Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Commissions Room
Village Hall
October 24, 2018
5:30 PM

I. CALL TO ORDER

A. Public Comment

II. ROLL CALL

III. APPROVAL OF MINUTES

A. July 25, 2018 Minutes

IV. CLOSED SESSION

V. TREASURER'S REPORT

A. Report from the Village Treasurer
B. Approval of the Check Register
C. Proposed 2019 Police Pension Fund Budget

VI. PAYMENT OF BILLS

VII. 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.

VIII. OLD BUSINESS

A. Review and/or modification to the Board's Administrative Rules and Regulations
B. Review and/or modification to the Board's Investment Policy
C. Status of of the Board's Annual Training Requirements

D. 2018 IPPA Conference, October 2018 in Lake Geneva, attended by the Board of Trustees

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, 2018)
C. Renewal of the Arlington Heights Police Pension Fund Liability Insurance - Mesirow Insurance Services
D. Schedule Next Calendar Year (2019) Quarterly Meeting Dates/Times
E. Non-Duty Disability Pension Buyback - Officer Tim Kalter
F. Death of Retired Police Officer Cliff Shasteen - October 2, 2018
G. Death of Surviving Spouse Margaret Aldrich - October 12, 2018
H. Retirement - Decision & Order, Sargeant Gary Kaminisky - October 10, 2018
I. New Hire - Officer Victor Chirio - July 30, 2018, Tier I Participant
J. New Hire - Officer Jonathan Palubicki - July 30, 2018
K. New Hire - Officer Carlo Montella - September 4, 2018
L. New Hire - Officer Andrew Mendez - September 14, 2018

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 25, 2018 Minutes

Department: Finance

July 25, 2018 Minutes

ATTACHMENTS:

Description	**Type**
July 25, 2018 Minutes	Minutes

MINUTES OF THE REGULAR MEETING OF THE
ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES
COMMISSIONS ROOM, 2ND FLOOR, VILLAGE HALL
33 S. ARLINGTON HEIGHTS ROAD
WEDNESDAY, JULY 25, 2018

President Thomas Henderson called the meeting to order at 5:31 PM. Roll call was taken with:

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

Also Present: David Wall, Stephen McLeod, Wall Capital Group,
Rick Reimer, Pension Board Attorney

PUBLIC COMMENTS
There were no public comments.

APPROVAL OF MINUTES

Mr. Malone moved, seconded by Mr. McClung to approve the minutes of the regular meeting held on April 25, 2018. The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Obog presented the Police Pension Fund Financial Report for period ending June 30, 2018. He stated that year-to-date, revenues and expenditures are tracking close to budget.

Mr. Henderson moved, seconded by Mr. Schenkel to accept the Treasurer's Report dated June 30, 2018. The motion passed unanimously.

B. Actuarial Valuation – Police Pension Fund Actuary Results for year ending December 31, 2018

The draft Actuary Report was distributed to the Board. Mr. Obog asked the Board to approve the current valuation of $4,016,824 for the 2018 Tax Levy that will be received in 2019. Mr. Reimer asked if this valuation was subject to change. Mr. Obog stated that it was not and that the Village's audit results were completed. Mr. Reimer asked for a final copy of the valuation so that he can write a letter and file it with the Department of Insurance (DOI).

Mr. McClung moved, seconded by Mr. Henderson to adopt the recommended Municipal Contribution 2018 Tax Levy amount of $4,016,824 due in 2019 as recommended by the actuary. Roll call was taken. The motion passed unanimously.

C. Approval of the Check Register

Mr. Henderson moved, seconded by Mr. McClung to approve the payment of checks #561 - #571. Roll call was taken. The motion passed unanimously.

PAYMENT OF BILLS

Mr. Henderson moved, seconded by Mr. McClung to approve the payment of bills. Roll call was taken. The motion passed unanimously.

Reimer & Dobrovolny PC	$1,151.41
Pam Wilkiel	$ 500.00

REPORTS

Quarterly Investment Report – Wall Capital Group

Mr. Stephen Mcleod presented the second quarter investment report. He said that the portfolio has about 3% in cash, about 66% in equities, and 31% in bonds. Mr. McLeod stated the quarter finished with over $131 million in assets, and is up about 3.1 million or 2.44% for the quarter. He went on to say that on a year-to-date basis, net of all fees, there is about 9% rate of return, and that the five-year rate of return, net of all fees had and 7.7 % rate of return. Mr. McLeod continued by giving an overview of the rest of investment portfolio.

Mr. Malone asked about the benchmark for the Great Lakes portfolio. Mr. Wall stated that their benchmark is against the Russell 1000. He said although their one, three, and five year numbers don't look good, they outperform their benchmark about 60% of the time. Mr. Wall asked the Board if they would like him to run both a returns-based style analysis and a holdings-based style analysis and bring it to the next Pension Board meeting for their review. They answered yes.

Mr. Wall said the Pension Fund is just over 66% invested in equities and reminded the Board that they are allowed to invest up to 65% in equities. He stated that rebalancing may need to be done by the end of the year. Mr. Henderson reminded the Board, because of regulations that as long as the fund stays in equities, they cannot reallocate more into equities. Discussion continued regarding possible reallocating/investing near the end of the year.

Mr. Henderson asked Mr. Wall at the last meeting if he could look into cost savings regarding the I shares Russell 3000 ETF account. Mr. Wall passed out information on possible investment in a Vanguard account and compared to the I-Shares account. He said there would be is a 16 basis point savings in the expense ratio, which is a significant difference.

Mr. Wall also passed out information and gave an overview of the S & P 600 Small Cap ETF. He recommended that the Board take a serious look and consider using the small cap index in the Board's Investment Policy versus the Russell 2000. He added that if the Board wants to consider this further and make a benchmark change, that there should be a conversation with GWK regarding how it would affect what they would do with the portfolio. Mr. Wall stated that he will bring in some models to the next Board meeting for the Board to review. He also said that the end of the year would be the time to make this type of change.

Mr. Henderson moved, seconded by Mr. MClung to accept Wall Capital Group's Quarterly Report. The motion passed unanimously.

OLD BUSINESS

A. Annual Examination for Jinhong Kim

Mr. Reimer stated that after the annual examination and Factual Capacity Evaluation (FCE) of Jinhong Kim, it was determined that he remains disabled.

Mr. Henderson moved, seconded by Mr. Schenkel to continue Officer Jinhong Kim's disability benefits subject to further annual exams. Roll call was taken. The motion passed unanimously.

B. Review and/or modification to the Board's Administrative Rules and Regulations

Mr. Reimer stated that the Board's Administrative Rules and Regulations has been updated and that he will email them to Mr. Henderson for distribution to the Board members. It will be discussed at the next Pension Board meeting.

C. Review and/or modification to the Board's Investment Policy

Mr. Reimer asked that this item be on every quarterly meeting of the Pension Board, which will allow the Board to have discussions and make any motions necessary.

D. Department of Insurance (DOI) Compliance Audit Payment

Mr. Henderson stated that payment has been made.

E. 2018 IPPFA Training Conference

All Board members stated that they would be attending the annual fall 2018 IPPFA Training Conference in Lake Geneva in October.

Mr. Henderson moved, seconded by Mr. Schenkel to approve the necessary funds needed for the Trustees to attend the IPPFA Annual Fall Conference in Lake Geneva, IL in October 2018 in order to fulfill the continuing education requirements as Trustees. Roll call was taken. The motion passed unanimously.

IX. NEW BUSINESS

A. Death of retired Police Lieutenant Joseph Chrabot – May 4, 2018

Mr. Henderson moved, seconded by Mr. McClung to terminate the retirement pension of Lieutenant Joseph Chrabot effective May 4, 2018 and begin the surviving spouse pension for Sandy Chrabot in the amount of Lieutenant Chrabot's pension on the date of his death. Roll call was taken. The motion passed unanimously.

B. Retirement - Decision and Order, Officer Scott May – July 1, 2018

Mr. Reimer stated that Officer Scott May retired on July 1, 2018 after 27 years of credible service, saying that his annual salary on his last day of service was $102,656. He said that his is entitled to 67.5% of his salary, which equates to monthly retirement amount of $5,774.

Mr. Henderson moved, seconded by Mr. McClung to approve the $5,774 monthly pension, and adopt and publish the decision and order for Officer Scott May. Roll call was taken. The motion passed unanimously.

C. New Hire - Officer Kevin Adams - June 11, 2018
D. New Hire - Officer Jeffrey Heffernan - June 11, 2018
E. New Hire - Officer Geoffrey Sobey - June 13, 2018

Mr. Henderson stated that three new Police officers were sworn in in June. Officers Kevin Adams and Jeffrey Heffernan on June 11, 2018, and Officer Geoffrey Sobey on June 13, 2018. All will be Tier II participants in the Pension Fund,

Mr. Henderson moved, seconded by Mr. McClung to accept Officers Kevin Adams, Jeffrey Heffernan, and Geoffrey Sobey's enrollment into the Arlington Heights Police Pension Fund as Tier II Participants effective on their sworn in dates. The motion passed unanimously.

E. Semi-annual Review of Closed Executive Session Minutes

There were no Closed Executive Session Minutes

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

No discussion. The Board used the Village actuary's recommendation.

X. OTHER BUSINESS

Mr. Schenkel stated that he received a phone call from a retiree asking who the beneficiary was on his pension. Mr. Reimer stated that his beneficiary is set by Statute saying that the law presumes who the beneficiary will be.

Mr. Henderson stated that Mr. Milutinovic received a phone call from a retiree who lives out of state and has been recently divorced, and that his ex-spouse was awarded 16% of his pension.. Mr. Henderson wanted clarification from Mr. Reimer on how to proceed. Mr. Reimer stated that the retiree will have to come to Illinois and get a Qualified Illinois Domestic Relations Order (QILDRO), and that the Pension Fund would not make a second payment until a QILDRO is entered in Illinois by a court of competent jurisdiction.

XI. ADJOURNMENT

Mr. Henderson moved, seconded by Mr. Malone to adjourn the meeting at 6:52 PM. The motion passed unanimously.

SUBMITTED BY: ______________________________
Michael Schenkel, Secretary

APPROVED BY: ______________________________
Tom Henderson, President