Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Buechner Room

April 24, 2019
5:30 PM

I. CALL TO ORDER

II. ROLL CALL

A. Public Comments

III. APPROVAL OF MINUTES

A. January 23, 2019 Minutes

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. 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. Annual Examination for Mark Dillon
E. Annual Examination for Jinhong Kim

F. Annual Examination for Nicole Grelecki
G. 2019 IPPFA Training Conferences

IX. NEW BUSINESS

A. $1.5 Million VAH Surplus Payment into Police Pension Fund from the General Fund
B. 2019 Police Pension Board Election Results for Active & Retiree Trustee Positions
C. Annual Filing of Statement of Economic Interest Statements for Each Trustee
D. New Hire - Officer Steven Dinov, 3/4/19 - Tier II Participant
E. New Hire - Officer Kenneth Ruff, 3/26/19 - Tier II Participant
F. New Hire - Officer Brian Tagney, 1/31/19 - Tier II Participant
G. Retirement - Decision & Order, Sergeant Stephanie Mack, April 2, 2019

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.

Board of Trustees of the Police Pension Fund
4/24/2019

Item: January 23, 2019 Minutes

Department:

January 23, 2019 Minutes

ATTACHMENTS:

Description	**Type**
January 23, 2019 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 23, 2019

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
Gary McClung, Trustee
Harry Malone, Assistant Secretary
Mike Schenkel, Secretary

Also Present: David Wall, Stephen McLeod, Wall Capital Group,
Rick Reimer, Pension Board Attorney
Mary Ellen Juarez, Assistant Director, Finance
Vince Russo, NIS Portfolio Manager- Fixed Income National Investments, Milwaukee
Ray Cabrio, NIS Director, Chicago
Pam Wilkiel, Recording Secretary

PUBLIC COMMENTS
There were no public comments.

APPROVAL OF MINUTES

Mr. Henderson moved, seconded by Mr. Schenkel to approve the minutes of the regular meeting held on October 24, 2018. The motion passed unanimously.

Mr. McClung moved, seconded by Mr. Henderson to approve the minutes of the special meeting held on December 21, 2018. 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, 2018, saying that everything looks on target with the budget.

B. Approval of the Check Register

Mr. Henderson moved, seconded by Mr. McClung to approve the payment of checks #574 - #581. Roll call was taken. The motion passed unanimously.

Mr. Wall stated that his office received a check in the amount of $1,694.00 for the Police Pension Fund from a litigation settlement from the Biox Litigation, and asked Ms. Juarez to deposit it into Fund's account.

As a record in the minutes, Mr. Wall provided the Board his required Annual Disclosure on Public Act 100-0542 regarding minority searches.

REPORTS

Ms. Juarez provided the Board an updated cash flow report, saying that the only change she made was an increase to the pension amount because of three new retirees. Ms. Juarez will provide the Board cash flow reports on a monthly basis going forward.

The Board invited NIS to the meeting to discuss cash flow options to cover the Board's obligations of pension payment benefits. Mr. Wall stated that the Board had conversations about taking income from all aspects of the NIS portfolio on a regular basis, saying that the portfolio may need to be more liquid near the later part of the year.

Mr. Russo stated that he looks at the total portfolio, and said that 95% of the bonds in NIS portfolio are liquid and could be sold at any time the Board needed cash. Mr. Russo went on to explain some of his ideas and options that he has provided other clients, including opening a second account, offering an absolute return fund, or a short-term high yield duration fund, etc. He went on to talk about selling securities and corporate bonds, saying there are multiple solutions and that NIS has flexibility and will work with the Board on how they want to do things. NIS fees would need to be discussed.

Discussion took place on the Fund's allocation in equities, and with various cash flow options that could be used during the year. They included coupons and reinvestment in the NIS portfolio, sale of bonds, and investment in CD's among others.

Mr. Wall stated that he liked the idea of letting NIS handle the cash flows. Mr. Malone felt that NIS should manage the account and that the Board revisit this every quarter in order to give NIS instruction on how much cash they may need them to raise. The Board agreed that Ms. Juarez's cash flow projections should be provided for the quarterly meetings in order to determine if any action would need to be taken at that time The Board agreed no action was needed to be done at this time other than giving Mr. Wall instruction to keep NIS apprised of the Pension Fund's liquidity needs. Mr. Russo stated that the Fund could have cash in three days once it is requested. The Board continued discussions on how to move funds from NIS to the Police Pension Fund's designated operating account at the Village of Arlington Heights when needed.

Mr. Henderson moved, second by Mr. McClung to authorize the Board President to establish standing wiring instructions on the Fund's NIS Fixed Income Account at Charles Schwab to the Fund's designated operating account with the Village of Arlington Heights, and to authorize the required signatories to sign the necessary paperwork from Charles Schwab. Roll call was taken. The motion passed unanimously.

Mr. Russo passed out and gave a brief overview of NIS' 4th Quarter portfolio for the Police Pension Fund, saying that it was a good year. He continued by talking about some of their investments and results.

Mr. Malone moved, seconded by Mr. Schenkel to accept NIS' Investment Portfolio Report. The motion passed unanimously.

Quarterly Investment Report – Wall Capital Group

Mr. Wall presented the Fourth Quarter Investment Report. He said that the portfolio has about 2.6% in cash, about 62.6% in equities, and about 34.8% in bonds. He added that as of close of the market yesterday, the portfolio bounced upwards on the stock side. Mr. Wall stated the quarter finished with almost $122 million in assets, down about 13 million or -10% for the quarter. He also said since then, in the first three weeks of this month, all assets are up about 4.8 million. Mr. Wall continued by giving an overview of the rest of investment portfolio.

Mr. Malone asked Mr. Wall if he can provide a chart that shows every investment manager and asset class in one place so that the Board can see who is up and who is down for the quarter, and who is consistent over time. Mr. Wall stated that Wall Capital Group is moving to a new accounting system this quarter, saying that he will have a lot more flexibility to be able to provide charts like the one Mr. Malone is asking for and put it into his quarterly report that he provides the Board. He also said he would be able to provide a performance evaluation report for the investment managers.

Mr. Henderson moved, seconded by Mr. Malone 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

There were no recommendations.

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

Mr. Reimer stated that the Board adopted the Administrative Rules and Regulations at the last meeting. He asked that the Board members sign the final copy this evening, and he will scan it and email a copy to them.

C. Status of the DOI Annual Report

It was completed.

NEW BUSINESS

A. Status - Reallocation of Investments, Dave Wall

No reallocations are needed since the Board accepted options that NIS presented.

B. Approval of Annual COLA Increases

Mr. Schenkel moved, seconded by Mr. Henderson to approve the statutory cost of living increases (COLA) effective January 1, 2019, as calculated and certified by the Village's Finance Department. Roll call was taken. The motion passed unanimously.

D. Annual Verification's of Eligibility for Beneficiaries

This is currently ongoing. Eligibility letters and forms were mailed, and are due back in February.

C. Semi-Annual Review of Closed Executive Session Minutes

There were no Closed Sessions.

E. Review/Update Contracts with Vendors

Mr. Reimer stated that per Statute there is an affirmative obligation review for consultants, saying that there is a 5-year sunset clause. He said that a Request for Proposal (RFP) is required by law, and that he would help the Board when it needs to be done. No action needed at this time.

F. Obtain predatory lending certification forms from Illinois regulated banks

The Pension Fund does not have any investments with Illinois regulated banks.

G. 2019 Board Elections

Mr. Henderson stated that he, Mr. Milutinovic, and Mr. Schenkel are up for re-election this year. He said there will be an internal election held at the police station for active members, and that a letter will be sent to retirees asking them if they want to be included on the ballot for the retiree trustee position. The election process will begin in February. Terms are up at the end of April.

H. IPPFA Annual Training Conference April 30 - May 3 – East Peoria, IL

Mr. Henderson asked the Board members to let him know soon who will be attending the IPPFA training conference this spring so that he can make the necessary arrangements.

Mr. Henderson moved, seconded by Mr. Schenkel to approve the necessary funds needed for the Trustees to attend the IPPFA Annual Conference in East Peoria, IL from April 30 - May 3. 2019 in order to fulfill the continuing education requirements as Trustees. Roll Call was taken. The motion passed unanimously.

Some Board members stated that they have not received some of the certifications they need after completing some of the continuing education requirements. The IPPFA will be contacted asking them to be sent.

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

Mr. Malone moved, seconded by Mr. McClung to authorize Board Attorney Rick Reimer to schedule the statutory annual examinations of disabled Officers Kim, Grelecki, and Dillon.

J. Retirement - Decision & Order, Commander Richard Sperando, 11/24/18

Mr. Reimer stated that Commander Richard Sperando retired with 28 years of credible service, and that he is entitled to 70% of his annual salary including longevity of $134,300.00.

Mr. Milutinovic moved, seconded by Mr. Malone to approve the $7,834.17 monthly pension, and adopt and publish the decision and order for Commander Richard Sperando. Roll call was taken. The motion passed unanimously.

K. Retirement - Decision & Order, Officer Sally Ward, 1/2/19

Mr. Reimer stated that Officer Sally Ward retired with 30 years of credible service, and that she is entitled to 75% of her annual salary including longevity of $105,182.00.

Mr. Schenkel moved, seconded by Mr. Henderson to approve the $6,573.88 monthly pension, and adopt and publish the decision and order for Officer Sally Ward. Roll call was taken. The motion passed unanimously

L. Retirement - Decision & Order, Officer Peter Hamrick, 1/6/19

Mr. Reimer stated that Officer Peter Hamrick retired with 27 years of credible service, and that he is entitled to 65.2% of his annual salary including longevity of $105,182.00.

Mr. Milutinovic moved, seconded by Mr. Schenkel to approve the $5,916.49 monthly pension, and adopt and publish the decision and order for Officer Peter Hamrick. Roll call was taken. The motion passed unanimously

M. Retirement - Decision & Order, Sergeant Alan Baumgartner, 1/19/19

Mr. Reimer stated that Sergeant Alan Baumgartner retired with 30 years of credible service, and that he is entitled to 75% of his annual salary including longevity of $129,534.35.

Mr. McClung, moved, seconded by Mr. Henderson to approve the $8,095.90 monthly pension, and adopt and publish the decision and order for Sergeant Alan Baumgartner. Roll call was taken. The motion passed unanimously.

Mr. Reimer asked the Board to sign the certificate of payments for these retirees, to have Treasurer Tom Kuehne sign them, and have them emailed back to him for processing.

N. Resignation & Refund of Contributions - Officer Brandon Hunsaker

O. Resignation & Refund of Contributions - Officer John Palubicki

Mr. Henderson stated that both Officers Brandon Hunsaker and John Palubicki resigned their positions as police officers. He said that Officer Hunsaker did less than two years and is not vested in the Fund and will be receiving a refund of contributions. He also said that Officer Palubicki did less than six months and will also be receive a refund of contributions. Both officers have yet to provide instructions for those refunds.

Mr. Henderson moved, seconded by Mr. McClung to approve the refund of contributions of Officer Brandon Hunsaker and Officer John Palubicki due to their resignations from the Arlington Heights Police Department subject to receipt of required paperwork and authorized instructions. Roll call was taken. The motion passed unanimously.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

Mr. Henderson moved, seconded by Mr. Schenkel to adjourn the meeting at 6:50 PM. The motion passed unanimously.

SUBMITTED BY: ____________________________________

Michael Schenkel, Secretary

APPROVED BY: ____________________________________

Tom Henderson, President