



Agenda
Village of Arlington Heights
Board of Trustees of the Firefighters Pension Fund
Buechner Room
33 S. Arlington Heights Rd., AH, IL 60005
August 10, 2020
9:00 AM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

- A. Approval of Minutes - May 4, 2020 Regular Meeting

IV. PUBLIC COMMENTS

V. CLOSED SESSION

VI. TREASURER'S REPORT

VII. PAYMENT OF BILLS

VIII. REPORTS

- A. Report from Fund Consultant - Marquette Associates

IX. OLD BUSINESS

- A. Former FF Xavier Beltran - Ratify Refund of Pension Fund Contributions
- B. Annual Medical Evaluation Disabled Under Age 50 - FF Heidi Arndorfer and FF Gregory O'Rourke
- C. Retired FF Bryan Smith - Medical Evaluation Update
- D. Investment Policy Guidelines - Sustainable Investing Principles

X. NEW BUSINESS

- A. Application for Duty Disability Pension - B/C William Essling
- B. Application for Retirement Pension - FF/PM Joseph Skalski
- C. Death of Retired FF Edward Fitch on 6/12/20 - Survivor Benefits
- D. Firefighters Pension Investment Fund - Trustee Election Letter
- E. Appointment - Open Meetings Act / FOIA Administrator
- F. Appointment - Security Administrator

- G. Appointment - Cook County Clerk / Ethics Administrator
- H. Closed Executive Sessions - Release of Minutes
- I. IL Public Pension Advisory Committee - Membership Invoice
- J. Alliant/Mesirow Fiduciary Insurance - Policy Renewal

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.



**Board of Trustees of the Firefighters Pension Fund
8/10/2020**

Item: minutes

Department: fire

Approval of Minutes - May 4, 2020 Regular Meeting

ATTACHMENTS:

Description	Type
May 4, 2020 Regular Meeting	Minutes

**ARLINGTON HEIGHTS
FIREFIGHTERS' PENSION BOARD**

Minutes of the Regular Meeting held on May 4, 2020

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

Members in Attendance: Doug Ruhnke (remote)
 Andrew Larson
 Tom Kuehne (remote)
 Mark Aleckson
 Kert Evans (remote)

Others in Attendance: Cary Collins, Pension Board Attorney (remote)
 David Mejia, Collins & Radja (remote)
 Michael Spychalski, Marquette & Associates (remote)
 Carl Brandon, Retired Firefighter
 Melissa Cayer, Public Observer (remote)

NOTE – Due to the COVID-19 pandemic, some individuals attended the virtual meeting remotely and others attended on site, while maintaining social distancing.

CALL TO ORDER

Doug Ruhnke called the meeting to order at 9:05 AM. Roll was called with board members Doug Ruhnke, Andrew Larson, Tom Kuehne, Kert Evans and Mark Aleckson present.

Also present were Cary Collins, Pension Board Attorney; David Mejia, Collins & Radja; Michael Spychalski representing Marquette Associates; Carl Brandon, Retired Firefighter; and Melissa Cayer, Public Observer.

ROLL CALL

• **Trustee Election – Certify Results**

Doug Ruhnke's term as Trustee on the Board ended April 30, 2020. An election of the retired ranks was held with Carl Brandon and Tim Franzen names on the ballot. Once compiled, the Village Clerk's office canvassed the results with a total of 68 ballots received as follows: 55 votes for Carl Brandon and 13 votes for Tim Franzen.

Motion was made and seconded (M. Aleckson/K. Evans) to certify the election results, with Carl Brandon as Board Trustee for a three year term beginning, May 1, 2020.

The Board members expressed their appreciation to Doug Ruhnke for his years of service on the Pension Board, both as a Trustee and President of the Board.

- **Trustee Nominations**

Kert Evans nominated Mark Aleckson to the position of President of the Board. Motion was made and seconded (K. Evans/A. Larson) to appoint Mark Aleckson as president of the Pension Board. All voted in favor, motion carried.

Andrew Larson nominated Kert Evans to the position of Secretary of the Board. Motion was made and seconded (A. Larson/M. Aleckson) to appoint Kert Evans as Secretary of the Pension Board. All voted in favor, motion carried.

APPROVAL OF MINUTES

Minutes from the last regular Board meeting held on January 27, 2020 were reviewed. A motion was made and seconded (T. Kuehne/A. Larson) to approve the minutes from the January 27, 2020 regular meeting. All voted in favor, motion carried.

Minutes from the Executive Session held on January 27, 2020 were reviewed. A motion was made and seconded (A. Larson/T. Kuehne) to approve the minutes from the January 27, 2020 Executive Session. All voted in favor, motion carried.

PUBLIC COMMENTS

Melissa Cayer (public observer) had sent an email outlining two questions, as follows:

- (1) What is the job description of the Pension Fund Manager?
- (2) Why is the Pension Fund Annual Report not on file with the U.S. Department of Labor (Form 5500)?

Question 1 Response:

Doug Ruhnke explained there really is no job description to refer to. However, the Investment Policy Guidelines provides a description of the Pension Fund Manager duties and responsibilities, as noted on pages 13, 14 and 15. We will make certain that a copy of these pages is forwarded to Melissa to review.

Question 2 Response:

Cary Collins advised that our Pension Fund is not an ERISA fund and we are regulated by statutes of the State of Illinois. Tom Kuehne further indicated that the Pension Board falls under the jurisdiction of the Illinois Department of Insurance (IDOI). As such, we are not required to complete Form 5500 for filing with the U.S. Department of Labor. However, the Board does file their Annual Report with the Illinois Department of Insurance and this can be found on their website.

CLOSED SESSION

None.

TREASURER'S REPORT / DISBURSEMENTS

Tom Kuehne distributed the quarterly Financial Report as of March 31, 2019. We are right on track at 25% for expenditures.

The Check Register was reviewed and Tom asked for approval of check #660 (journal voucher 037) through check #665 (journal voucher 124).

Motion was made and seconded (K. Evans/M. Aleckson) to approve payments of check 660 (JV 037) through check 665 (JV 124).

Roll was called.

Ayes: A. Larson, T. Kuehne, K. Evans, M. Aleckson, C. Brandon

Nays: None

Ayes – 5; Nays -0.

Motion carried.

Tom announced that the Village Board approved paying down a portion of the Fire and Police Pension Fund unfunded liabilities by transferring 2019 General Fund surplus monies to these two funds. Specifically, the Village will transfer \$1.25 million to each pension fund, thereby improving the funded status of these funds.

REPORTS

Marquette Associates

Prior to the meeting, Mike Spychalski had emailed to the Board Members the Executive Summary as of March 31, 2020 along with Marquette's "Perspectives April 2020" newsletter. Mike also summarized the market situation and how this has been impacting the Pension Fund Portfolio:

- 1Q Performance Summary – Total Portfolio 1Q return was -11.1%
- Fixed Income Composite – Up 1.8% (net of fees)
- U.S. Equity Composite – Down -21.3%
- International Equity Composite – Was down -24.1%
- Real Estate Composite – Up about 0.4%

Mike recommends taking a long term perspective and believes there will be plenty of opportunities for us to take advantage of. At this point, there are too many uncertainties to take any concrete actions yet. As opportunities present themselves, he will reach out with recommendations.

Total Fund Composite (page 2 of the Executive Summary) shows the market value of the fund to be at \$107.7 (million) with a breakdown as follows: Fixed Income \$39.5; U.S. Equity \$28.7; International Equity \$20.6; Real Estate \$15.3; and Cash at \$3.6 (million).

Regarding pension payments, Mike indicated our current \$2.4 million dollars in Cash could be applied to pension payments. Tom agrees but is looking for a possible upcoming transfer.

OLD BUSINESS

• Retired Disabled FF Bryan Smith – Medical Update

Attorney David Mejia explained the Court Complaint (Bryan Smith vs. the FF Pension Board) requests the Court to give an advisory opinion on what the statute allows. We keep trying to dismiss the

claim and prefer an administrative review on the basis that we do not believe it proper for the Court to make a decision on what the statute says.

In response to this complaint, we sent portions of the transcript of the original hearing showing Bryan Smith was well aware that we would be asking for an additional medical evaluation, plus we submitted a document indicating the IDOI does allow medical evaluations after age 50. We have done everything within the bounds of what is allowed. The Court Hearing is scheduled for May 20 and all documentation has been submitted.

Cary stated since our regulator is the IDOI, possibly on May 20 the Judge may request all parties into his chambers to see if we can come to an agreement. Cary spoke with Bryan's attorney, Mr. Marconi, who mentioned that Bryan insists they move forward with the complaint. Bryan continues to challenge our right to enforce a medical exam. We attempted all sorts of accommodations, even requesting he see a doctor in Florida.

Mark commented that if Bryan finally agrees to proceed with a medical exam (if the Court rules in our favor) we can request he come to Chicago to be examined, possibly even to see the initial doctor who agreed to his disability. We simply need a current medical exam for our files.

Cary indicated if they wish to dispute about coming back to Illinois, now having him examined in Florida may show bias. The statute gives us every right to select a physician of the Board's preference and location. We will continue to request Bryan submit to a medical evaluation.

- **Annual Medical Evaluation Retired Disabled FF Under Age 50 – Heidi Arndorfer and Gregory O'Rourke**

Attorney Collins indicated the medical evaluations were done in July of last year. We will confirm the addresses and forward a request for physical evaluation shortly.

- **Refund of Contributions to former FF Xavier Beltran**

FF Xavier Beltran resigned from the fire department on 10/03/2019. Mary Ellen Juarez calculated he had contributed \$9,681.62 to the pension fund. Xavier completed the Application for Separation Refund requesting his contributions, minus 20% removed for taxes.

Motion was made and seconded (A. Larson/M. Aleckson) to refund former fire department employee, FF Xavier Beltran, his pension contribution of \$9,681.62 less 20% for taxes, as requested.

Roll was called.

Ayes: A. Larson, T. Kuehne, k. Evans, M. Aleckson, C. Brandon

Nays: None

Ayes – 5; Nays -0.

Motion carried.

It was noted that this topic was mistakenly left off the distributed agenda. Attorney Collins indicated the IDOI requires us to add this to the next agenda to ratify the completed request.

NEW BUSINESS

- **Applications for Membership – FF Christian Merkau and FF Carson Zastrow, both hired 2/17/2020**

As of 2/17/2020, the fire department has two new hires, namely, FF Christian Merkau and FF Carson Zastrow. Both are Tier II firefighters and both have completed their applications for membership into the FF Pension Fund.

Motion was made and seconded (A. Larson/M. Aleckson) to accept FF Christian Merkau and FF Carson Zastrow, Tier II new hires, into the Firefighters Pension Fund.
All voted in favor, motion carried.

- **Application for Deferred Retirement Pension - FF Robert Cipriani**

FF Robert Cipriani previously retired in November 2016 and requested to defer his pension until age 50. Recently he submitted the Application for Retirement Pension to be effective May 14, 2020. The calculation sheet from Mary Ellen shows that he previously worked at Bridgeview Fire, bought back his time, and will receive \$458/monthly from Bridgeview. Our pension payment is \$43,955.892 annually or a monthly payment of \$3,662.99. His first payment will begin May 25, prorated according.

Motion was made and seconded (A. Larson/K. Evans) to approve payment to deferred retiree FF Robert Cipriani his retirement pension in the amount of \$3,662.99 monthly.

Roll was called.

Ayes: A. Larson, T. Kuehne, K. Evans, M. Aleckson, C. Brandon

Nays: None

Ayes – 5; Nays -0.

Motion carried.

- **Death of Retired FF Ronald Kranz on 1/03/2020 – Cessation of Benefits and Refund of Overpayment**

Retired FF Ronald Kranz passed away on January 3, 2020. We were not advised until a few weeks later and his pension payment was made on January 24, resulting in an overpayment of \$4,951.96. Doug spoke with his daughter explaining the situation. Mary Ellen sent a letter to the daughter who, in turn, sent a refund check to cover the overpayment, along with a copy of the death certificate. There is no spouse, thus further pension payments are terminated.

- **Increase of Survivor Benefit – Jane Treu (widow of FF Kevin Treu)**

The Illinois Department of Insurance contacted the Pension Board regarding pension payments made to surviving spouse, Jane Treu, who had been receiving 50% of the deceased firefighter's salary attached to his rank. Her husband, FF Kevin Treu, had been receiving Not In Duty Disability Pension prior to his death.

IDOI recommends an increase of benefit to 54% of the deceased firefighter's salary attached to rank. Section 4-111, the Not In Duty Disability Pension states under subsection (a) of 4-114: "if that disability pension is greater than the survivors pension, the monthly pension to the surviving spouse

shall be at 54%.”

After careful analysis of Sections 4-111 and subsection 4-114, it was determined the recommendation of IDOI will extend to Jane Treu, providing her the difference between the 50% benefit she has been receiving and the 54% benefit amount, retroactively calculated, and going forward. Mark Aleckson will work with Mary Ellen to process this adjustment.

- **Additional Signer for Payment Processing**

Until now, we had three signers for processing of payments (Doug Ruhnke, Mark Aleckson and Tom Kuehne). With Doug departing from the pension board, we will need to add another signer. It was agreed that Kert Evans would be an additional signer to process checks.

OTHER BUSINESS

- Cook County Statement of Economic Interest – Board members are required to submit their Statement of Economic Interest to the Cook County Clerk’s office. Both Andrew Larson and Mark Aleckson had not received the email request from the County. Laura will contact the County Clerk’s office to ensure they send an email to complete the process.
- Invoice #7770 was received from our legal firm, Collins & Radja, in the amount of \$3,977.46 for work performed related to the disability case of retired FF Bryan Smith.

Motion was made and seconded (A. Larson/K. Evans) to process payment of Collins & Radja invoice #7770 in the amount of \$3,977.46.

Roll was called.

Ayes: A. Larson, T. Kuehne, k. Evans, M. Aleckson, C. Brandon

Nays: None

Ayes – 5; Nays -0.

Motion carried.

ADJOURNMENT

As there was no other business to present before the Board, a motion was made and seconded (K. Evans/C. Brandon) to adjourn the meeting.
All voted in favor, motion carried.

Meeting adjourned at 10:20 AM.

NEXT MEETING – Scheduled for Monday, August 10, 2020 at 9:00 AM

Respectfully submitted,

Laura Potts
Recording Secretary

Kert Evans
Board Secretary