Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Conference Room
200 E. Sigwalt, Arlington Heights, IL 60005
April 26, 2017
5:30 PM

I. CALL TO ORDER

A. Public Comments

II. ROLL CALL

III. APPROVAL OF MINUTES

A. January 25, 2017 Minutes

IV. CLOSED SESSION

V. TREASURER'S REPORT

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

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 mangers/advisors

VIII. OLD BUSINESS

A. Status – Duty Related Disability Application – Officer Michael McEvoy
B. 2017 Annual Pension Beneficiary Certification Audit

IX. NEW BUSINESS

A. Rebalance portfolio to conform with statutory asset allocation.

B. 2017 Pension Board Election Results for Active and Retiree Trustee Positions

C. Reappointment Gary McClung as Board Trustee.

D. Annual examination status of disabled officers under 50 years of age

E. Review and/or modification of the Board's Investment Policy

F. Review and/or modification of the Board's Administrative Rules and Regulations

G. Annual filing of Statement of Economic Interest Statements for each Trustee

H. Cash Swing Account Options

I. Death – Surviving Spouse, Joan Ekblad – January 31, 2017

J. Death – Surviving Spouse, Dorothy Salee – February 26, 2017

K. Military Buy Back Request – Officer Adam Plawer

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: January 25, 2017 Minutes

Department: Finance

January 25, 2017 Minutes

ATTACHMENTS:

Description	Type
January 25, 2017 Minutes	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, JANUARY 25, 2017

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

Board Members Present:	Andrew Whowell, President Tom Henderson, Vice President Gary McClung, Trustee Harry Malone, Trustee Mike Schenkel, Secretary
Also Present:	Tom Kuehne, Village Treasurer David Wall, Wall & Associates Rick Reimer, Pension Board Attorney Doug Riley, Boston Advisors Pam Wilkiel, Recording Secretary

APPROVAL OF MINUTES

Mr. Malone noted that he was not listed as present when he was present at the October 26, 2016 meeting. The minutes will be corrected to include his attendance.

MR. SCHENKEL MOVED, SECONDED BY MR. MCCLUNG TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD ON OCTOBER 26, 2016 AS CORRECTED. The motion carried unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Kuehne passed out and gave a brief overview of the Police Pension Fund Financial Report for period ending December 31, 2016. He stated that expenses are on target for the year. He also provided a list of disbursements for the police pensioners for last year.

MR. MCCLUNG MOVED SECONDED BY MR. HENDERSON TO ACCEPT THE TREASURER'S REPORT DATED DECEMBER 31, 2016. The motion passed unanimously.

B. Approval of Check Register

MR. SCHENKEL MOVED, SECONDED BY MR. WHOWELL TO APPROVE THE PAYMENT OF CHECKS #512- #519. Roll call was taken. The motion passed unanimously.

PAYMENT OF BILLS

Pamela Wilkiel, Recording Secretary, $300.00
RDK Law Firm, $1,152.42
2017 IDPA Membership Dues $795.00

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

REPORTS

Mr. Doug Riley of Boston Advisors who is the pension fund's large cap growth manager attended the meeting, and passed out and gave an overview of the 4th quarter report. He said that Boston Advisors uses a combination of quantitative and fundamental analysis to select stocks. He continued by giving a detailed explanation of the shortfall in the portfolio over the 18 months since the middle of 2015, saying that it occurred in two sectors, consumer discretionary and healthcare. Mr. Riley stated that the healthcare sector started to underperform in the second half of 2015 and got worse as 2016 went on because of all of the news regarding excessive drug prices, the election, and how they are going to clamp down on the drug industry. Mr. Riley stated that the mistake he made was focusing on the long-term attractiveness and the growth rates in the health care sector, and with remaining overweight and not placing enough emphasis on the overall political and regulatory overhang. He went on to say that they have been very solid in industrials, and that technology has been decent for them. Mr. Riley stated that the development of drug is a long and expensive process. The Board questioned the amount that was overweight in the healthcare sector. Mr. Riley explained that investment in healthcare not only includes traditional pharmaceuticals and bio technology, but also managed care organizations, and in various equipment. He said that Boston Advisors has tended to be more favorable towards biotechnology and acknowledged their mistake to stay as overweight as they did. Discussion continued regarding the portfolio models.

Quarterly Investment Report – Wall and Associates

Mr. Wall stated that there was still about $400 in the Illinois Funds account and asked Mr. Kuehne to transfer those monies out of there. Mr. Kuehne stated that it must have been a timing issue when closing the account and said that he will have those funds transferred.

Mr. Wall presented the fourth quarter investment report saying that the portfolio has about 5% in cash, 60% in equities, and 35% in investment grade corporate bonds. Mr. Wall encouraged the Board to lean more towards investment in equities than in bonds.

Mr. Wall stated that the plan was up about $886,000 finishing with about $115 million, with a rate of return for the quarter of .75%. He said that on a year-to-date basis the rate of return is 6.25% net of all fees. Mr. Wall continued by giving an overview of the rest of investment portfolio.

Mr. Wall informed the Board that one of Great Lakes large cap value portfolio managers left the firm for a position in another firm this past month, and said that Great Lakes told him that they had no intention of replacing that manager. Mr. Wall stated that he always has concerns when key people leave a firm and recommended that the Board invite Great Lakes Group to the April meeting for discussions.

MR. MALONE MOVED, SECONDED BY MR. SCHENKEL TO AUTHORIZE MR. WALL TO MOVE $2,000,000 FROM NIS FIXED INCOME TO THE RUSSELL 3000. Roll call was taken. The motion passed unanimously.

Mr. Wall stated that both the NIS and Russell 3000 funds are at Schwab, and said that he will journal the assets and buy the shares.

OLD BUSINESS

A. Military Time Buy Back - Officer Gerald Capriotti

Mr. Whowell stated that Officer Capriotti's transfer was completed and he was allowed to purchase back six months of credible service with the Army National Guard. His Payment of $8,344.00 was received and his portability is completed.

B. Portability Request – Officer Anfiny Eshoo, Maywood P.D.

Mr. Whowell stated that monies were received from the Maywood Police Department which equated to Officer Eshoo buying back two years, four months and twenty eight days. Funds were deposited into the Arlington Heights Pension Fund and the portability is completed.

NEW BUSINESS

A. Approval of Annual COLA Increases

MR. MALONE MOVED, SECONDED BY MR. WHOWELL TO APPROVE THE STATUTORY ANNUAL COST OF LIVING INCREASES (COLA) EFFECTIVE JANUARY 1, 2017. ROLL CALL WAS TAKEN. The motion passed unanimously.

B. Semi-annual review of closed executive session minutes to determine if any issue needs to remain confidential

There were no executive session minutes.

C. 2017 Board Elections- Request for Reappointment of Appointed Trustees

Mr. Whowell stated that Mr. McClung's appointment on the Pension Board is expiring this year and said that he will ask Mayor Hayes to reappointment him. Mr. Whowell then stated that the active members and retiree Board members election will take place this April. He stated that he will not be running for office this election and that nominations will be sought for active members to run for office. Mr. Henderson and Mr. Schenkel will be running for re-election.

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

Mr. Reimer stated that the disabled officers that are under 50 years of age are Officer Kim, Officer Michelotti, Officer Dillion, and Officer Gerlecki-Brown. He recommended that all of their annual examinations be scheduled on the same cycle. Mr. Whowell recommended that all of the annual exams be scheduled now.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG AUTHORIZED MR. REIMER TO HAVE ANNUAL EXAMS SCHEDULED FOR OFFICERS KIM, MICHELOTTI, DILLION, AND GERLECKI-BROWN. The motion passed unanimously.

E. Annual Verification's of Eligibility for Beneficiaries

Mr. Whowell stated that the annual eligibility certificates have been mailed to all Pension Board beneficiaries asking them to be filled out and returned by February 15th in order to avoid possible suspension in their pension benefits.

F. Review/update Contracts with Vendors (accountants, actuaries', attorneys, investment managers/advisors or consultants)

Mr. Whowell stated that there is no Board action required at this time.

G. Review of calendar year (2017) quarterly meeting dates and locations

Mr. Whowell stated that the Police building will be torn down in May and said that the April meeting will still be held in the Police Conference Room. The July and October meetings will take place in Village Hall and have been booked in the Commissions Room located on the 2nd floor.

H. Obtain predatory lending certification forms from Illinois regulated banks

No certification forms needed as the Pension Board does not do business with State banks.

I. Duty-Related Disability Application – Officer Michael McEvoy

Mr. Whowell stated that Officer Michael McEvoy has submitted a duty related disability application which Mr. Reimer has been working on. Mr. Reimer stated that he has requested Officer McEvoy’s signed medical authorizations from his attorney. Mr. Reimer stated that Officer McEvoy’s medical records can be reviewed and summarized when they are received from Gallagher Bassett.

MR. HENDERSON MOVED, SECONDED BY MR. WHOWELL TO AUTHORIZED MR. REIMER TO RETAIN A NURSE PRACTIONER FOR RECORDS REVIEW AND HAVE THREE PHYSICIANS TO BE SELECTED BY INSPE & ASSOCIATES. The motion carried unanimously.

J. New Hire – Officer Daniel Bell, 10/13/16, Tier II Participant

MR WHOWELL MOVED, SECONDED BY MR.HENDERSON TO ACCEPT OFFICER DANIEL BELL’S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE OCTOBER 13, 2016. The motion passed unanimously.

K. New Hire – Officer John O’Leary, 10/31/16, Tier II Participant

MR WHOWELL MOVED, SECONDED BY MR. HENDERSON TO ACCEPT OFFICER JOHN O’LEARY’S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE OCOBER 31, 2016. The motion passed unanimously.

L. New Hire – Officer Douglas Filipek, 12-28-16, Tier II Participant

MR WHOWELL MOVED, SECONDED BY MR MCCLUNG TO ACCEPT OFFICER DOUGLAS FILIPEK'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECIVE DECEMBER 28, 2016. The motion passed unanimously.

M. New Hire – Officer Brandon Clabough, 12-28-16, Tier II, Participant

MR WHOWELL MOVED, SECONDED BY MR. MALONE TO ACCEPT OFFICER BRANDON CLABOUGH'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE DECEMBER 28, 2016. The motion passed unanimously.

N. Final Decision & Order - Retirement – Sergeant Michael Shabez, 11/21/16

Mr. Whowell stated that Sergeant Michael Shabez retired on November 21, 2016 and said that he is eligible for retirement benefits of 75% of his annual salary of $117,402.

MR. WHOWELL MOVED, SECONDED BY MR. MALONE TO APPROVE THE $7,337.63 MONTHLY PENSION AND ADOPT AND PUBLISH THE DECISION AND ORDER FOR SERGEANT MICHAEL SHABEZ. Roll call was taken. The motion carried unanimously.

O. Final Decision & Order – Retirement – Officer David Fitzsimmons, 11/21/16

Mr. Whowell stated that Officer David Fitsimmons retired on November 21, 2016 and said that he is eligible for retirement benefits of 72.5% of his annual salary of $96,186.

MR. WHOWELL MOVED, SECONDED BY MR. SCHENKEL TO APPROVE THE $5,907.90 MONTHLY PENSION AND ADOPT AND PUBLISH THE DECISION AND ORDER FOR OFFICER DAVID FITZSIMMONS. Roll call was taken. The motion carried unanimously.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no further business to discuss:

MR. SCHENKEL MOVED, SECONDED BY MR. WHOWELL TO ADJOURN THE MEETING AT 7:35 PM.

SUBMITTED BY: ______________________________

Michael Schenkel, Secretary

APPROVED BY: ______________________________

Andrew Whowell, President