures and will forward it to the IDOI.

NEW BUSINESS

A. New Hire - Officer Mark Johanson, 6/7/17, Tier II Participant

Mr. Schenkel moved, seconded by Mr. McClung to accept Officer Mark Johanson's enrollment into the Arlington Heights Police pension Fund as a Tier II participant effective June 7, 2017. **The motion passed unanimously.**

B. New Hire - Officer Tyler L. Masnovi, 6/21/17, Tier II Participant

Mr. Schenkel moved, seconded by Mr. McClung to accept Officer Mark Masnovi's enrollment into the Arlington Heights Police pension Fund as a Tier II participant effective June 21, 2017. **The motion passed unanimously.**

C. Election of Officers

Mr. Reimer stated that a President, Vice-President, Secretary and Assistant Secretary need to be elected at the July meetings. He said that if no changes are requested, only a motion to continue the existing slate would be needed.

Mr. Henderson moved, seconded by Mr. McClung to nominated Mr. Henderson as President, Mr. Milutinovic as Vice-President, Mr. Schenkel as Secretary, and Mr. Malone as Assistant Secretary of the Arlington Heights Police Pension Board. The motion passed unanimously.

D. Final Decision & Order - Retirement - Officer Brian McGuire, 6/16/17

Mr. Reimer stated that Officer Brian McGuire retired on June 6, 2017 and said after thirty years of credible service and is eligible for retirement benefits of 75% of his annual salary of $100,191.

Mr. Henderson moved, seconded by Mr. Schenkel to approve the $6,261.94 monthly pension for Officer Brian McGuire. **Roll call was taken.** The motion passed unanimously.

Mr. Henderson moved, seconded by Mr. McClung to adopt and publish the written decision and order for Officer Brian McGuire. The motion passed unanimously.

E. Final Decision & Order - Retirement - Deputy Chief Andrew Whowell, 8/17/17

Mr. Reimer stated that the retirement application for Deputy Chief Andrew Whowell has been received. He said that he has thirty years of credible service and that his retirement will be August 17, 2017 and is eligible for retirement benefits 75% of his annual salary of $139,740.

Mr. Schenkel moved, seconded by Mr. McClung to approve the $8,733.75 monthly pension for Deputy Chief Andrew Whowell effective August 18, 2017, subject to the final decision in order. **Roll call was taken.** The motion passed unanimously.

F. Semi-Annual review of closed executive session minutes to determine what needs to remain confidential.

There are no closed executive minutes to review.

G. Potential Selection of Independent Enrolled Actuary for Recommended Tax Levy

The Board is relying on the Village of Arlington Heights to hire the actuary which was done.

H. Review Status of Trustees' Annual Training Requirements

I. IPPFA Annual Conference in St. Louis, MO in October 2017

Funds need to be approved for a conference to be held in St. Louis. All five Board members indicated that they will be in attendance.

Mr. Henderson moved, seconded by Mr. McClung to approve the necessary funds needed to attend the IPPFA Annual Conference in St. Louis in October 2017 in order to fulfill their continuing education requirements as Trustees. Roll call was taken. The motion passed unanimously.

J. Trustee Certification-Petar Milutinovic

Mr. Henderson stated that as a new Trustee, Mr. Milutinovic will need to attend his trustee certification classes held through the IPPFA that will be held in the fall.

Mr. Henderson moved, seconded by Mr. McClung to approve funds for Mr. Milutinovic to attend his trustee certification classes through the IPPFA this fall. Roll call was taken. The motion passed unanimously.

Mr. Reimer explained that besides the 32-hour mandatory training, Mr. Milutinovic must have a one-time FOIA training and Open Meeting Acts training within 90 days of his election, which will be put into his file for records.

K. Purchase of Disability Time - Sergeant Thomas Henderson

Mr. Henderson explained that back in the 90's he was on disability for a short period of time. He stated that in order to reset his anniversary date, he purchased that disability time back, repaying the Pension Fund. He stated that this was taken care of through the Finance Department.

Mr. McClung moved seconded by Mr. Schenkel to acknowledge the purchase of Mr. Henderson's pension contributions for the period of time he was on disability (2/24/96 - 4/8/96) in the amount, including interest, of of$787.78. His Service Entry Date was updated to 1/2/92. Mr. Henderson abstained. The motion passed unanimously.

J. Separation Refund Request - Officer Steven Cortese

This agenda item was tabled to the next meeting.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no further business to discuss:

Mr. Henderson moved second by Mr. Milutinovic to adjourn the meeting at 6:43 PM.

SUBMITTED BY: ______________________________
Michael Schenkel, Secretary

APPROVED BY: ______________________________
Tom Henderson, President