Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Conference Room, 200 East Sigwalt, Arlington Heights, Il 60005
Arlington Heights Police Station
200 E. Sigwalt, Arlington Heights, IL 60005

July 24, 2015
3:00 PM

I. CALL TO ORDER

A. Public Comments

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Regular Meeting - April 22, 2015

IV. CLOSED SESSION

V. TREASURER'S REPORT

A. Report from the Village Treasurer
B. Actuarial Valuation of the Village of Arlington Heights Police Pension Fund
C. 2016 Proposed Budget

VI. PAYMENT OF BILLS

VII. REPORTS

A. 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. DOI Compliance Audit Payment – May 15, 2015

B. 2015 IPPFA Training Conferences

IX. NEW BUSINESS

A. Review and/or modification of Pension Board's Investment Policy
B. Review and/or modification of the Boards Administrative Rules and Regulations
C. Final approval of contract with board consultant Dave Wall & Associates
D. Approval of contract/agreement with Chicago Clearing House/Robbins & Gellar LLC
E. Death of Retired Lieutenant - George Ekblad (June 2015
F. New Hire – Officer Christopher Johnson – June 24, 2015
G. 2015 Pension Board Trustee Elections
H. Renewal Fiduciary Insurance Policy (Coverage form 09/01/15 to 09/01/16)
I. Resignation of Officer Steven Cortese - June 3, 2015

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: 4-22-15 minutes

Department: Finace

ATTACHMENTS:

Description	**Type**
Police Pension Minutes - 4-22-15	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
WEDNESDAY, APRIL 22, 2015

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

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

Thomas Henderson, Vice President, arrived at 6:25 pm.

Also Present: Thomas Kuehne, Finance Director/Treasurer
David Wall, Wall & Associates
Pam Wilkiel, Recording Secretary

APPROVAL OF MINUTES

Mr. Whowell noted that the only change to the October minutes was regarding the retirement amount for Officer Barnes.

MR. SCHENKEL MOVED, SECONDED BY MR. MALONE, TO APPROVE THE AMMENDED MINUTES OF THE REGULAR MEETING HELD ON OCTOBER, 22, 2014. The motion carried unanimously.

MR. SCHENKEL MOVED, SECONDED BY MR. MCCLUNG TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD ON JANUARY 28, 2015. The motion carried unanimously.

REPORT FROM THE VILLAGE TREASURER

Mr. Kuehne passed out and gave a brief overview of the Police Pension Fund Financial Report for period ending March 31, 2015 saying that revenues collected came in higher than budgeted. Regarding expenditures, Mr. Kuehne said that the Pension Refunds line item is significantly over budget due to two payments; a $60,000 refund of contributions to Officer Hermes after he left the police department, and an $80,000 transfer for Officer Ramirez going to the Palatine Police Department. Mr. Kuehne requested that the Police Pension Fund doesn't go over budget for the year and suggested that a budget amendment be done in the amount of $116,000 to compensate for the extra pension refunds that were made.

MR. MCCLUNG MOVED, SECONDED BY MR. WHOWELL TO AMMEND THE PENSION REFUNDS LINE ITEM OF THE POLICE PENSION FUND BUDGET BY $116,000, FROM $25,000 TO $141,000. Roll call was taken. The motion passed unanimously.

MR. WHOWELL MOVED, SECONDED BY MR. SCHENKEL TO ACCEPT THE TREASURER'S REPORT AS SUBMITTED BY MR. KUEHNE. The motion passed unanimously.

APPROVAL OF CHECKS

Checks #452- #455

MR. WHOWELL MOVED, SECONDED BY MR. SCHENKEL, TO APPROVE THE PAYMENT OF CHECKS #452 - #455. Roll call was taken. The motion carried unanimously.

PAYMENT OF BILLS

Reimer & Carlson Law Firm, $886.18
Pamela Wilkiel, Recording Secretary $300.00

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

Mr. Reimer reminded the Board that the Department of Insurance (DOI) Compliance Audit will come out next month and will be due June 30, 2015. He said that since the next meeting is not until July, and in order not to incur late fees or penalties, he suggested that a motion to approve payment of the report be made this evening.

MR. MCCLUNG MOVED, SECONDED BY MR. WHOWELL TO APPROVE PAYMENT, NOT TO EXCEED $8,000, OF THE DEPARTMENT OF INSURANCE (DOI) COMPLIANCE REPORT UPON RECEIPT. Roll call was taken. The motion carried unanimously.

REPORTS

Quarterly Investment Report – Wall and Associates

Mr. Wall presented the first quarter investment report (attached), saying that the Fund hit the $110 million mark. He went on to say that the portfolio has about 6% in cash, 55% in equities, and 39% in fixed income. He added that the fixed income portfolio is about 8% in investment grade corporates, 53% government treasuries, agencies and cash, and 39 % in mortgage securities. Mr. Wall said that the quarter ended with about $110.6 million in assets for a gain of $2.1 million and a return gross of all fees of just over 2%. He said that the three-year number was almost 9% and the five year number almost 8%. He continued by giving an overview of the rest of investment portfolio. Since it has been some time since the board spoke with representatives of Gannett Welsh, they asked Mr. Wall to invite them to the next meeting in July.

Mr. Kuehne asked if it was possible to show 10-20 year average rate of returns. Mr. Malone said it would be ok to look at but thought that it would not be very meaningful because there were so many market cycles and would be concerned in making decisions using them.

OLD BUSINESS

A. Annual verifications of eligibility for pension beneficiaries

Mr. Whowell stated that all verifications were received.

B. 2015 IPPFA Training Conferences

Mr. Whowell stated that Mr. McClung and Mr. Henderson will be attending the upcoming conference in Peoria.

C. Portability – Military Time Buy Back – Officer John Sullivan

Mr. Whowell informed the Board that Officer Sullivan decided not to pursue his buy back time from the military. Mr. Reimer stated that since he is still active Military, he has the right to change his mind before he retires.

NEW BUSINESS

A Review and/or modification of Pension Board's Investment Policy

Mr. Whowell asked the Board if they wanted to make any modifications to the current Investment Policy dated April 2013. Mr. Wall said the current policy was fine except that there was a typo that needs to be corrected and then asked the Board if they were interested in investing in more equities. The Board deferred any decision in investment in equities to the next meeting. Mr. Wall stated that he will bring asset allocation models and some bond fund information to the next meeting for the Board to look and said that if there would be any changes in investing, the policy will have to be updated and approved by the Board.

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

Mr. Reimer asked that this item get deferred to the next meeting in July, saying that he wanted to verify that the Board has the most up-to-date rules and regulations information before reviewing or making any modifications.

C. Annual filing of Statement of Economic Interest Statements for each Pension Trustee

Mr. Whowell reminded the Board that their Statement of Economic Interests must be completed by all Board members by May 1st in order to avoid late penalties for not doing so, and that they can be done on the County's website.

D. Review of RFP's / Selection of a Pension Board Consultant

Mr. Reimer explained that as of 2009, Statute requires that every five years a RFP must be done for a pension board consultant and said that a RFP was sent. Mr. Whowell stated that the RFP's were received back from Wall & Associates and Marquette & Associates and said that based on fees and the Board's relationship with Dave Wall he made a motion to contract with Wall & Associates. Mr. Reimer explained that after the contract is signed by the Board it has to be filed with the DOI of execution.

MR. WHOWELL MOVED, SECONDED BY MR. MALONE TO ENTER INTO ANOTHER FIVE-YEAR CONSULTING AGREEMENT WITH DAVE WALL & ASSOCIATES SUBJECT TO ATTORNEY REVIEW. The motion passed unanimously

Mr. Reimer stated that after he reviews the contract, he will bring it back to the Board for their signatures at their July meeting and then forward it to the DOI.

E. Reporting requirements GASB 67

Mr. Kuehne said that the Village is working with actuary, Sander and Goldstein on any Government Accounting Standards Board (GASB) 67 requirements saying that they are preparing a 100 year schedule. He noted that at the GASB 68 will be required by fiscal year ending December 31, 2015. Mr. Wall said that he will continue to work with and give the Village and its auditors any information that is requested.

F. Approval – Retirement Decision and Order, Officer Robert Coniglio, 03/10/15

Mr. Whowell stated that Officer Coniglio retired on March 10, 2015 with 26 years of credible service and an annual pension of $60,548.15.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO APPROVE THE $5,045.68 MONTHLY PENSION AND ADOPT THE DECISION AND ORDER FOR OFFICER ROBERT CONIGLIO. Roll call was taken. The motion carried unanimously.

Mr. Whowell stated that a Qualified Illinois Domestic Relations Order (QILDRO) for Officer Coniglio was recently received. He explained that the court entered it on April 9, 2015 and that payments do not have to be paid any sooner than 30 days after it was entered and that the first payment of $1,190.00 should be made by the end of May. He told the Board that a motion to approve payment should be done.

MR. HENDERSON MOVED, SECONDED BY MR. MCCLUNG TO APPROVE, PER THE QILDRO, PAYMENT OF $1,190.00 PER MONTH TO KATHLEEN CONIGLIO, THE ALTERNATE PAYEE OF OFFICER ROBERT CONIGLIO EFFECTIVE WITH THE MAY 2015 BENEFIT PERIOD. Roll call was taken. The motion carried unanimously.

G. Approval – Retirement Decision and Order, Officer William Kirby, 03/20/15

Mr. Whowell stated that Officer Kirby retired on March 20, 2015 at the age of 45 and will be a deferred pensioner with 20 years of credible service and an annual pension of $46,275.50.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO APPROVE THE DEFERRED $3,856.29 MONTHLY PENSION AND ADOPT THE DECISION AND ORDER FOR OFFICER WILLIAM KIRBY WITH THE FIRST MONTHLY PENSION PAYMENT BEGINNING IN NOVEMBER 2019. Roll call was taken. The motion carried unanimously.

H. Approval – Retirement Decision and Order, Officer Michael Mullen, 05/02/15

Mr. Whowell stated that Officer Mullen is retiring on May 2, 2015 after completing 32 years of credible service and have an annual pension amount of $71,579.84.

MR. WHOWELL MOVED, SECONDED BY MR. SCHENKEL TO APPROVE THE $5,964.99 MONTHLY PENSION AND ADOPT THE DECISION AND ORDER FOR OFFICER MICHAEL MULLEN. Roll call was taken. The motion carried unanimously.

I. Approval – Retirement Decision and Order, Officer Scott Velisek, 05/02/15

Mr. Whowell stated that Officer Velisek is retiring on May 2, 2015 after completing 30 years of credible service and have an annual pension amount of $71,579.84.

MR. WHOWELL, SECONDED BY MR. HENDERSON TO APPROVE THE $5,964.99 MONTHLY PENSION AND ADOPT THE DECISION AND ORDER FOR OFFICER SCOTT VELISEK. Roll call was taken. The motion carried unanimously.

J. New Hire – Officer Alexandra Ovington, 04/03/15

MR. WHOWELL MOVED, SENCONDED BY MR. HENDERSON TO APPROVE OFFICER ALEXANDRA OVINGTON'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE APRIL 3, 2015. The motion carried unanimously.

K. Securities Monitoring – (Robbins and Gellar LLC)

Mr. Henderson explained that the Police Pension Board currently uses Chicago Clearing house to monitor securities and thought that since there is no charge to the Fund by Robbins & Gellar, LLC, that secondary monitoring may be worth looking into. He went on to say that Mr. Whowell, Mr. Schenkel and himself met them at a conference.

Mr. Reimer explained that the Chicago Clearing House and Robbins and Gellar LLC have different functions, saying that the clearing house does filings and do not act as lawyers. He went on to say that Robbins and Gellar LLC would monitor the portfolio for any securities fraud and would want to be certified as the lead counsel if the need arises. Mr. Reimer continued by explaining how security monitoring would work, saying that anything the Board does as fiduciaries showing another layer of scrutiny is a great idea. The Board voiced their concerns with an agreement where they are in any way obligated to file and stated that they would like to see an agreement be reviewed by Mr. Reimer.

Mr. Henderson said that he will contact Robbins and Gellar to prepare an agreement, have it reviewed by Mr. Reimer and bring it to a future meeting for discussion.

OTHER BUSINESS

Due to conflicts with schedules, the July 22nd Police Pension Board meeting beginning at 5:30 PM has been changed to Friday, July 24th at 3:00 PM.

ADJOURNMENT

There being no further business to discuss:

MR. WHOWELL MOVED, SECONDED BY MR. SCHENKEL, TO ADJOURN THE MEETING AT 7:47 PM.

SUBMITTED BY: ______________________________________

Michael Schenkel, Secretary

APPROVED BY: ______________________________________

Andrew Whowell, President