



Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Conference Room
200 E. Sigwalt, Arlington Heights, IL 60005
July 28, 2016
5:30 PM

I. CALL TO ORDER

- A. Public Comment

II. ROLL CALL

III. APPROVAL OF MINUTES

- A. April 28, 2016 Minutes
B. June 17, 2016 Special Meeting Minutes

IV. CLOSED SESSION

V. TREASURER'S REPORT

- A. Treasurer's Report
B. Approval of the Check Register
C. Proposed 2017 Police Pension Fund Budget
D. Police Pension Fund Actuary Results as of December 31, 2015

VI. PAYMENT OF BILLS

VII. REPORTS

- A. 1. Quarterly Investment Report – Wall and Associates
- 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 modifications to the Board's Administrative Rules and Regulations

- B. Portability Request - Officer Christopher Tatman, Barrington P.D.
- C. Portability Request - Officer Michael Migliorsi, Sterling P.D.
- D. Portability Request - Officer Jacob Howard, Sauk Village P.D.

IX. NEW BUSINESS

- A. Retirement – Approval Final Decision and Order, Officer Robert Kostka, 05/20/16
- B. New Hire – Officer Anfiny Eshoo, 05/24/16, Tier II Participant
- C. New Hire – Justin Fryksdale, 05/31/16, Tier I Participant
- D. New Hire - Officer Oleh Yusypyuk, 07/05/16, Tier II Participant
- E. Portability Request - Officer Anfiny Eshoo, Maywood P.D.
- F. Portability Request – Officer Justin Fryksdale, Winnetka P.D.
- G. Military Time Buy Back – Officer Gerald Capriotti
- H. Final Approval – Administrative Rules and Regulations
- I. Semi-annual Review of Closed Executive Session Minutes
- J. Review Status of Trustees Annual Training Requirements
- K. 2016 IPPFA Training Conference, October 4-7, 2016
- L. 2016 NCPERS Public Safety Pension & Benefits Conference, October 23-26, 2016
- M. Election of Board Officers (ie; President, Secretary, etc)
- N. Potential selection of Independent Enrolled Actuary for Recommended Tax Levy

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: April 28, 2016 Minutes

Department: Finance

April 28, 2016 Minutes

ATTACHMENTS:

Description

April 28, 2016 Minutes

Type

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
THURSDAY, APRIL 28, 2016**

President Andrew Whowell called the meeting to order at 5:32 PM. Roll call was taken with:

Board Members Present: Andrew Whowell, President
Tom Henderson, Vice President
Harry Malone, Trustee
Gary McClung, Trustee

Also Present: Jim Obog, Accountant
David Wall, Wall & Associates
Rick Reimer, Pension Board Attorney

APPROVAL OF MINUTES

MR. HENDERSON MOVED, SECONDED BY MR. MCCLUNG TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD ON JANUARY 27, 2016. The motion carried unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Obog passed out and gave a brief overview of the Police Pension Fund Financial Report for period ending March 2015. Mr. Obog went on to say that the Pension Fund was over budget \$31,000 for the 8-month period ending December 31, 2015 due to service pensions that came in higher than the budgeted amount and asked the Board to approve a budget amendment.

MR. HENDERSON MOVED, SECONDED BY MR. WHOWELL TO APPROVE A BUDGET AMENDMENT TO INCREASE THE SERVICE PENSIONS LINE ITEM OF THE POLICE PENSION FUND BUDGET BY \$31,000 FOR THE 8-MONTH PERIOD ENDING DECEMBER 31, 2015. Roll call was taken. The motion passed unanimously.

B. Approval of Check Register

MR. HENDERSON MOVED, SECONDED BY MR. WHOWELL APPROVE THE PAYMENT OF CHECKS #484- #491. Roll call was taken. The motion carried unanimously.

MR. WHOWELL MOVED SECONDED BY MR. MCCLUNG TO ACCEPT THE TREASURER'S REPORT DATED MARCH 2016. The motion passed unanimously.

PAYMENT OF BILLS

RDK Law Firm, \$2,028.65
Pamela Wilkiel, Recording Secretary, \$300.00

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

REPORTS

Quarterly Investment Report – Wall and Associates

Mr. Wall presented the First quarter investment report saying that the portfolio has about 5% in cash, 58% in equities, and 37% in investment grade corporate bonds. Mr. Wall stated that for the quarter the plan is up about 1.2 million finishing with about \$109 million, and said that the return for the first quarter had a 1.2% rate of return. Mr. Wall continued by giving an overview of the rest of investment portfolio.

OLD BUSINESS

A. Review and/or modification of the Pension Fund's Investment Policy

There were not changes.

B. Review and/or modification to the Boards Administrative Rules and Regulations

The Board reviewed and discussed various sections of the Administrative Rules and Regulations of the Pension Board, making some minor changes.

MR. HENDERSON MOVED SECONDED BY MR. WHOWELL TO ACCEPT THE ARLINGTON HEIGHTS POLICE PENSION BOARD'S ADMINISTRATIVE RULES AND REGULATIONS AS AMENDED AND TO BE SIGNED AT THE NEXT PENION BOARD'S QUARTERLY MEETING. The motion passed unanimously.

C. IPPFA Spring Conference, May 3-6, 2016, East Peoria, Illinois

Mr. Whowell reminded the Board that the IPPFA Conference will be held next week.

NEW BUSINESS

A. Approval of Annual COLA increases

MR. HENDERSON MOVED SECONDED BY MR. WHOWELL TO APPROVE THE STATUTORY ANNUAL COST OF LIVING INCREASES (COLA) INCREASES EFFECTIVE JANUARY 1, 2016. Roll call was taken. The motion passed unanimously.

B. Retirement – Approval Final Decision & Order, Commander Richard Kappelman, 3/18/16

Mr. Whowell stated that Commander Kappleman retired on March 28, 2016 after 30 years of service and is eligible for retirement benefits of 75% of his annual salary including longevity of \$123,048.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO APPROVE THE \$7,690.50 MONTHLY PENSION AND ADOPT AND PUBLISH THE DECISION AND ORDER FOR COMMANDER RICHARD KAPPELMAN. Roll call was taken. The motion carried unanimously.

C. Retirement – Approval Final Decision & Order, Officer Michael Swanson, 5/1/16

Mr. Whowell stated that Officer Swanson will retire on May 1, 2016 after 21 years of service and is eligible for retirement benefits of 52.5% of his annual salary including longevity of \$97,786.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG TO APPROVE THE \$4,278.14 MONTHLY PENSION AND ADOPT AND PUBLISH THE DECISION AND ORDER FOR OFFICER MICHAEL SWANSON. Roll call was taken. The motion carried unanimously.

D. Retirement – Approval Final Decision & Order, Commander Michael Kearney, 5/2/16

Mr. Whowell stated that Commander Kearney will retire on May 2, 2016 after 28 years of service and is eligible for retirement benefits of 70%% of his annual salary including longevity of \$126,084.20.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG TO APPROVE THE \$7,354.91 MONTHLY PENSION AND ADOPT AND PUBLISH THE DECISION AND ORDER FOR OFFICER MICHAEL KEARNEY. Roll call was taken. The motion carried unanimously.

E. New Hire – Officer Christopher Tatman, February 23, 2016, Tier II Participant

MR WHOWELL MOVED, SECONDED BY MR. HENDERSON TO ACCEPT OFFICER CHRISTOPHER TATMAN’S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS TIER II PARTICIPANT EFFECTIVE FEBRUARY 23, 2016. The motion passed unanimously.

F. Portability Request – Officer Migliorski, Sterling Police Department

Mr. Whowell stated that the portability request for Officer Miliorski is in process, saying that final figures need to be received.

G. Portability Request – Officer Tatman, Barrington Police Department

Mr. Whowell stated that the portability request for Officer Barrington is in process, saying that final figures need to be received.

H. Status - Annual Examinations for Disabled Officers under age 50 – Officers Michelotti and Dillion

Mr. Reimer stated that Officer Michelotti was examined by Dr. Tingle on January 20, 2016 and was found him to remain disabled.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO APPROVE THE CONTINUATION OF DISABILITY PAYMENTS TO OFFICER MICHELOTTI SUBJECT TO FURTHER ANNUAL EVALUATIONS. Roll call was taken. The motion passed unanimously.

Mr. Reimer stated that Officer Dillon was examined by Dr. Ingberman on March 17, 2016 and was found to remain disabled.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO APPROVE THE CONTINUATION OF DISABILITY PAYMENTS TO OFFICER DILLON SUBJECT TO FURTHER ANNUAL EVALUATIONS. Roll call was taken. The motion passed unanimously.

Mr. Whowell stated that Officer Dillon has been on a Board approved duty disability since 2011 and said that his Workers' Comp was terminated by Gallagher Bassett on March 1, 2016, and that the approved 65% duty disability is now 100% covered by the Police Pension. Mr. Reimer explained that the Decision in Order says that the Board retains jurisdiction and that Officer Dillon is required to provide a copy of the worker's comp (WC) settlement agreement to him so that he can see if there is an ability to offset some of the costs. Mr. Whowell asked Mr. Reimer to draft a letter requesting a copy of the WC agreement from Officer Dillon.

MR. WHOWELL MOVED SECONDED BY MR. HENDERSON TO COMMENCE PAYMENT OF FULL LINE OF DUTY DISABILITY BENEFITS SUBJECT TO ATTORNEY REVIEW OF THE WORKERS' COMP SETTLEMENT AGREEMENT WHEN RECEIVED TO DETERMINE FURTHER OFFSETS. Roll call was taken. The motion passed unanimously.

Mr. Whowell stated that Officer Dillon's salary including longevity as of his retirement date, February 3, 2011, was \$85,158 which equates to a 65% monthly duty disability pension of \$4,612.73 and an annual disability pension amount of \$55,352.72.

I. Death- Retired Captain Maurice English, 4/20/16

Mr. Whowell stated that Captain English passed away on April 20, 2016. He said that pension payments were already made and that a refund to the pension fund was requested from his estate in the amount of \$1,374.08. He also stated that there is no surviving spouse.

MR. MCCLUNG MOVED, SECONDED BY MR. WHOWELL TO TERMINATE THE PENSION BENEFITS OF RETIRED CAPTAIN MAURICE ENGLISH FOLLOWING HIS DEATH ON APRIL 20, 2016 LEAVING NO SURVIVING SPOUSE. The motion carried unanimously.

Mr. Whowell stated that he was informed this morning via e-mail that a police retiree, Jim Browne passed away and that he doesn't know the exact date of death, but knows there is no surviving spouse. He went on to say that the Finance Department was informed not to make the May pension payment and that he requested a copy of the death certificate.

MR. WHOWELL, MOVED, SECONDED BY MR. MCCLUNG TO TERMINATE THE PENSION BENEFITS OF RETIRED OFFICER JAMES BROWNE FOLLOWING HIS DEATH AND LEAVING NO SURVIVING SPOUSE EFFECTIVE IMMEDIATELY. The motion carried unanimously.

J. Fixed Income Manager Review

Mr. Wall reminded the Board that a letter was received from J. P. Morgan stating that they will no longer keep custody of the assets that they oversaw and said that at the last meeting the Board approved the transfer of those assets to a custodial account at Schwab. Mr. Wall went on to say that after this process, J. P. Morgan stated that they have some operational issues and cannot work with Schwab.

The Board discussed whether to keep J. P. Morgan or to look for another fixed income manager. Mr. Wall created and brought a list with preliminary information on four managers that he felt are capable and competent and who work with Schwab. He went on to say that they each have a presence in the public fund market and have competitive returns. He also said that at the Board's request, he can do a full search, send out RFP's, and schedule interviews, noting that the process will take a few months, and added that something has to be done by September 30th. Discussion took place regarding investment strategy and on the firms listed on Mr. Wall's list.

The Board asked Mr. Wall to do an RFP and invite and set up interviews with three of the four firms on his list for a special meeting to be held on Friday, June 17th.

OTHER BUSINESS

Mr. Whowell stated that there has been some difficulty in receiving information that was requested in January from Sauk Village regarding portability numbers for one of our Officers. Mr. Reimer stated that there is a Statute, and a DOI timeline procedure that has to be followed. He added that if needed he would send Sauk Village a letter.

ADJOURNMENT

There being no further business to discuss:

MR. MALONE MOVED, SECONDED BY MR. HENDERSON, TO ADJOURN THE MEETING AT 6:50 PM.

SUBMITTED BY:

Michael Schenkel, Secretary

APPROVED BY:

Andrew Whowell, President



Item: June 17, 2016 Special Meeting Minutes

Department: Finance

June 17, 2016 Special Meeting Minutes

ATTACHMENTS:

Description	Type
June 17, 2016 Special Meeting Minutes	Minutes

**MINUTES OF a SPECIAL MEETING OF THE
ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES
POLICE DEPARTMENT ADMINISTRATION CONFERENCE ROOM
200 EAST SIGWALT STREET, ARLINGTON HEIGHTS, ILLINOIS
FRIDAY, JUNE 17, 2016**

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

Also Present: Dave Wall
Keith Karlson, Pension Board Attorney

NEW BUSINESS

The interviews began at 9:00 AM

A. Interviews/Selection and Asset Allocation of a Fixed Income Money Manager

- 1. Interview – Garcia Hamilton**
- 2. Interview – National Investment Services**
- 3. Interview – Mesirow Financial**
- 4. Interview – Great Lakes Advisors**

The Board listen to the proposals and conducted interviews of each financial institutions listed above. Upon completion of the interviews, the Board continued discussions on each of them and on their costs and fees.

The Board felt that because there wasn't much of a difference between the costs and fees of each financial institution, that it should not be the deciding factor in choosing a money manager. Mr. Wall thought that when looking for a money manager he likes to see how they do relative to their peers, as well as looking at the consistency of their performance.

Each Board member stated their preferences in looking at fixed income money managers and with what is best for the Fund. After some discussion, the Board agreed that they would like a dedicated fixed income manager that has good performance results and with whom they would have a good client relationship. The Board also felt that they would not want to have most of the Pension Fund's total portfolio with a single money manager. Although they talked about the possibility of allocating the fixed income assets between two managers, they decided to invest their total fixed income portfolio with National Investment Services (NIS).

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO TRANSFER THE ALL OF THE ARLINGTON HEIGHTS POLICE PENSION FUND'S ASSESTS AT J. P. MORGAN TO NATIONAL INVESTMENT SERVICES (NIS) SUBJECT TO ATTORNEY REVIEW OF THE CONTRACT WITH NIS. Roll call was taken. The motion carried unanimously.

Mr. Wall thought that JP Morgan may need something authorizing their termination before they would transfer the assets. Mr. Karlson said a motion to delegate authority can be made from the Board should authorization be necessary.

MR. MALONE MOVED, SECONDED BY MR. SCHENKEL THAT SHOULD IT BE NECESSARY, TO DELEGATE MR. DAVE WALL THE AUTHORITY TO INFORM J. P. MORGAN THAT THEY HAVE BEEN TERMINATED AS AN ASSET MANAGER FOR THE ARLINGTON HEIGHTS POLICE PENSION FUND AND, TO HELP EFFECTUATE ANY DOCUMENTS NECESSARY FOR THE TRANSFER OF THE FUNDS TO NIS. Roll call was taken. The motion carried unanimously.

Mr. Karlson said that if JP Morgan requests a Board resolution, one can be drafted and signed by the necessary principal officers.

ADJOURNMENT

There being no further business to discuss:

MR. MALONE MOVED, SECONDED BY MR. MCCLUNG, TO ADJOURN THE MEETING AT 1:35 PM.

SUBMITTED BY:

Michael Schenkel, Secretary

APPROVED BY:

Andrew Whowell, President