Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Conference Room, 200 East Sigwalt, Arlington Heights, Il 60005
Arlington Heights Police Station
200 E. Sigwalt, Arlington Heights, IL 60005

April 22, 2015
5:30 PM

I. CALL TO ORDER

II. ROLL CALL

A. Public Comments

III. APPROVAL OF MINUTES

A. Regular Meeting - October 22, 2014

B. Regular Meeting - January 28, 2015

IV. CLOSED SESSION

V. TREASURER'S REPORT

A. Report from the Village Treasurer

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. Annual verifications of eligibility for pension beneficiaries

B. 2015 IPPFA Training Conferences

C. Portability – Military Time Buy Back – Officer John Sullivan

IX. NEW BUSINESS

A. Review and/or modification of Pension Board's Investment Policy

B. Review and/or modification of the Boards Administrative Rules and Regulations

C. Annual filing of statement of economic interest statements for each pension Trustee

D. Review of RFP's /Selection of a Pension Board Consultant

E. Reporting requirements GASB 67

F. Approval – Retirement Decision and Order, Officer Robert Coniglio, 03/10/15

G. Approval – Retirement Decision and Order, Officer William Kirby, 03/20/15

H. Approval – Retirement Decision and Order, Officer Michael Mullen, 05/02/15

I. Approval – Retirement Decision and Order, Officer Scott Velisek, 05/02/15

J. New Hire – Officer Alexandra Ovington, 04/03/15, Tier II Participant

K. Securities Monitoring – (Robbins and Gellar LLC)

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: Regular Meeting October 22, 2014

Department: Finance

ATTACHMENTS:

Description	**Type**
October 22, 2014 Draft 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, OCTOBER 22, 2014 (Amended)

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

Board Members Present:	Andrew Whowell, President Thomas Henderson, Vice President Harry Malone, Trustee Gary McClung, Trustee
Also Present:	Thomas Kuehne, Finance Director/Treasurer David Wall, Wall & Associates Keith Carlson, Board Attorney

APPROVAL OF MINUTES

MR. MALONE MOVED, SECONDED BY MR. MCCLUNG, TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD ON JULY 23, 2014. The motion carried unanimously.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON, TO APPROVE THE MINUTES OF THE SPECIAL MEETING HELD ON SEPTEMBER 29, 2014. The motion carried unanimously.

REPORT FROM THE VILLAGE TREASURER

Mr. Kuehne passed out the Police Pension Fund Financial Report for period ending September 30, 2014, saying that revenues are coming in above budget due primarily to good market results and property tax receipts and said that expenses are coming in as expected.

Mr. Kuehne distributed the actuary report received from Sander Goldstein saying that the funded ratio of the Police Pension Fund is 72.8%, an increase from the prior year of 72.2% to 72.8%. He also said that the report reflects the changes that were made in the interest rate assumptions and the decrease in the wage progression. He continued by giving an overview of the report and recommended using the GASB 25 figure of $4,432,200 for the 2014 tax levy. He added that he has penciled in for the Village Board to approve $4.5 million and asked the Pension board to approve at least the $4,432,200.

A MOTION WAS MADE BY MR. HENDERSON, SECONDED BY MR. MALONE TO RECOMMEND THAT THE VILLAGE OF ARLINGTON HEIGHTS ADOPT A PROPERTY TAX LEVY IN THE AMOUNT OF $4,432,200 BASED ON ACTUARIAL ASSUMPTIONS. Roll call was taken. The motion passed unanimously.

Mr. Kuehne informed the Police Pension Board that the Village will be changing its fiscal year to a calendar year explaining that the Village Board wanted better matching of the property tax levy and the budget that they will be approving. He went on to say that in order to do that, there will be a 8-month transition period starting May 1, 2015 through December 31, 2015 and that an 8-month budget for the Pension Board's review will be prepared and said that a short year actuarial report will be done as well. The Pension Board members agreed to the change in the fiscal year.

APPROVAL OF CHECKS

Checks #424- #435

MR. WHOWELL MOVED, SECONDED BY MR. MALONE, TO APPROVE THE PAYMENT OF CHECKS #424 - #435. Roll call was taken. The motion carried unanimously.

PAYMENT OF BILLS

IPPFA Annual Membership dues, $775.00
Insbe Associates (Michelotti), $720.00
Insbe Associates (Grelecki), $915.00
Reimer & Carlson Law Firm, $1,695.43
Pamela Wilkiel, Recording Secretary $300.00

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

REPORTS

Quarterly Investment Report – Wall and Associates

Mr. Wall presented the third quarter investment report (attached), saying that the portfolio has about 6% in cash, 54% in equities, and 40% in bonds. He added that the about 50% of the portfolio is in treasuries, agencies and cash, 37 % in mortgage securities, and 13% in investment grade corporate bonds. Mr. Wall said that the quarter ended with $105 million in assets for a drop in value of about $460,000. He said that the year-to-date rate of return was 4%, the three-year over 10.5% and the five-year 8%. He continued by giving an overview of the investment portfolio.

Mr. Wall brought in and went over some of the mid-cap managers and active managed mutual fund information that was requested of him at the last meeting. He told the Board that they need to decide if they want to invest through a mutual fund or a separate account explaining the pros and cons. Discussion continued regarding transferring from bonds and allocating money to a mutual fund. The Board asked Mr. Wall to bring back some passive instruments for them to look at in January at which time they will look further into asset allocations.

OLD BUSINESS

A. IPPFA Training Conference 2014

Mr. Whowell said that the IPPFA Training Conferences counts towards the Boards requirements and said that all the Board members should have all their training requirements this year.

B. Annual Exam and Evaluation – Officer Nicole Grelecki

Mr. Whowell stated that based on the doctor's report Officer Grelecki remains disabled for full unrestrictive police duties.

MR. HENDERSON MOVED, SECONDED BY MR. MCCLUNG TO CONTINUE THE DISABILITY BENEFITS OF OFFICER GRELECKI SUBJECT TO FURHTER EVALUATION. The motion carried unanimously.

C. Annual Exam and Evaluation – Officer Robert Michelotti

Mr. Whowell stated that based on the doctor's report Officer Michelotti remains disabled for full unrestrictive police duties.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO CONTINUE THE DISABILITY BENEFITS OF OFFICER MICHELOTTI SUBJECT TO FURHTER EVALUATION. The motion carried unanimously.

D. Annual Exam and Evaluation – Officer JinHong Kim

Mr. Carlson stated that the Board was sent a letter yesterday stating that Officer Kim is still disabled and suggested that the Board continue to pay his disability benefits.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG TO CONTINUE THE DISABILITY BENEFITS OF OFFICER KIM SUBJECT TO FURHTER EVALUATION. The motion carried unanimously.

E. Annual Exam and Evaluation – Officer Mark Dillon

Mr. Carlson stated that Officer Mark Dillon's annual exam is scheduled to be performed on November 20, 2014.

NEW BUSINESS

A. Election of Pension Board Officers

Mr. Whowell stated that Pension Board officers need to be elected. He added that if officer position's change, it will affect the bank cards and statements that are currently in place. He said that he is currently the president, Mr. Henderson the vice-president, Mr. Schenkel, the secretary and Mr. Malone the assistant secretary.

MR WHOWELL MOVED, SECONDED BY MR. MALONE THAT THE CURRENT POLICE PENSION BOARD OFFICERS REMAIN THE SAME. The motion carried unanimously.

B. Approval – Retirement Decision and Order, Officer Edward Barnes, 9/30/14

Mr. Whowelll stated that Officer Barnes retired on September 30, 2014 after 30 years of credible service, saying that he will be entitled to a 75% pension, which equates to a monthly amount of $5,821.94.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON, TO APPROVE THE $5,821.94 MONTHLY PENSION AND ADOPT THE DECISION AND ORDER FOR OFFICER EDWARD BARNES. Roll call was taken. The motion carried unanimously.

C. Approval – Retirement Decision and Order, Officer Lawrence Swanson, 7/9/15

Mr. Whowell stated that Officer Swanson was a deferred pensioner saying that he resigned on June 30, 2014 after 24 years of credible service and said that he will be eligible for a pension on July 9, 2015 when he turns fifty. He said that he will receive a 60% pension which equates to a monthly pension of $4,657.55.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON, TO APPROVE THE $4,657.55 MONTHLY PENSION AND ADOPT THE DECISION AND ORDER FOR OFFICER LAWRENCE SWANSON. Roll call was taken. The motion carried unanimously.

D. Approval – Fiduciary Liability Insurance Policy, Policy Period 9/1/14 – 9/1/15

Mr. Whowell stated that the fiduciary liability insurance is with Altera American Insurance and written through Mesirow. He said that the annual premium renewal amount of $6,278 did not change.

MR. WHOWELL MOVED SECONDED BY MR. MCCLUNG TO APPROVE THE ANNUAL RENEWAL OF THE FIDUCIARY LIABILITY INSURANCE POLICY WITH ALTERA AMERICAN INSURANCE FOR PERIOD 9/1/14 THROUGH 9/1/15. Roll call was taken. The motion passed unanimously.

E. New Hire – Officer Ryan A. Butcher, 9/2/14 (Tier II Participant)

Mr. Whowell stated that Officer Butcher was hired on September 2,, 2014.

MR. WHOWELL MOVED, SECONDED BY HENDERSON, TO APPROVE OFFICER RYAN A. BUTCHER'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE SEPTEMBER 2, 2014 The motion carried unanimously.

F. New Hire – Officer Joseph L. Murphy, 9/12/14 (Tier I Participant)

Mr. Whowell stated that Officer Murphy was sworn in on Monday September 12, 2014 and will be a Tier I participant. He stated that he has eight years of prior service with the Carpentersville police Department and said that he will be forwarding a request for portability.

MR WHOWELL MOVED, SECONDED BY MCCLUNG, TO APPROVE OFFICER JOSEPH l. MURPHY'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER I PARTICIPANT EFFECTIVE SEPTEMBER 12, 2014. The motion carried unanimously.

G. Death – Retired Sergeant Robert L. Murray, October 11, 2014

Mr. Whowell stated that Sergeant Robert Murray passed away on October 11, 2014 at the age of forty nine and had been on a disability pension for the last four years collecting 50% of his pay. He went on to say that he was in the process of modifying his pension to a regular pension as of November 3rd, on his 50th birthday which would have increased his benefits and said that he did not make it to that date. A letter was sent to his wife that she will continue to receive his pension benefits without any cost of living increases.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG TO CONTINUE THE SURVIVOR PENSION BENEFITS WITH NO ANNUAL INCREASES FOR THE WIDOW OF SERGEANT ROBERT L.MURRAY. Roll call was taken. The motion passed unanimously.

H. Reinstatement of Service Time/Portability – Officer Stephen A. Ramirez

Mr. Whowell said a request was received from Officer Stephen Ramirez of the Village of Palatine to buy back his three years of service time. He said that he was employed with the Village of Arlington Heights Police department from February 28, 1986 until July 14, 1989, saying at which time he received a refund in the amount of $8,322.39 from the Pension Fund. He went on to say that calculations have been done and that if Officer Ramirez elects to move forward, he would have to reimburse the Arlington Heights Police Pension Fund $40,106.15 and in turn the Pension Fund would forward $80,212.30 to the Palatine Police Pension Fund. Mr. Carlson stated that Mr. Ramirez has thirty days to accept or new calculations would have to be done, and said that the Board can move to approve the purchase of service time upon receipt of his money.

MR. WHOWELL MOVED SECONDED BY MR. HENDERSON TO AUTHORIZE, UPON RECEIPT OF THE $40,106.15 REIMBURSEMENT FROM STEPHEN A. RAMIREZ, THE CREDIBLE SERVICE TIME TRANSER FOR STEPHEN A. RAMIREZ IN THE AMOUNT OF $80,212.30 TO THE VILLAGE OF PALATINE'S POLICE DEPARTMENT Roll call was taken. The motion passed unanimously.

I. Actuarial Valuation of the Village of Arlington Heights Police Pension Fund

Mr. Carlson stated that he had some questions regarding the Sander Goldstein actuarial valuation of the Pension Fund saying what gave him some concern is the projected unit credit methodology mentioned in their report. He continued by explaining what projected unit methodology means and said that actuaries he has talked to say it is not a reliable mean to fund a pension system, only the minimum funding. Mr. Carlson asked the Board to verify and confirm that the amount recommended for the tax levy is not based on that method and that the GASB 25 is the "entry aged normal" method.

Mr. Carlson said that the levy demand has to be in before the first week of December and that the Municipal Compliance Report needs to be signed at the same time, with the final actuarial valuation is sent and recorded with the DOI. A November special meeting will be scheduled in order to approve the tax levy and the municipal compliant report.

J. Schedule Quarterly Meetings for 2015

The 2015 Arlington Heights Police Pension Fund meetings have been scheduled quarterly on the fourth Wednesdays of the month.

January 28, 2015
April 22, 2015
July 22, 2015
October 28, 2015

OTHER BUSINESS

Mr. Reimer stated that election of four Board officers (President, Vice-President, Secretary, and Assistant Secretary) were to be done in July, but said that since it is not on the agenda, it should be placed on the Pension Board's October agenda.

Mr. Reimer continued by saying that there are a number of annual physicals that need to be done for the officers on duty-related disability and that he will get those physicals scheduled. He also asked that they be listed on the Pension Board's October agenda.

ADJOURNMENT

There being no further business to discuss:

MR. WHOWELL MOVED, SECONDED BY MR. MALONE, TO ADJOURN THE MEETING AT 6:50 PM.

SUBMITTED BY: ______________________________
Michael Schenkel, Secretary

APPROVED BY: ______________________________
Andrew Whowell, President

Item: Regular Meeting - January 28, 2015

Department: Finance

ATTACHMENTS:

Description	**Type**
January 28, 2015 Draft 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 28, 2015

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

Board Members Present: Andrew Whowell, President
Thomas Henderson, Vice President
Mike Schenkel, Secretary
Harry Malone, Trustee
Gary McClung, Trustee

Also Present: Thomas Kuehne, Finance Director/Treasurer
David Wall, Wall & Associates
Andrew Knapp & Wally Theado, JP Morgan Asset Management
Pam Wilkiel, Recording Secretary

APPROVAL OF MINUTES

Mr. McClung moved to approve the minutes of the regular meeting held on October 22, 2014. Mr. Schenkel noticed an error in the minutes regarding the pension benefit amount for Edward Barnes. Mr. Malone withdrew his motion. The approval of the October 22, 2014 minutes were deferred to the next meeting in April after verification of the pension benefit amount.

MR. SCHENKEL MOVED, SECONDED BY MR. MCCLUNG, TO APPROVE THE MINUTES OF THE SPECIAL MEETING HELD ON NOVEMBER 25, 2014. The motion carried unanimously.

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, 2014.

Mr. Kuehne moved on to the proposed budget for the 8-month fiscal year transition period May 1, 2015 through December 31, 2015. He explained some of the proposed line item increases for revenues including Interest on Investments and Contributions by Participant. On the expenditure side, Mr. Kuehne said that the increases are based on actual amounts and changes from the prior year. He noted that for budgeting purposes, two new retirees will be assumed during the next year.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG TO APPROVE THE PROPOSED POLICE PENSION FUND BUDGET PRESENTED BY MR. KUEHNE FOR THE 8-MONTH PERIOD, MAY 1, 2015 THROUGH DECEMBER 31, 2015. The motion carried unanimously.

APPROVAL OF CHECKS

Checks #436- #451

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON, TO APPROVE THE PAYMENT OF CHECKS #436 - #451. Roll call was taken. The motion carried unanimously.

PAYMENT OF BILLS

Reimer & Carlson Law Firm, $1,969.03
Pamela Wilkiel, Recording Secretary $300.00

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

REPORTS

Quarterly Investment Report – Wall and Associates

Mr. Wall presented the fourth quarter investment report (attached), saying that the portfolio has about 5% in cash, 56% in equities, and 39% in fixed income. He added that the fixed income portfolio is about 52% government treasuries, agencies and cash, 35 % in mortgage securities, and 13% corporate bonds. Mr. Wall said that the quarter ended with $107 million in assets for a gain of 3.1 million and a return gross of all fees of just over 7%, the three-year over 10%. He continued by giving an overview of the investment portfolio. Discussion took place regarding the Fund's investments in small and mid-cap stocks which is currently at 60%.

Mr. Wall introduced Andrew Knapp & Wally Theado of JP Morgan Asset Management. Mr. Knapp explained that he is the Fund's client advisor and works in Chicago and that Mr. Theado works in Columbus, Ohio and is a Client Portfolio Manager. Mr. Theado gave an overview of JP Morgan's investment asset management investment team and their long-term investment strategies. He continued by giving an overview of the Fund's investment portfolio (attached). Discussion also took place regarding JP Morgan's policies with investments of various sizes of Illinois Public Funds.

OLD BUSINESS

A. A. 2014 Training Certificates

Mr. Whowell stated that all the 2014 training certificates have been received and reminded the Board members that when they receive future certificates copies should be forwarded to him for file.

B. B. Annual Exam and Evaluation – Officer Mark P. Dillon

Mr. Whowell stated that based on the doctor's report (Dr. Ingberman), Officer Dillon remains disabled for full unrestrictive police duties.

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO CONTINUE THE DISABILITY BENEFITS OF OFFICER MARK DILLION SUBJECT TO FURTHER EVALUATION. The motion carried unanimously.

NEW BUSINESS

A. Approval of annual COLA increases

Mr. Reimer explained that that the Illinois Department of Insurance requires that the Board, on an annual basis puts into the minutes that the Board is awarding statutory cost of living increases and the amounts for all pensioners that are 55 years old or older.

MR HENDERSON MOVED, SECONDED BY MR. SCHENKEL TO APPROVE STATATORY COST OF LIVING INCREASES FOR THE ARLINGTON HEIGHTS POLICE PENSION FUND PENSIONERS WHO ARE 55 YEARS OLD OR OLDER. See attached. The motion carried unanimously.

B. Semi-annual review of closed executive session minutes.

Mr. Whowell stated that there were no closed executive session minutes in 2014. Mr. Reimer stated that there were executive session minutes from March 15, in 2012 which he recommended be made public.

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG, TO MAKE PUBLIC THE EXECUTIVE SESSION TRANSCRIPTS OF OFFICER MARK DILLION'S DISABILITY HEARING HELD ON MARCH 15, 2012 BASED UPON A FINDING THAT IT NO LONGER NEEDS TO REMAIN CONFIDENTIAL. The motion carried unanimously.

C. Annual verifications of eligibility for beneficiaries

Mr. Whowell stated the annual verifications notifications were mailed last week and that they are due back by February 15, 2015 in order to avoid suspension of their pension benefits.

D. Death – Surviving spouse, Geraldine L. Buckholz, November 21, 2014

Mr. Whowell stated that surviving spouse, Geraldine L. Buckholz passed away on November 21, 2014 saying that because pension payments go out on the 25th of the month, there was an overpayment in the amount of $552.51. He explained that notice was given to her son.

MR. SCHENKEL MOVED, SECONDED BY MR. MCCLUNG TO TERMINATE THE SURVIVING SPOUSE PENSION OF GERALDINE L. BUCKHOLZ FOLLOWING HER DEATH ON NOVEMBER 21, 2014 LEAVING NO DEPENDENT CHILDREN. The motion carried unanimously.

E. New Hire – Officer Jeffrey Fontana, 12/01/14 (Tier II Participant)

MR. WHOWELL MOVED, SECONDED BY MR. HENDERSON TO APPROVE OFFICER JEFFREY FONTANA'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE DECEMBER 1, 2014. The motion carried unanimously.

F. New Hire – Officer Taryn Gunbar, 12/19/14 (Tier II Participant)

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG TO APPROVE OFFICER TARYN GOMBAR'S ENROLLMENT INTO THE ARLINGTON HEIGHTS POLICE PENSION FUND AS A TIER II PARTICIPANT EFFECTIVE DECEMBER 19, 2014. The motion carried unanimously

G. Review/update any applicable contracts with vendors (accountants, actuaries, attorneys, investment manager/advisors or consultants)

Mr. Reimer said that there is a sunset clause on consultant agreements that require a request for proposal (RFP) be done every five years and said that Statute says that it has to be a competitive bid of two or more. Mr. Reimer went on to explain that with any contracts the Board enters into after January 1, 2015, the vendor has to disclose minority ownership. The Board stated that they want RFP's be sent out for what they are obligated to do. The Board then asked Mr. Reimer to prepare the RFP and cover letter for consultant services.

H. Obtain predatory lending certification forms form Illinois regulated banks

Mr. Reimer explained that once a year, public funds in Illinois must obtain what is called predatory lending certificates, which is a certificate from an Illinois financial institution that certifies that they do not engage in predatory lending as prohibited by Illinois Statute. He went on to say that it does not apply to mutual funds, or any bank that is federally chartered. The Board said this is not applicable to them.

I. 2015 IPPFA Training Conferences

MR. WHOWELL MOVED SECONDED BY MR. MCCLUNG, TO APPROVE ALL EXPENDITURES FOR THE BOARD MEMBERS WHO CHOOSE TO ATTEND THE 2015 ILLINOIS IPPFA PENSION CONFERENCE BEING HELD MAY 5TH THORUGH MAY 8th, 2015. Roll call was taken. The motion carried unanimously.

ADJOURNMENT

There being no further business to discuss:

MR. WHOWELL MOVED, SECONDED BY MR. MCCLUNG, TO ADJOURN THE MEETING AT 7:10 PM.

SUBMITTED BY: ______________________________
Michael Schenkel, Secretary

APPROVED BY: ______________________________
Andrew Whowell, President