



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

I. CALL TO ORDER

II. ROLL CALL

A. Public Comments

III. APPROVAL OF MINUTES

A. January 25, 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 verifications of eligibility for pension beneficiaries
- B. Annual disability examination - Nicole Grelecki
- C. Retirement, Decision and Order, Michael Cowser, 09/27/22
- D. Statements of Economic Interests
- E. Certify Board election results and appointed member term

expiration

- F. Update regarding pending litigation
- G. QILDRO's for Michael Cowser and William Gross, respectively

IX. NEW BUSINESS

- A. Illinois Department of Insurance (DOI) Compliance Fee
- B. DOI Annual Report
- C. Karlson, Garza, McQueary rate increase
- D. New Hire - Yesenia Lopez 04/03/2023 (Tier II Participant)

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



**Board of Trustees of the Police Pension Fund
4/26/2023**

Item: minutes

Department: Police

January 25, 2023

ATTACHMENTS:

Description

Type

January 25, 2023 Meeting Minutes

Agreement

**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, JANUARY 25, 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
Harry Malone, Trustee

Board Members Absent: None

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

PUBLIC COMMENTS

Melissa Cayer, Arlington Heights resident, asked if the Finance Department could include what each employee contributes towards their pension, as well as what the Village contributes to each employee's pension, on employee pay stubs. Ms. Juarez advised that employee pay stubs do include the employee's contribution to their pension, but not what the employer contributes. Ms. Juarez indicated that anyone can look up what the Village contributes as a whole to the pension plans, but there is no way to do that per paycheck. Ms. Cayer asked for the Village to consider doing this.

APPROVAL OF MINUTES

A. October 26, 2022

Mr. Falk moved, seconded by Mr. Henderson, to approve the minutes of the regular board meeting held on October 26, 2022. 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 at the end of 2022, the cash balance was \$2.1 million. Ms. Juarez advised that there were several service transfers in 2022, from several officers from their previous departments, that ended up totaling almost \$800,000. In addition, \$50,000 was received from former Officer Eshoo in December, as he reinstated his pension contributions in order to transfer the money to Waukegan. The amount that the Village will have to pay Waukegan is \$116,497, which includes the \$50,000, plus another \$66,000 with interest. Also, Ms. Juarez advised that there is a "Due From" the Village in December to make whole the Pension Fund for any property taxes that were not received, which totals \$888,345. Ms. Juarez indicated that

both of these transactions are included in her January 2023 projected cash flow, which also includes the credible service transfers from Officer Eifrid, totaling \$75,963 and Officer Seebacher, totaling \$331,789. Ms. Juarez stated that she is projecting to transfer \$2 million in June, \$1 million in August and then an additional \$2 million in December, which is about \$1 million more than what was transferred last year, which is due to getting a lot of service transfers last year, totaling almost \$800,000. Ms. Juarez also highlighted the pension refund for \$116,497 in January on the cash flow chart.

Mr. Henderson moved, seconded by Mr. Schenkel, to approve a transfer out for former Officer Eshoo for \$116,497 to the Waukegan Police Pension Fund, for the purposes of his portability. Roll Call was taken. The motion passed unanimously.

Ms. Juarez advised that the fund has \$157 million in plan assets.

B. Approval of the Check Register

Mr. Schenkel moved, seconded by Mr. Henderson, to approve checks #704 through 709, for the months of October, November and December. Roll Call was taken. The motion passed unanimously.

Mr. Schenkel advised that he has not received a certificate from the conference he attended, therefore he asked if the invoice was paid. Mr. Milutinovic stated that he would look into this.

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 December 31, 2022, the plan was sitting at approximately 63% of the portfolio in equities, with \$157 million in assets. As of last night, the plan is sitting at approximately 66% of the portfolio in equities, with \$163 million in assets. There has been a \$6.3 million gain during the first few weeks of January. Hopefully this trend continues. Mr. Wall advised that the plan was down just over 12% for the year, which isn't too bad, considering a lot of plans did a lot worse. The operating account, which funds the benefits, has \$2.1 million. Mr. Wall explained how it was a terrible year for both stocks and bonds. The NIS fixed-income account is down almost 8% on a YTD basis and the benchmark is down about 9.5% on a YTD basis. The Passive All-cap portfolio has approximately \$3.5 million, and is down about 18.5% on a YTD basis. The Passive Large-Cap has approximately \$56 million in assets and is down about 17% on a YTD basis. The GW&K Small-cap portfolio is down about 14.8% on a YTD basis, and the International portfolio is down about 23% YTD. The Great Lakes Large-Cap portfolio is down about 3.75% on a YTD basis, with a benchmark that is down about 7.50%. They did a good job with reserving capital last year and the long term numbers look very respectful.

Mr. Henderson asked if we are withdrawing too much money from bonds and should the money be allocated differently, which Mr. Wall stated no, that this account still has \$50 million in assets.

Mr. Wall advised that his report is unfortunately not a good one, but it could have been a lot worse.

OLD BUSINESS

A. Update regarding pending litigation

Mr. Karlson advised that the Intermediate Court of Appeals accepted all the briefs on the pension consolidation case. If the plaintiffs lose, they will probably file an appeal with the Illinois Supreme Court and if the stay is lifted, funds could begin to move. Mr. Karlson explained the process of transferring funds and how the Arlington Heights Police Pension Fund will want to have an additional bank account to maintain the operating account. Mr. Karlson explained what a collateralization agreement is and discussed the need to establish thresholds in the local operating account. Mr. Karlson advised that the only thing the Pension Board is not exclusively in control of is money coming in from the consolidated fund.

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

Mr. Milutinovic advised that this item will be covered at the next meeting.

NEW BUSINESS

A. Semi-annual review of closed session meeting minutes

Mr. Henderson advised there are no closed session minutes to review.

B. Statements of Economic Interest

Mr. Milutinovic advised that everyone who needs to file a statement of economic interest will receive their paperwork in March. Mr. Henderson advised that they will revisit this item in April.

C. Approve Annual Cost of Living Adjustment (COLA) for pensioners

Mr. Henderson moved, seconded by Mr. Schenkel, to approve the annual COLA for pensioners. Roll Call was taken. The motion passed unanimously.

D. Review Trustee term expirations and election procedures

Mr. Henderson advised his active term will expire April 30th. Mr. Milutinovic stated that he is unsure who else's term is expiring, but will find out who is up for re-appointment and then get petitions out for the elected positions. Mr. Milutinovic asked if those in elected positions will be seeking re-appointment, which Mr. Malone and Mr. Falk advised that they will, but with the pending consolidation, it may only be for one more term.

E. Reallocation of investments, if necessary

Mr. Henderson advised that there is no need to reallocate any investments, as this is done in December.

F. Annual verification for eligibility of pension beneficiaries

Mr. Milutinovic advised that 114 pension beneficiary verification letters have been received and there are 11 that are outstanding. The due date for these letters is January 31st. Mr. Karlson advised that for those who don't return their letter, the benefit does not get terminated, but it turns into a paper benefit, whereby pensioners will have to

come to the Police Department to pick up their check. Mr. Karlson advised Mr. Milutinovic to send another letter to these individuals, with the instruction that if it's not returned by the end of March, the April benefit will be paid in a paper check, which is only available for pick up at the Police Department.

G. Death notification, retiree Edward Barnes 11/20/22, surviving spouse Aurelia Cano

Mr. Henderson advised that this matter has been taken care of already.

H. New Hire – Kevin Zaremba 12/19/22 (Tier II Participant)

Mr. Milutinovic moved, seconded by Mr. Falk, to accept Officer Zaremba into the Fund as a Tier II Participant. The motion passed unanimously.

I. Schedule annual examinations of disabled police officers

Mr. Schenkel moved, seconded by Mr. Milutinovic, to send all disabled officers under the age of 50 to their annual exam.

Mr. Henderson advised that there is only one individual, Nicole Gerlecki, that meets this criterion.

OTHER BUSINESS

Mr. Milutinovic advised that the Finance Department received a QILDRO for beneficiary William Gross and asked if any action is needed, which Mr. Karlson advised it is being handled on his end.

ADJOURNMENT

Mr. Schenkel moved, seconded by Mr. Milutinovic to adjourn the meeting at 6:18 PM. The motion passed unanimously.