Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Buechner Room
33 S. Arlington Heights Rd. Arlington Heights, IL 60005
July 22, 2020
5:30 PM

I. CALL TO ORDER

II. ROLL CALL

A. Public Comments

III. APPROVAL OF MINUTES

A. January 22, 2020 Minutes

IV. CLOSED SESSION

V. TREASURER'S REPORT

A. Report of the Village Treasurer
B. Approval of the Check Register
C. Actuarial Valuation-Police Pension Actuary Results for year ending December 31, 2019

VI. PAYMENT OF BILLS

A. Administrative Expenses

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. Review and/or modification to the Board's Investment Policy
B. Review and/or modification to the Board's

Administrative Rules and Regulations

C. Update - Annual Beneficiary Certification Letters
D. IPPFA Annual Training Conference May 5 - May 8, Springfield, IL
E. Update - Review/Update Contracts with Vendors
F. Update - Officer Douglas Glanz Duty Disability Application
G. Status - Duty Disability Application - Officer Nancy Hundreiser
H. Annual Examination for Jinhong Kim
I. Annual Examination for Nicole Grelecki
J. Annual Examination for Mark Dillon
K. Status - Department of Insurance (DOI) Compliance Audit Payment

IX. NEW BUSINESS

A. $1.25 Million VAH Surplus Payment into the Police Pension Fund from the General Fund
B. Potential Selection of Independent Enrolled Actuary for Recommended Tax Levy
C. Annual Filing of Statement of Economic Interest Statements for Each Trustee
D. Amended Decision in Order - Officer Patrick Spoerry, January 2, 2020
E. Pending Disability Pension Payment Status - Officer Michael McEvoy
F. New Hire - Officer Brianna Erri - March 2, 2020, Tier II Participant
G. New Hire - Officer Thomas Janschutz - April 7, 2020, Tier II Participant
H. New Hire - Officer Carmella Parkison - July 14th, 2020 Tier II
I. New Hire - Officer Brandon Parkison - July 14, 2020 - Tier II
J. Semi-Annual Review of Closed Executive Session Minutes

X. OTHER BUSINESS

A. Litigation

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.

Board of Trustees of the Police Pension Fund
7/22/2020

Item: January 22,2020 Minutes

Department: Finance

January 22, 2020 Minutes

ATTACHMENTS:

Description	Type
January 22, 2020 Minutes	Minutes

MINUTES OF THE REGULAR MEETING OF THE
ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES
BUECHNER ROOM, VILLAGE HALL
33 S. ARLINGTON HEIGHTS ROAD
WEDNESDAY, JANUARY 22, 2020

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

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

Also Present: Dave Wall, Stephen McLeod, Wall Capital Group
Mark McQueary, Pension Board Attorney Mary Ellen Juarez, Assistant Director, Finance Pam Wilkiel, Recording Secretary

PUBLIC COMMENTS
There were no Public Comments

APPROVAL OF MINUTES

Mr. Schenkel moved, seconded by Mr. Falk to approve the minutes of the regular meeting held on January 22, 2020. The motion passed unanimously.

Mr. Schenkel moved, seconded by Mr. Falk to approve the minutes of the special meeting held on December 2, 2019. The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Ms. Juarez presented the Police Pension Fund Financial Report for period ending December 31, 2019, saying that assets were looking good, and that expenses are within budget. Regarding cash flows, Ms. Juarez went on to say that property tax receipts are usually received around the end of February, saying that if they are not received or would not cover the payments, funds will need to be transferred near the end of February or early March in order to cover the pension benefit payments. She went on to say transfers might need to be done at the beginning of June and again in September in order to cover the pension payments for the rest of the year.

Mr. Henderson moved, seconded by Mr. Schenkel to accept the Treasurer's Report dated December 31, 2019. The motion passed unanimously.

B. Approval of the Check Register

Mr. Henderson moved, seconded by Mr. Schenkel to approve the payment of checks #605 - #612. Roll call was taken. The motion passed unanimously.

PAYMENT OF BILLS
Pamela Wilkiel, secretarial services, $500

Mr. Falk moved, seconded by Mr. Henderson to approve the payment of bills. Roll call was taken. The motion passed unanimously.

REPORTS

Quarterly Investment Report – Wall Capital Group

Mr. Wall stated that he is required to disclose, annually, the number of minority managers that are included in any searches. He stated that his firm did not any searches this past year, minority or non-minority.

Mr. McLeod gave an update on the Custody of the Fund's investment assets saying that the Board's attorney and US Bank's legal counsel have completed review of the paperwork. He gave the Board a copy of their counter signed custody agreement with US Bank for their records. Mr. McLeod went on to say all paperwork has been submitted, and that US Bank is currently working to establish all of the accounts, saying that once they are established they will submit for the transfers. He stated that he will get status updates from US Bank regarding the liquidity.

Mr. Wall presented the Fourth Quarter Investment Report saying that it was a very good year for the Fund's investments. He said that the portfolio has about 3% in cash, about 65% in equities, and about 32% in bonds. He went on to say that the quarter finished with about $147 million in assets, up about $8.8 million or 6.44% for the quarter. The fund was up 21.8% for year-to-date, and was up 10.34% for the 3-year, and 7.64% for the 5-year results. Mr. Wall stated that near the end of December, $4.7 million was sold out of equities and was turned over to the fixed income manager in order to rebalance the portfolio and to comply with the Statute of 65%. He continued by giving an overview of the rest of investment portfolio, and Peer Group Report, highlighting performances of both Boston Advisors and Great Lakes.

The Board discussed their concerns with the continued underperformance of investments with Boston Advisors and Great Lakes, and if changes should be made because of the State's consolidation of Pension Fund's investments that is upcoming. Discussion continued on possible investment options/accounts if the Board agreed to close their Boston Advisor account. Mr. Henderson said that since new investments require new accounts, he was not prepared to open a new account when all of the accounts will be going away soon. Mr. McCloud added that the accounts currently being set up at US Bank and being earmarked for Boston Advisors and Great Lakes, could be retitled because that have not yet been used. Discussion continued regarding current investments and on where to invest funds if they decided to liquidate their account at Boston Advisors. Since Boston Advisors has underperformed, the Board agreed that it makes sense to liquidate their account with them, and get into a simpler investment at this point, noting that this change will not hurt the Fund in any way.

Mr. Henderson moved, seconded by Mr. Schenkel to authorize Dave Wall to draft a letter to Boston Advisors that would officially terminate the Arlington Heights Police Pension Fund's relationship with Boston Advisors, and to have them liquidate the portfolio and purchase the Vanguard S & P 500 Index Fund. Roll call was taken. The motion passed unanimously.

The Board discussed their concerns with the number of organizational/personnel changes at Great Lakes, as well as their current portfolio performance. They felt it was reasonable to ask them to attend their April meeting to discuss their portfolio. Mr. Wall stated that he would have them attend the April.

Mr. Schenkel moved, seconded by Mr. Falk to accept Wall Capital Group's Quarterly Report. The motion passed unanimously.

OLD BUSINESS

A. Review and/or modification to the Board's Investment Policy

No action needed.

B. Review and/or modification to the Board's Administrative Rules and Regulations

No action needed.

C. Update – Officer Douglas Glanz Duty Disability Application

Mr. McQueary stated that three independent medical evaluations have been scheduled in February for Officer Glanz. He stated that he would forward the reports of those evaluations to the Board as they are received.

D. Status – Duty Disability Application – Officer Nancy Hundreiser

Mr. McQueary stated that Officer Hundreiser's signed application was received, but is waiting for some authorizations that were requested. He stated that he will follow-up.

NEW BUSINESS

A. Status – Reallocation of Investments, Dave Wall

Mr. Wall stated that the reallocation of investments was done in December per statutory requirements. Mr. Henderson stated that $4.5 million was reallocated from the S & P 500 Fund into NIS.

B. Semi-annual Review of Closed Executive Session Minutes

There were no closed session minutes.

C. Obtain predatory lending certification forms from Illinois regulated banks

The Arlington Heights Police Pension Board does not have any accounts at Illinois regulated banks.

D. Approval of Annual COLA Increases

Mr. Falk moved, seconded by Mr. Henderson to approve the statutory cost of living increases (COLA) effective January 1, 2020, as calculated and certified by the Village's Finance Department. Roll call was taken. The motion passed unanimously.

E. Annual Verification's of Eligibility for Beneficiaries

The annual verification letters for retirees were mailed on January 1st and are due back by January 31st.

F. Review/Update Contracts with Vendors

The last contract with Wall Capital Group was in April of 2015. Because if the consolidation of pension funds by the State, more research and discussion needs to take place regarding any possible RFP's and new contracts with vendors. The Board asked to that this item be put on the Pension Board's agenda in April under Old Business.

G. IPPFA Annual Training Conference May 5 - May 8, Springfield, IL

Mr. McQuery explained that continuing education hours have changed for the Pension Board members. He said that previously 32 hours for new trustees; and 16 hours for current trustees was required annually, saying that it has now been cut in half. He said this conference would cover only 8 hours of the required annual training.

Mr. Henderson moved, seconded by Mr. Falk to approve the necessary funds needed for the Trustees to attend the IPPFA Annual Conference in Springfield, IL from May 5 - May 8. 2020 in order to fulfill the continuing education requirements as Trustees. Roll Call was taken. The motion passed unanimously.

H. Schedule Annual Examinations of Disabled Officers under 50 Years of Age

Mr. McQueary stated no annual exams have been scheduled for this year. He said that Officer Kim's exam will be due in May, Officer Grelecki's in June, and Officer Dillion's in August 2020. Examination schedules will be revisited at the April meeting.

I. Retirement - Decision & Order, Sergeant James McGrath - November 20, 2019

Sergeant James McGrath retired on November 20, 2019 with 28 years of credible service. He is entitled to an annual retirement pension of 70% of his salary at the time of his retirement, which is $129,534.

Mr. Schenkel moved, seconded by Mr. Falk to approve the $7,556.15 monthly pension, and adopt and publish the decision and order for Sergeant James McGrath. Roll call was taken. The motion passed unanimously.

J. Retirement - Decision & Order, Officer Timothy Kalter, January 6, 2020

Officer Timothy Kalter retired on January 6, 2020 with 30 years of credible service. He is entitled to an annual retirement pension of 75% of his salary at the time of his retirement, which is $107,771.55.

Mr. Milutinovic moved, seconded by Mr. Falk to approve the $6,735.72 monthly pension, and adopt and publish the decision and order for Officer Timothy Kalter. Roll call was taken. The motion passed unanimously.

K. Retirement - Decision & Order, Officer Patrick Spoerry, January 2, 2020

Officer Patrick Spoerry retired on January 2, 2020 with 24 years of credible service. He is entitled to an annual retirement pension of 60% of his salary at the time of his retirement, which is $105,182.

Mr. Henderson moved, seconded by Mr. Falk to approve the $5.259.10 monthly pension, and adopt and publish the decision and order for Officer Patrick Spoerry. Roll call was taken. The motion passed unanimously.

L. Death of retired Police Deputy Chief Andrew Whowell – December 1, 2019
(Surviving Spouse - Ingrid Whowell)

Mr. Henderson moved, seconded by Mr. Schenkel to terminate the retirement pension of Deputy Chief Andrew Whowell effective December 1. 2019 and begin the surviving spouse pension for Ingrid Whowell in the amount of Deputy Chief Whowell's pension on the date of his death. Roll call was taken. The motion passed unanimously.

M. New Hire - Officer Matthew Williams, 12/16/19 - Tier II Participant
N. New Hire – Officer Brian Anderson, 5/06/2019 – Tier II Participant

Mr. Schenkel moved, seconded by Mr. Falk to accept Officers Matthew Williams' and Brian Anderson's enrollment into the Arlington Heights Police Pension as Tier II participants effective on their respective hire dates. Roll call was taken. The motion passed unanimously.

O. QILDRO - Retiree Eugene Mertlick

Mr. Henderson stated that the QILDRO for retiree Eugene Mertlick has been fully executed. Mr. McQuery stated that the QILDRO calculation order was received on December 13, 2019, saying that payment cannot be made for thirty days, but that the Board can approve it.

Mr. Henderon moved, seconded by Mr. Schenkel to approve the QILDRO and calculation order for retired Officer Eugene Mertlick as presented and to begin payments at least 30 days after December 13, 2019. Roll call was taken. The motion passed unanimously.

OTHER BUSINESS

A Anfiny Eshoo – Refund of Contributions

Mr. Henderson stated that Officer Anfiny Eshoo has left the Arlington Heights Police Department and is taking a refund of contributions. He stated that Officer Eshoo provided account information and has received already his refund.

Mr. Schenkel moved, seconded by Mr. Mulitinovic to approve the refund of contributions from the Arlington Heights Police Pension Fund for Officer Anfiny Eshoo. Roll call was taken. The motion passed unanimously.

Mr. McQueary gave an overview of the future consolidation of funds for both the Police & Fire pensions in Illinois effective 1/1/20, saying the local Boards will no longer have the investment ability of these funds. He went on to say that no longer than one months of the effective date, the governor will appoint the interim board for the Article 3 Fund, saying that of this date it has not be done. Mr. McQueary went on to say that no longer than twelve months of the effective date, there is to be elections for trustees and the permanent board, and that no longer than thirty months after the effective date of the bill, the total consolidation is supposed to be over. He went on to talk about the make-up of the interim board, creation of rules and regulations, and on the future election of the permanent board.

ADJOURNMENT

Mr. Milutinovic moved, seconded by Mr. Falk to adjourn the meeting at 6:45 PM. The motion passed unanimously.

SUBMITTED BY: ______________________________

Michael Schenkel, Secretary

APPROVED BY: ______________________________

Tom Henderson, President