Village of Arlington Heights
Board of Trustees of the Firefighters Pension Fund

Arlington Heights Fire Department
Administrative Headquarters
1150 N. Arlington Heights Road
Arlington Heights, IL 60004
August 18, 2014
9:00 AM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Minutes from May 5, 2014 Meeting

IV. PUBLIC COMMENTS

V. CLOSED SESSION

VI. TREASURER'S REPORT

VII. PAYMENT OF BILLS

VIII. REPORTS

A. Fund Consultant, Marquette Associates

IX. OLD BUSINESS

A. Tim Franzen Disability Appeal Update

X. NEW BUSINESS

A. Application for Benefits:
- Firefighter Francis Wilson retiring August 14, 2014
- Retired Firefighter Kevin Treu passed away July 27, 2014

XI. OTHER BUSINESS

XII. 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: Minutes from May 5, 2014 Meeting

Department: Fire

ATTACHMENTS:

Description	**Type**
Minutes from May 5, 2014 Meeting	Minutes

ARLINGTON HEIGHTS
FIREFIGHTERS' PENSION BOARD

Minutes of the Regular Meeting held on May 5, 2014

Arlington Heights Fire Department Administrative Headquarters
1150 No. Arlington Heights Road – Arlington Heights IL 60004

Members in Attendance:	Kenneth Koeppen Carl Brandon Thomas Kuehne Kert Evans Doug Ruhnke
Others in Attendance:	Cary Collins, Pension Board Attorney Ray Caprio, Marquette Associates Jim Obog, Finance Department Melissa Cayer, Public Observer

Call to Order

Carl Brandon called the meeting to order at 9:08 AM. Roll was called with board members Kenneth Koeppen, Carl Brandon, Thomas Kuehne, Kert Evans and Doug Ruhnke present.

Also present were Cary Collins, Pension Board Attorney, Ray Caprio, representing Marquette Associates, Jim Obog, Finance Department, and Melissa Cayer, as a public observer.

Review Minutes from Last Meeting

The minutes from the last regular meeting of March 24, 2014 were reviewed.
A motion was made and seconded (K. Evans/K. Koeppen) to approve the minutes as amended.
All voted in favor, motion carried.

Treasurer's Report /Disbursements

Tom Kuehne distributed the Treasurer's report through March 31, 2014 and briefly reviewed the highlights. Overall, we're doing extremely well.

Next Tom moved over to Page 3, check register/journal voucher. He asked for approval of check 430 (JV 504 through JV 521).
Motion was made and seconded (D. Ruhnke/K. Evans) to approve disbursement of check 430 (JV 504 through JV 521).

Roll was called.
Ayes: K. Koeppen, C. Brandon, T. Kuehne, K. Evans and D. Ruhnke
Nays: None
Ayes - 5; Nays – 0.

Motion carried.

Investment Review – Marquette Associates

Ray Caprio distributed and reviewed the Executive Summary ending March 31, 2014.

He reminded the Board of the Marquette's annual Investment Symposium on September 12 and encouraged anyone who wanted to attend to contact him. The program runs from 8 AM to 2 PM and does provide six credit hours of education.

Regarding Investment Managers, we still have Segall Bryant on alert due to their recent organizational changes. Their portfolio has done very well. By the end of the third quarter, Marquette will recommend that we take them off alert. All other Investment Managers are in compliance.

The portfolio is at an all-time high market value of $88.0 million. Page 2 shows just in the last 3 months, it has grown by $2.6 million, of which $1.3 million from contributions and $1.3 million from investments. The portfolio returned +1.5% for the quarter and +13.0% for the last twelve months.

Ray next discussed management fees. The total investment management fees of 0.35% is below the industry average of 0.49%. The fees have been low for a very long time, especially considering the performance of the portfolio. Marquette charges a flat feel of $50,000 annually.

Page 3 shows the Total Fund Composite of $88.0 million with the breakdown *(in $ millions)* as follows: Fixed Income $25.3; U.S. Equity $42.3; International Equity $9.2; Global Tactical $2.7, Real Estate $5.2; and Cash $3.3. These numbers do not take into consideration the recent funds rebalancing and this will show up in the April portfolio review.

As noted on page 6, just five years ago the total fund was at $46.6 million and is now at $88.0 million. Overall, the fund performance has done extremely well.

Ray does not have any new rebalancing recommendation at this time.

Old Business

- Investment Advisor Search – Attorney Collins reminded the board that the new statute requires that a search for an investment advisor must be done every five years. For consideration, he presented a summary of an extensive search done by another pension board. We will retain this summary in our files to comply with the requirements of the Department of Insurance statute.

  We are happy with work that Marquette has done and can terminate our contract with them in the event we ever become dissatisfied. The Board can vote to continue with Marquette as their investment consulting firm. It's not necessary for Marquette to generate an entirely new contract. By the next meeting, Ray will present an addendum to the current contract, along with the fee schedule, for review by the Board. This will be for a new five year term of May 1, 2014 to April 30, 2019.

- Tim Franzen Disability Appeal – We had approved Occupational Disease Disability at 65%. Tim has switched lawyers recently and the Court will give them an opportunity to try to transcribe the tape we had, since the Court Reporter did not show up at our meeting. If the tape cannot be transcribed by the next Court date in June, then we will try to set up a Briefing Schedule to get this matter wrapped up.

- Attorney Collins next discussed some of the new statutes coming up before the Legislature related to pensions. He will keep the Board apprised as changes occur.

New Business

- Election Results – On April 30, 2014, the Village Clerk's office canvassed the results of the election with a total of 63 ballots received. Until certified, the unofficial results are that Doug Ruhnke was elected as a Trustee from the retired members to serve a three year term beginning May 1, 2014.

  Motion was made and seconded (T. Kuehne/K. Koeppen) to certify the election results.
  All voted in favor, motion carried.

- Appointments to the Pension Board by the Village Board – Chief Koeppen was recently appointed with his term ending April 30, 2015, to complete the same term former Chief Ericksen had. Also, Tom Kuehne was appointed for a three year term ending April 30, 2017.

- Board Nominations –

  Motion was made and seconded (K. Evans/D. Ruhnke) to nominate Carl Brandon for Board President.
  No further nominations for President were made.
  All voted in favor, motion carried.

  Motion was made and seconded (K. Evans/T. Kuehne) to nominate Doug Ruhnke for Board Secretary.
  No further nominations for Secretary were made.
  All voted in favor, motion carried.

- Executive Sessions – Regarding the release of minutes to the public from recent Executive Sessions, Attorney Collins pointed out these were disability hearings. Since much of the information in a disability hearing is confidential, it was agreed not to release the minutes of Executive Sessions.

  Motion was made and seconded (T. Kuehne/K. Evans) not to release minutes of Executive Sessions due to being disability related cases and containing confidential information.
  All voted in favor, motion carried.

Applications for Benefits

None.

Before closing, Carl asked Melissa Cayer if she had any questions. Yes, she had two questions –

1) Do participants receive an annual funding notice?
   Attorney Collins replied when we get the annual report and it is given to the State for an actuarial study which is then submitted to the Village. A municipal compliance report is next generated and the actuarial amount is incorporated in the Village Budget which is done at the end of the fiscal year, April 30. The Village Budget and the Firefighters Pension Board Annual Report are posted online at the Village website. A notice of how much each participant has contributed to the pension fund is sent to each member annually.

2) Do we pay into Social Security for firefighter pension participants?
   Carl replied, No the Village does not pay into their Social Security nor do the members collect benefits. If a firefighter has another job on off-duty days, then there may be payments made into Social Security from the secondary job and thus eligible to receive benefits. However, the Village does pay into their Medicare benefits.

   Attorney Collins also suggested she look at information related to the Firefighters Pension Fund Code (Articles 1 & 4). Cary recommended she email him and he will forward her the two sections of the pension code related to her questions. Carl also gave her a copy of the "Firefighters Pension Plan Description" booklet.

As there was no other business to present before the Board, the motion was made and seconded (K. Evans/D. Ruhnke) to close the meeting.
All in favor, motion carried. Meeting adjourned at 10:17 AM.

Respectfully submitted,

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Laura Potts
Recording Secretary

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Doug Ruhnke
Secretary