



Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Commissions Room
Village Hall
April 25, 2018
5:30 PM

I. CALL TO ORDER

A. Public Comments

II. ROLL CALL

III. APPROVAL OF MINUTES

A. January 24, 2018 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 managers/advisors

VIII. OLD BUSINESS

A. Reappointment of Harry Malone as Board Trustee

B. Annual Examination for Mark Dillon

C. Annual Examination for Jinhong Kim

D. Annual Examination for Nicole Grelecki

E. Annual Beneficiary Certification Letters

- F. IPPFA Annual Training Conference May 1 – 4, East Peoria, IL

IX. NEW BUSINESS

- A. Rebalance Portfolio to Conform with Statutory Asset Allocation
- B. Review and/or Modification of the Board's Investment Policy
- C. Review and/or Modification of the Board's Administrative Rules and Regulations
- D. Annual Filing of Statement of Economic Interest Statements for Each Trustee
- E. Cash Swing Account Options
- F. Final Decision & Order - Retirement - Officer Robert Hess, 3/2/18
- G. Death of Pensioner Donald Colburn, 3/27/18 (Surviving Spouse - Joan Colburn)

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 24, 2018 Minutes

Department: Finance

January 24, 2018 Minutes

ATTACHMENTS:

Description	Type
Draft Minutes - January 24, 2018 Meeting Minutes	

**MINUTES OF THE REGULAR MEETING OF THE
ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES
COMMISSIONS ROOM, 2ND FLOOR, VILLAGE HALL
33 S. ARLINGTON HEIGHTS ROAD
WEDNESDAY, JANUARY 24, 2018**

President Thomas Henderson called the meeting to order at 5:31 PM. Roll call was taken with:

Board Members Present: Tom Henderson, President
Petar Milutinovic, Vice President
Gary McClung, Trustee
Harry Malone, Assistant Secretary
Mike Schenkel, Secretary

Also Present: David Wall, Wall & Associates, Keith Karlson, Pension Board Attorney
Vince Russo, National Investment Services (NIS), Pam Wilkiel

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

MR. SCHENKEL MOVED SECONDED BY MR. HENDERSON TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD ON OCTOBER 25, 2017. The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Kuehne was absent from the meeting. His Police Pension Fund Financial Report for period ending December 31, 2017 was distributed to the Trustees.

Mr. Henderson said he received an email from Assistant Finance Director Mary Ellen Juarez requesting a budget amendment in the amount of \$77,000 to cover expenditures that were over budget for 2017. What came in over budget included service pensions, disability pensions, manager dues, pension refunds, and foreign taxes.

MR. SCHENKEL MOVED, SECONDED BY MR. HENDERSON TO APPROVE A BUDGET AMENDMENT IN THE AMOUNT OF \$77,000 TO COVER EXPENDITURES THAT CAME IN OVER BUDGET FOR 2017. Roll call was taken. The motion passed unanimously.

B. Approval of Check Register

MR. MILUTINOVIC MOVED, SECONDED BY MR. HENDERSON TO APPROVE THE PAYMENT OF CHECKS #538- #556. Roll call was taken. The motion passed unanimously.

PAYMENT OF BILLS

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

Pam Wilkiel \$300.00
Reimer Dobrovlny & Karlson LLC \$1,645.93 and \$1,169.53

REPORTS

Quarterly Investment Report – Wall and Associates

Mr. Wall stated there is a statute that requires him to report to the Board annually how many searches he does and if any minority owned firms were included in them. He went on to say he did a search this year where a recommendation was made for a manager that was retained by one of his clients. He noted that when searches are made, minority owned is not one of the criteria that he screens on. Mr. Wall asked that his annual disclosure be attached to the minutes from this meeting.

Mr. Wall explained that his invoices for services rendered have been mailed in the past, and asked if the Board would have any objections to having them sent electronically going forward. The Board agreed to have the invoices emailed to both Mr. Henderson and Mr. Kuehne.

MR. MALONE MOVED, SECONDED BY MR. HENDERSON TO DIRECT MR. WALL TO PROVIDE HIS FUTURE STATEMENTS/INVOICES IN AN ELECTRONIC FORMAT. The motion passed unanimously.

Mr. Wall presented the fourth quarter investment report saying that the fund had a fantastic year. He said that the portfolio has about 3% in cash, 65% in equities, and 32% in bonds. He said State statute required rebalancing of the portfolio, and said \$3 million was pulled out of equities and put into the National Investment Services (NIS) portfolio. Mr. Wall stated the quarter finished with about \$130.6 million, with a rate of return of just over 4% for the quarter. He went on to say that on a year-to-date basis, net of all fees, there was almost a 15% rate of return, and that the five-year rate of return, net of all fees had an 8.66 % rate of return. Mr. Wall continued by giving an overview of the rest of investment portfolio.

Mr. Vince Russo of National Investment Services (NIS) passed out a copy of the Fund's NIS portfolio giving a brief overview of his firm, and said they manage \$6.7 billion and focus on corporate bonds. He went on to talk about their investment policy, and gave a status of the Pension Fund's investments with NIS as of December 31, 2017.

OLD BUSINESS

A. Status and Verification of Completed DOI Annual Report

Mr. Henderson stated that the DOI annual report was completed.

B. McEvoy Disability Hearing - Status (Decision and Order)

Mr. Karlson stated that the Decision and Order for Officer Michael McEvoy was distributed to the Board who had an opportunity to review it, and asked if there was a motion to approve it and have it served on Michael McEvoy. He wanted it noted that Officer McEvoy is over age 50 and will not be subject to annual exams. Mr. Karlson stated that a certificate of payment is required.

MR HENDERSON MOVED. SECONDED BY MR. MCCLUNG TO APPROVE THE WRITTEN DECISION AND ORDER AND HAVE IT SERVED ON OFFICER MICHAEL MCEVOY. The motion passed unanimously.

C. Refund Status - Officer Steven Cortese

Mr. Henderson stated that Officer Steven Cortese left the Police Department, and said that he accepted the final numbers that were given to him, and has received his refund.

D. Status - Adoption of Municipal Compliance Report

Mr. Henderson tabled the discussion for the status of the Municipal Compliance Report until Mr. Kuehne is available.

NEW BUSINESS

A. Approval of Annual COLA Increases

MR. SCHENKEL MOVED, SECONDED BY MR. MILUTINOVIC TO APPROVE THE STATUTORY ANNUAL COST OF LIVING INCREASES (COLA) EFFECTIVE JANUARY 1, 2018, AS CALCULATED AND CERTIFIED BY THE VILLAGE'S FINANCE DEPARTMENT. Roll Call was taken. The motion passed unanimously.

B. Semi-Annual Review of Closed Executive Session Minutes

There are no closed session minutes.

C. Request for Reappointment of Appointed Trustee Harry Malone

The Board agreed to request that the Mayor reappoint Harry Malone to continue on the Arlington Heights Police Pension Board. Mr. Malone stated that wishes to remain on the Board.

D. Annual Examination for Mark Dillon

E. Annual Examination for Jinhong Kim

F. Annual Examination for Nicole Grelecki

Mr. Karlson noted that last year's Independent Medical Evaluation (IME) for Officer Kim requested permission to perform a Functional Capacity Evaluation (FCE). He recommended following the IME's suggestion and to approve the additional expenditure of an FCE during his IME this year.

MR. HENDERSON MOVED, SECONDED BY MR. MILUTINOVIC TO SEND OFFICER KIM FOR AN INDEPENDENT MEDICAL EXAMINATION (IME) AND TO APPROVE A FUNCTIONAL CAPACITY EVALUATION (FCE) IF REQUESTED BY THE DOCTOR. Roll call was taken. The motion carried unanimously.

Mr. Malone asked if there was one contracted provider to do the IME's. Mr. Karlson stated that most of the examinations go through a company called INSPE who have a collection of doctors. He went on to explain that there are three doctors that do the exams when an officer is initially found to be disabled, and said that one of those three doctors will do the annual exams. Discussion took place regarding the annual examination process and choice of doctors, with the standards of continuing disability, and on information being submitted to IME doctors for additional consideration.

MR. MCCLUNG MOVED, SECONDED BY MR. HENDERSON TO SEND OFFICERS DILLON AND GERLECKI FOR THEIR ANNUAL INDEPENDENT MEDICAL EXAMS (IME) AND IF NECESSARY AUTHORIZE REIMER DOBROVOLNY & KARLSON LLC TO DO FOLLOW-UP INVESTIGATION SHOULD OTHER INFORMATION COME TO LIGHT. Roll call was taken. The motion passed unanimously.

Mr. Karlson informed the Board that Officer Michelloti will turn 50 this year. The Board felt since he is turning 50 this year, a medical exam will not be necessary.

G. Annual Verification's of Eligibility for Beneficiaries

Mr. Henderson stated the annual beneficiary certification letters have been sent out this week.

H. Review/Update Contracts with Vendors

No action needed to be taken.

I. Obtain Predatory Lending Certification forms from Illinois Regulated Banks

No action needed to be taken as the Board only does business with national banks and does not invest with Illinois chartered banks.

J. Status - Reallocation of Investments, Dave Wall

Mr. Henderson stated that reallocation of investments were done and that the Pension Fund is in line with statutory requirements.

K. IPPFA Annual Training Conference May 1 – 4, East Peoria, IL

Some members of the Arlington Heights Police Pension Fund stated that they are interested in attending the IPPFA training conference being held this May.

MR. MALONE MOVED, SECONDED BY MR. MCCLUNG TO APPROVE THE NECESSARY FUNDS NEEDED FOR THE TRUSTEES TO ATTEND THE IPPFA ANNUAL CONFERENCE IN EAST PEORIA, IL IN MAY 2018 IN ORDER TO FULFILL THE CONTINUING EDUCATION REQUIREMENTS AS TRUSTEES. Roll call was taken. The motion passed unanimously.

L. Retirement - Deputy Chief Miguel Hernandez

Mr. Henderson stated that Deputy Chief Miguel Hernandez retired from the Arlington Heights Police Department after thirty years of service. He stated that his salary upon retirement was \$139,404.

MR. MILUTINOVIC MOVED, SECONDED BY MR. SCHENKEL TO APPROVE THE \$11,617 MONTHLY PENSION CALCULATED AND CERTIFIED BY THE FINANCE DEPARTMENT AND ADOPT AND PUBLISH THE DECISION AND ORDER FOR DEPUTY CHIEF MIGUEL HERNANDEZ. Roll call was taken. The motion carried unanimously.

Mr. Henderson noted that he read the incorrect amount for Deputy Chief Miguel Hernandez's monthly pension amount. Mr. Karlson stated that Deputy Chief Hernandez's annual pension amount will be \$104,553 which yields a monthly pension of \$8,712.75.

MR. SCHENKEL MOVED, SECONDED BY MR. HENDERSON TO REVISE THE MOTION MADE AND CORRECT THE MONTHLY PENSION AMOUNT FOR DEPTUTY CHIEF MIGUEL HERNANDEZ TO \$8,712.75. Roll call was taken. The motion passed unanimously.

M. Retirement - Commander Richard Boyle

Mr. Karlson stated that Commander Richard Boyle retired from the Arlington Heights Police Department after twenty nine years of service. He stated that his salary upon retirement was \$129,196. He said that he is entitled to 72.5% of his salary and that his annual pension amount is \$93,667.10 which yields a monthly pension amount of \$7,805.59

MR. MCCLUNG MOVED, SECONDED BY MR. MILUTINOVIC TO APPROVE THE \$7,805.59 MONTHLY PENSION CALCULATED AND CERTIFIED BY THE FINANCE DEPARTMENT AND ADOPT AND PUBLISH THE DECISION AND ORDER FOR COMMANDER RICHARD BOYLE. Roll call was taken. The motion carried unanimously.

OTHER BUSINESS

Mr. Karlson stated that his firm is in the process of rolling out their new "Rules and Regulations" that take into account updates in case law. He suggested to the Board that if they would like the updated Rules and Regulations, it should be added to a future Board agenda. He asked the Board to email Mr. Reimer or himself asking to have a set sent to them to review prior to a Board meeting.

Mr. Karlson asked if anyone went from the Arlington Heights Police Department to the Arlington Heights Fire Department. The Board responded yes. Mr. Karlson went on to say those people can buy their time from the Police Pension Fund and put it into their Fire Fund until May 8th, saying that the window to do so is very short. He also said that any suburban Firefighters that transferred to the Chicago Fire Fund have the same window of time to do so.

Mr. Karlson said the DOI changed the assumed rates of returns for all classes of pension funds except funds under \$2.5 million. He said everyone went down by a quarter percent, saying the Arlington Heights Police Pension Fund's assumed rate of return is now 6.5%, down from the 6.75%.

Mr. Karlson went on to say that as part of pension reform in the early part of this decade when Tier II went into effect, the promise of mandatory funding for Articles III and IV funds was implemented. He said that the Comptroller finally wrote the administrative rules which say if you do not levy the appropriate amount under the State statute, the Pension Fund is empowered to begin a process by which to seize State funds and intercept them.

ADJOURNMENT

There being no further business to discuss:

MR. SCHENKEL MOVED, SECOND BY MR. HENDERSON TO ADJOURN THE MEETING AT 6:30 PM. The motion passed unanimously.

SUBMITTED BY:

Michael Schenkel, Secretary

APPROVED BY:

Tom Henderson, President