Agenda
Village of Arlington Heights
Board of Trustees of the Firefighters Pension Fund
Fire Station #2, Conference Room

May 6, 2019
9:00 AM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Approval of Minutes - January 28, 2019

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. Marquette Consulting Agreement - Review

X. NEW BUSINESS

A. Retired Div. Chief Victor Tamosaitis - Disability Pension begins April 25, 2019
B. Trustee Election - Certify Results
C. Trustee Election - Nominations
D. Legal Forms Book - Review

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
5/6/2019

Item: minutes

Department: fire

Approval of Minutes - January 28, 2019

ATTACHMENTS:

Description	**Type**
January 28, 2019 Meeting	Minutes

ARLINGTON HEIGHTS
FIREFIGHTERS' PENSION BOARD

Minutes of the Regular Meeting held on January 28, 2019

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

Members in Attendance:	Doug Ruhnke Andrew Larson Tom Kuehne Mark Aleckson
Absent:	Kert Evans
Others in Attendance:	Cary Collins, Pension Board Attorney Michael Spychalski , Marquette Associates Tom Henderson, Police Pension Board Melissa Cayer, Pubic Observer

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, and Mark Aleckson present. Kert Evans was absent.

Also present were: Cary Collins, Pension Board Attorney; Michael Spychalski representing Marquette Associates; Tom Henderson, president of the Police Pension Board; and Melissa Cayer, public observer.

APPROVAL OF MINUTES

The minutes from the last regular meeting held on November 5, 2018 were reviewed.

A motion was made and seconded (T. Kuehne/A. Larson) to approve the minutes from the November 5 regular board meeting. All voted in favor, motion carried.

PUBLIC COMMENTS

No comments.

CLOSED SESSION

None.

TREASURER'S REPORT / DISBURSEMENTS

Tom Kuehne distributed the monthly financial report as of November 30, 2018. We are under budget on the expense side and slightly under budget for the revenue side.

He next reviewed the Check Register, asking for approval of check #622 (journal voucher 405) through check #633 (journal voucher 496).

Motion was made and seconded (T. Kuehne/M. Aleckson) to approve check 622 (JV 405) through check 633 (JV 496).

Roll was called.
Ayes: D. Ruhnke, A. Larson, T. Kuehne, and M. Aleckson
Nays: None
Ayes – 4; Nays -0.
Motion carried.

The next page of the report shows the total Pension payments made. We expect this will continue to increase and thus we will need to discuss Cash Flow as it pertains to future pension payments. The last page was a Projected Cash Flow which Mary Ellen Juarez had prepared. Months ahead show negative numbers.

Although Cash Flow Funding was a New Business topic on today's agenda, it was decided to proceed with the discussion at this time.

- **Cash Flow for Funding of Pension Payments**

Tom Kuehne explained there is not a money problem, but rather our pension fund is more mature now. We keep adding pensioners, resulting in a greater outflow of cash. This is not a poor reflection of our fund and the fund continues to grow. This is also true of the AH Police Pension Fund.

At this time, Tom Henderson, president of the Police Pension Fund, joined the meeting to discuss their similar situation. Police also have an excess of service pensions, resulting in a shortfall of funds to pension payments. The Police Board contacted their Bond portfolio manager, who attended their recent meeting with his projected cash flow report. He provided several recommendations to handle future payments.

Mr. Henderson expounded on the many discussions the Police Pension Board had regarding oversight of future pension payments and having necessary controls. After evaluating several ideas on how to proceed, it was decided as bonds mature, those funds will be applied towards pension payments. This will cover pension funds through 2019. As a means of control, the Bond Manager recommended a cash management directive. The Police Pension Board agreed and will begin as of April to have a standing arrangement. Direction should be given early to avoid any delay in timing.

Mike Spychalski indicated many of Marquette clients are in similar situation and have chosen various solutions. He gave some examples of how other clients are handling this. Marquette would be happy to work with whatever decision the Board agrees on, with a direction letter authorizing Marquette to make financial transfers when needed.

The Board asked Mike for his recommendation based on our portfolio. After discussion and consideration, the Board then made the following two motions:

Motion was made and seconded (T. Kuehne/A. Larson) to adjust the pension plan's asset allocation by lowering the target allocation to the intermediate Fixed Income portfolio managed by Segall Bryant and Hammill from 35% to 32%, and establishing a 3% target allocation to cash equivalents, with the cash equivalents allocation being invested in the current money market fund utilized at U.S. Bank.

Roll was called.
Ayes: D. Ruhnke, A. Larson, T. Kuehne, and M. Aleckson
Nays: None
Ayes – 4; Nays -0.
Motion carried.

Motion was made and seconded (M. Aleckson/A. Larson) to grant authority to Michael Spychalski of Marquette Associates to direct U.S. Bank to transfer funds from the Arlington Heights Firefighters' Pension Fund checking account at JP Morgan Chase in order to cover benefit payments on an ongoing basis.

Roll was called.
Ayes: D. Ruhnke, A. Larson, T. Kuehne, and M. Aleckson
Nays: None
Ayes – 4; Nays -0.
Motion carried.

Tom Kuehne indicated Mary Ellen Juarez will continually update a projection for both Fire and Police pension funds, with an alert when a transfer of funds is needed. For the Fire Pension, she will notify Tom Kuehne and Doug Ruhnke. Upon approval, Marquette will forward a letter of direction to U.S. Bank with transfer instructions.

REPORTS

Marquette Associates

Mike Spychalski distributed the Executive Summary as of December 31, 2018. Some highlights:

Page 1 – Oppenheimer continues to be on alert due to recent ownership change.
Page 2 - Total Fund Composite shows market value of the fund at $105.0 million with a breakdown as follows: Fixed Income $38.0; U.S. Equity $31.3; International Equity $21.2; Real Estate $14.4; and Cash at $16,823.

The discussion continued on general stock market fluctuations and world trends.

After this portion of the presentation, both Mike Spychalski and Tom Henderson left the meeting.

OLD BUSINESS

- **Investment Advisor Search 2019 - Update**
  Attorney Collins provided the Board with three different investment advisor firms, namely, First Midwest Bank, Marquette Associates and NEPC, LLC. The fees from Midwest Bank and NEPC are substantially higher than Marquette Associates. After discussion, it was agreed we will retain Marquette Associates as our investment advisor, subject to receipt of a new five year contract. The Board will then review the contract and proceed with action at our next Board meeting.

NEW BSINESS

- **Closed Executive Sessions – Release of Minutes**
  Attorney Collins indicated the only closed sessions were Disability hearings involving personal medical information. Due to HIPPA privacy laws we will not be releasing minutes from past closed sessions.

- **Annual Medical Evaluation Disabled Firefighters Under Age 50 – Heidi Arndorfer and Gregory O'Rourke**
  Attorney Collins advised the process has already begun for a medical evaluation – Heidi Arndorfer is scheduled for May 6 and Greg O'Rourke is scheduled for April 29.

- **Cash Flow Funding of Pension Payments**
  Discussed earlier in Financial portion of the meeting.

- **Death of Marilyn Whetstone, widow of FF Thomas Whetstone – Cessation of Benefits**
  Marilyn Whetstone passed away on January 8, 2019. Mary Ellen Juarez contacted a family member, advising the final pension payment will be made on January 25.

OTHER BUSINESS

- **Cook County Clerk – Annual SEC Filing**
  Doug reminded the Board each Trustee will receive an email in March requesting members to complete the annual SEC Filing Notification. Due to retiring, Board member Ken Koeppen was removed from the filing list and Andrew Larson will be added for future filings.

- **Upcoming Trustee Election**
  Kert Evens term on the Board ends as of April 30, thus the election process begins early March to determine who from active firefighters want their name on the election ballot.

ADJOURNMENT

As there was no other business to present before the Board, the motion was made and seconded (A. Larson/M. Aleckson) to adjourn the meeting.

Meeting adjourned at 10:15 AM.

NEXT MEETING – Scheduled for Monday, May 6, 2019 at 9:00 AM

Respectfully submitted,

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Laura Potts
Recording Secretary

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Kert Evans
Board Secretary