



Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Department Community Room
200 E Sigwalt, AH 60005
July 26, 2023
5:30 PM

I. CALL TO ORDER

II. ROLL CALL

A. Public Comments

III. APPROVAL OF MINUTES

A. Approval of Meeting Minutes - April 26, 2023

IV. CLOSED SESSION

V. TREASURER'S REPORT

- A. Report of the Village Treasurer
- B. Approval of the Check Register

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. Annual filing of Statements of Economic Interests for each Trustee
- B. Resolution thanking Michael Schenkel for his service
- C. Update regarding pending litigation

IX. NEW BUSINESS

- A. Semi-annual review of closed session minutes

- B. Review/Approve Actuarial Valuation and Tax Levy Request
- C. Review/Approve Municipal Compliance (Annual) Report
- D. New Hire - Kate Edelstein 06/21/2023 (Tier II Participant)
- E. Retirement - Decision and Order - Todd Radek 07/25/2023

X. OTHER BUSINESS

XI. PUBLIC COMMENTS

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 Erin Mercado, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, emercado@vah.com or (847)368-5793.

**MINUTES OF THE REGULAR MEETING OF THE
ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES
MULDER COMMUNITY ROOM, POLICE DEPARTMENT
200 E. SIGWALT STREET
WEDNESDAY, APRIL 26, 2023**

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

Board Members Present: Petar Milutinovic, President
Tom Henderson, Vice President
Mike Schenkel, Secretary
Bill Falk, Assistant Secretary

Board Members Absent: Harry Malone, Trustee

Also Present: Dave Wall, Wall Capital Group, Keith Karlson, Pension Board Attorney, Mary Ellen Juarez, Assistant Director, Finance, Kim Peterson, Recording Secretary

PUBLIC COMMENTS

Keith Moens, Arlington Heights resident, asked if the meeting minutes could get posted to the Village's website, after they are approved, which Ms. Peterson advised she will take care of that.

APPROVAL OF MINUTES

A. January 25, 2023

Mr. Falk moved, seconded by Mr. Schenkel, to approve the minutes of the regular board meeting held on January 25, 2023. The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Ms. Juarez presented the Police Pension Fund Financial Report and stated that in regards to the cash flow, the Village Board approved the Village to transfer \$2 million in March to the Police Pension Fund due to the General Fund surplus. Ms. Juarez explained how she initially recommended the transfer of \$5 million into the checking account to cover expenses, but she ended up lowering this amount to \$3 million because of the \$2 million received from the Village. She advised another \$3 million will probably be needed to cover pension payments through the end of the year. The pension fund did also receive \$676,000 in portability transfers in January from officers who bought their time from their previous municipality. An additional amount will be coming in as well from an officer who transferred from IMRF. In February, the pension fund did have to pay back for a portability transfer for former Officer Eshoo to Waukegan for \$116,000, although part of that was his funds.

Ms. Juarez advised that at the end of March, the cash balance was \$4.2 million and the net assets were \$166 million. The property taxes should start trickling in at the end of July and August. Mr. Wall asked if the first week in

July would work for the funds transfer, which Ms. Juarez advised that it does. Mr. Henderson asked if the transfer will be for \$3 million, which Ms. Juarez advised that \$1 million is sufficient at that time.

B. Approval of the Check Register

Mr. Schenkel moved, seconded by Mr. Falk, to approve checks #710 through 717, totaling \$133,648.60. Roll Call was taken. The motion passed unanimously.

PAYMENT OF BILLS

None.

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

Mr. Wall stated that as of March 31, 2023, the plan was sitting at approximately 65% of the portfolio in stocks, with \$166 million in assets. Mr. Wall advised that for the quarter, the plan was up approximately 4.5% with an investment gain of \$7.1 million and a modest negative return for the last 12 months of 4.2%. The NIS fixed-income account is up 2.37%, with a benchmark that is up about 2.39% on a YTD basis. The Passive All-cap portfolio has approximately \$3.8 million, and is up about 6.7% on a YTD basis. The Great Lakes Large-Cap is up approximately 1.9% on a YTD basis and has done a nice job the last 12 months preserving some of the principal. The Passive Large-Cap is up approximately 7.9% on a YTD basis, with an 11.5% rate of return on a five-year basis. The GW&K Small-cap portfolio is up about 1%, with a benchmark that is up about 2.75% on a YTD basis. The International portfolio is up about 8.8% on a YTD basis, with a 5.24% rate of return on a five-year basis. Mr. Wall discussed the breakdown of all the holdings in the portfolio, as well as the peer group reports, which he didn't see anything that warrants any action. Mr. Wall advised that all and all, it is a decent report card for the quarter, as the numbers are improving and inflation has begun to come down, although it is still a long way from the target inflation number that is desired.

Mr. Henderson moved, seconded by Mr. Schenkel, to accept the Investment Report. The motion passed unanimously.

OLD BUSINESS

A. Annual verification for eligibility of pension beneficiaries

Mr. Milutinovic advised he has received all of the verification forms.

B. Annual disability examination – Nicole Grelecki

Mr. Karlson advised that Ms. Grelecki was sent to the doctor and it was determined that she is still disabled.

Mr. Schenkel moved, seconded by Mr. Falk, to continue Nicole Grelecki's disability benefit. The motion passed unanimously.

C. Retirement, Decision and Order, Michael Cowsert, 09/27/22

Mr. Karlson advised that he previously distributed the written Decision and Order for Michael Cowsert and asked if the Board had any questions, which they didn't.

Mr. Falk moved, seconded by Mr. Schenkel, to accept the Decision and Order for Michael Cowsert. Roll Call was taken. The motion passed unanimously.

D. Statements of Economic Interest

Mr. Henderson asked the Board if they have submitted their Statements of Economic Interest, which everyone present stated they did. Mr. Karlson advised Mr. Milutinovic to check with Mr. Malone to ensure he has submitted his, as it is due on May 1st.

E. Certify Board election results and appointed member term expiration

Mr. Henderson advised that board elections were held for the two active members and one retiree. President Pete Milutinovic ran unopposed and Steven Klopach ran unopposed for the Vice President position. Mr. Henderson stated he ran unopposed for the retiree position and Mr. Falk is reappointed for his position. Mr. Karlson advised that Mr. Klopach will have to participate in the Open Meetings Act training within 90 days and if he did not take the pension training in Evanston while he served as Trustee, then he'll need to take the 16-hour course, otherwise it will be the eight-hour course. Mr. Karlson thanked Mr. Schenkel for his many years of service.

Mr. Schenkel moved, seconded by Mr. Falk, to certify the two active member board election results as well the retiree election results. The motion passed unanimously.

F. Update regarding pending litigation

Mr. Karlson provided an update on the pending litigation advising that the Intermediate Appellate Court ruled against the plaintiffs in the lawsuit challenging the consolidation and a Petition for a Leave to Appeal (PLA) was filed. There is typically a 6% to 9% acceptance rate on these, and if the PLA is granted, there is a briefing process and oral arguments that will take place.

G. QILDRO's for Michael Cowsert and William Gross, respectively

Mr. Milutinovic advised that QILDRO's were received for both Michael Cowsert and William Gross from Mr. Karlson's office and passed on to Finance for implementation.

Mr. Milutinovic moved, seconded by Mr. Falk, to approve the QILDRO's for Michael Cowsert and William Gross. Roll Call was taken. The motion passed unanimously.

NEW BUSINESS

A. Illinois Department of Insurance (DOI) Compliance Fee

Mr. Karlson advised that the Village will most likely get a DOI Compliance Fee for Police.

Mr. Schenkel moved, seconded by Mr. Milutinovic, to approve payment of the DOI Annual Compliance Fee in an amount not to exceed the statutory cap of \$8,000. Roll Call was taken. The motion passed unanimously.

B. DOI Annual Report

Ms. Juarez advised that this report is due in June and Finance takes care of it, although they may need training certificates.

C. Karlson, Garza, McQueary rate increase

Mr. Karlson explained that his law firm is subject to inflation and beginning in July they will be raising their rates to \$800.00 per quarter, from \$750.00, and their hourly rate will increase to \$225.

Mr. Henderson moved, seconded by Mr. Falk, to approve the rate increase. Roll Call was taken. The motion passed unanimously.

D. New Hire – Yesenia Lopez, 04/03/23 (Tier II Participant)

Mr. Henderson moved, seconded by Mr. Schenkel, to accept Officer Yesenia Lopez into the Fund as a Tier II Participant. The motion passed unanimously.

OTHER BUSINESS

Mr. Karlson asked Mr. Milutinovic to email him the contact information for the new Board member.

Mr. Falk suggested that they adopt a resolution thanking Mr. Schenkel for all of his service. Mr. Karlson advised they can include this item on the next agenda. Mr. Henderson thanked Mr. Schenkel for his contributions to the department, community and pension board.

ADJOURNMENT

Mr. Henderson moved, seconded by Mr. Milutinovic to adjourn the meeting at 5:59 PM. The motion passed unanimously.