Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Police Department Mulder Room
200 W Sigwalt, AH 60005
April 20, 2022
5:30 PM

I. CALL TO ORDER

II. ROLL CALL

A. Public Comments

III. APPROVAL OF MINUTES

A. Approval of Special Meeting Minutes - November 10, 2021

B. January 26, 2022

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 examinations of disabled Officers Mark Dillon and Nicole Grelecki

C. Duty Disability - Approval of final Decision and Order

Nancy Hundreiser - May 26, 2021

D. Retirement - Approval of final Decision and Order Victor Chirio - November 4, 2021
E. 2022 IPPFA Illinois Pension Conference April 27-29, East Peoria
F. Updates regarding IPOPIF

IX. NEW BUSINESS

A. Annual filing of economic interest for each trustee
B. Authorize preparation of DOI Report
C. New Hire - Zaid Mohammed Tier II Participant 3/21/22
D. New Hire - Vince Garcia Tier II Participant 3/21/22
E. New Hire - Jason Kleinpaste Tier II Participant 4/11/22

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 Rosangela Maldonado, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, rmaldonado@vah.com or (847)368-5791.

Board of Trustees of the Police Pension Fund
4/20/2022

Item: minutes

Department: Police

Approval of Special Meeting Minutes - November 10, 2021

ATTACHMENTS:

Description	**Type**
minutes	Minutes

MINUTES OF THE SPECIAL MEETING OF THE
ARLINGTON HEIGHTS POLICE PENSION FUND BOARD OF TRUSTEES
POLICE DEPARTMENT COMMUNITY ROOM
200 W. SIGWALT STREET
WEDNESDAY, NOVEMBER 10, 2021

DRAFT

President Pete Milutinovic 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
Board Members Absent:	Harry Malone, Trustee

NEW BUSINESS

A. Approval of Actuarial Valuation

Mr. Milutinovic advised that all members of the Board received copies of the 2021 Village of Arlington Heights Police Pension Fund Actuarial Valuation. Mr. Milutinovic asked if anyone wished to ask a question or comment on this item, which no one responded.

Mr. Henderson moved, seconded by Mr. Falk, to accept the Actuarial Evaluation prepared by MWM Consulting Group for the Village of Arlington Heights Police Pension Fund. A Roll Call Vote was taken. The motion passed unanimously.

B. Approval of Municipal Compliance Report

Mr. Milutinovic advised that all members of the Board received copies of the Village Compliance Report prepared by the Village of Arlington Heights Finance Director. Mr. Milutinovic asked if anyone wished to ask a question or comment on this item. Mr. Schenkel commented that this report was signed back in July, which Mr. Henderson advised that this is a certification, which was sent to him for review. Mr. Henderson stated that this has happened in the past, where on the pie chart there is not an equal representation, which he believes is a function of the charting software.

Mr. Henderson moved, seconded by Mr. Schenkel, to accept the Municipal Compliance Report. A Roll Call Vote was taken. The motion passed unanimously.

C. Illinois Police Officers' Pension Investment Fund Board Administrative Rule

Mr. Milutinovic advised that the Board recently received a document titled Illinois Police Officers' Pension Investment Fund Board Administrative Rule, which states that IPOPIF (Illinois Police Officers' Pension Investment Fund), the name of the new Consolidated Fund that's being formed, member agencies are entitled to have two authorized representatives. Mr. Karlson entered the meeting via teleconference and advised the Board that they can table this item to the meeting in January, where it can be further discussed. Mr. Milutinovic stated that this item will be tabled to the next Regular Board Meeting in January.

ADJOURNMENT

Mr. Schenkel moved, seconded by Mr. Falk to adjourn the meeting at 5:38 PM. The motion passed unanimously.

Board of Trustees of the Police Pension Fund
4/20/2022

Item: minutes

Department: Police

January 26, 2022

ATTACHMENTS:

Description	Type
minutes	Minutes

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 26, 2022
DRAFT

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:	Wells Frice, Portfolio Manager and Research Analyst, Great Lakes Advisors, Keith Karlson, Pension Board Attorney, Mary Ellen Juarez, Assistant Director, Finance, Kim Peterson, Recording Secretary

PUBLIC COMMENTS

Melissa Cayer asked about the balances of the fidelity accounts and how will those loses be made up. Mr. Henderson advised that to the best of his knowledge they have one fidelity account and he does not know what the balance is, as the Investment Consultant was not in attendance at the meeting, however he will make attempts to get it.

Keith Moens asked how property taxes are collected and if the money goes directly to the pension fund, which Ms. Juarez advised that the money actually comes to the Village and the Village levies it and then disperses it. If the Village doesn't get enough property taxes in to cover the pensions, then the Village makes up the variance.

Keith Karlson, Board Attorney arrived at 5:35 p.m.

APPROVAL OF MINUTES

Mr. Falk moved, seconded by Mr. Schenkel, to approve the minutes of the regular meeting held on October 27, 2021. The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Ms. Juarez presented the Police Pension Fund Financial Report for the period ending December 31, 2021, and stated that the Fund has an ending balance of $185,710,000. Ms. Juarez discussed the Projected Cash Flow charts and advised that the 2021 chart indicates the transfer of $2.5 million in December, which left an ending cash balance of $3.1 million, and the 2022 chart, which indicated a suggested transfer of $4 million in April, as Ms. Juarez believes the assets could be turned over to the State in May or June and this would provide a good cushion to make it through most of the year. Ms. Juarez also suggested a test of a transfer in the Fall of 2022 should be done to get an idea of the time it takes to arrive in the State Fund. Ms. Juarez advised that each year there is usually a transfer of $4 - $5 million to cover the pension payments.

Mr. Malone asked if this transfer is something that should be dealt with now or could it wait until the April meeting. Mr. Karlson advised that he doesn't think the Board needs a cash management policy right now, at least not before April.

Mr. Henderson moved, seconded by Mr. Schenkel, to accept the Treasurer's Report. The motion passed unanimously.

B. Approval of the Check Register

Mr. Henderson moved, seconded by Mr. Falk to approve checks #661 through 671, and the invoice for Kim Peterson for secretarial services. Roll call was taken. The motion passed unanimously.

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. Henderson advised that Mr. Wall would not be attending tonight's meeting, as he has a personal issue to attend to, therefore there will not be a Quarterly Investment Report. However, Wells Frice, Portfolio Manager, with Great Lakes Advisors is in attendance to review the Large Cap Value Investment Fund. Mr. Frice advised that Value has been underperforming Growth, although he feels this is likely to change, as there is higher inflation, higher real interest rates and signs of excessiveness in Growth/Momentum sectors' valuations. Mr. Frice explained how Proctor and Gamble is 44% overvalued, although there is big gap between expectations and likely outcome.

Mr. Frice provided a review of the general portfolio in the final quarter of 2021 and discussed the areas where it did well and where it didn't do well. Mr. Frice advised that in the fourth quarter the portfolio was behind the index by a little less than 1.4% and technology and health care did really well, but industrials and consumer staples didn't do so well.

Mr. Frice advised the portfolio began last year with $20,463,400 and ended the year with $25,229,660, which is a nice positive return for the year. The current yield for the portfolio is 1.9%. As of last night, the portfolio was valued at $25,032,000, which is down a little bit. Mr. Frice explained how during the last three months, the account generated a return, after fees, of 6.65 and the index was 7.77. Last year, the account generated a return of 23.33 and the index was up 25.16. In summary, Mr. Frice stated that there were positive returns for the 2021 calendar year and positive returns so far this year. Mr. Frice also provided an update on his firm.

Mr. Henderson moved, seconded by Mr. Falk, to accept the Investment Advisor Report. Roll Call was taken. The motion passed unanimously.

OLD BUSINESS

A. Status – Department of Insurance (DOI) Report

Mr. Henderson advised that no action will be taken on this item tonight.

B. Sergeant Adam Plawer change of status from Tier 2 to Tier 1 due to buyback of credible military service.

Mr. Karlson advised that Sergeant Plawer is not a Tier 1, as you have to start working as a Police Officer. In order to be a Tier 1, you had to have been hired before January 1, 2011 as a Police Officer. Buying military time does not make you a Tier 1. Sergeant Plawer can request a hearing if he would like to.

NEW BUSINESS

A. Transfer request of pension fund assets to the Illinois Police Officers' Pension Investment Fund

Mr. Karlson advised the Department of Insurance has agreed to a stay of enforcement against all plaintiff pension funds, therefore there will be no enforcement action taken against the Arlington Heights Police Pension Fund for failure to transfer assets. Mr. Karlson stated that before any money can move, all of the Fund's assets have to be audited and then a certified asset list has to be received. Once the certified asset list is put together and published, trading on the account is no longer allowed, although the Fund remains fiduciary liable for the assets. In addition, IPOPIF has not passed their own rules related to cash management, therefore it is unknown how money will move to and from them. Mr. Karlson stated that there is no action needed on IPOPIF at tonight's meeting and the Board will most likely not have to deal with this issue until April, unless there is a ruling from the court.

Mr. Henderson asked what a stay of enforcement means, which Mr. Karlson advised that it basically means the DOI is not going to penalize anyone for not moving their money right now. Mr. Henderson asked if the Board needs to direct the Finance Department to take no action right now, which Mr. Karlson advised that the Board can make a motion indicating this.

Mr. Falk moved, seconded by Mr. Schenkel, to direct the Village of Arlington Heights Finance Department to take no action on behalf of this Fund until directed to do otherwise in regards to consolidation and IPOPIF. The motion passed unanimously.

,

B. Reallocation of Investments

Mr. Henderson advised that on December 27, 2021, funds were reallocated to comply with the statutory guidelines, in regards to assets.

C. Approval of Annual COLA increases

Mr. Schenkel moved, seconded by Mr. Milutinovic to approve the statutory annual cost of living increases for all pensioners. Roll Call vote was taken. The motion passed unanimously.

D. Semi-Annual Review of Closed Executive Session meetings

Mr. Henderson advised that no action is needed on this item tonight:

E. Review/Update contract with vendors

Mr. Henderson advised that no action is needed on this item tonight.

F. Annual Verifications for eligibility of pension beneficiaries

Mr. Henderson advised that the letters are coming in and efforts will be made to reach out to those who have yet to return them.

G. Schedule annual examinations for Disabled Police Officers

Mr. Karlson asked who is currently under 50, which Mr. Henderson advised Dillon and Brown.

Mr. Malone moved, seconded by Mr. Falk to direct Mr. Karlson to send the above listed individuals for their exams. The motion passed unanimously.

H. 2022 Election of beneficiary and active Trustees. If necessary request for reappointment of Trustees

Mr. Henderson asked about his retirement and the fact that he is an active Trustee. Mr. Karlson advised he can finish his term, however if he chooses to leave, there will need to be an election. Mr. Henderson's term would expire in April of 2023.

I. Retirement – Decision and Order, Commander Thomas Henderson

Mr. Karlson advised that Mr. Henderson is not participating in this agenda item. Mr. Karlson advised that Mr. Henderson's annual retirement pension is $114,348.00, with a monthly benefit of $9,529.00.

Mr. Milutinovic moved, seconded by Mr. Schenkel, to approve the retirement benefit as stated and presented. Roll call was taken. Mr. Henderson abstained. The motion passed unanimously.

Mr. Henderson was hand delivered a copy of his Decision and Order and has waived service by mail.

J. Retirement – Decision and Order, Officer Victor Chirio

Mr. Milutinovic advised that Officer Chirio was previously a Police Officer with Wheeling and retired from there with 25 years of credible service. Officer Chirio was hired by the Arlington Heights Police Department three years ago as a Tier 1. Mr. Karlson advised that Officer Chirio has three years of service which yields a pensionable percentage from this Fund of 7.5%. His annual benefit will be $8,145.98, with a monthly benefit of $678.83. Mr. Karlson asked to have this item placed on April's agenda, as he would like to re-write this Decision and Order.

K. New Hire – Jeremy Klimasara, 11-01-21, Tier II Participant

L. New Hire – Sean O'Brien, 01-20-22, Tier I Participant

Mr. Schenkel moved, seconded by Mr. Falk, to accept Officer Klimasara and Officer O'Brien into the Arlington Heights Police Pension Fund. The motion passed unanimously.

OTHER BUSINESS

None.

ADJOURNMENT

Mr. Schenkel moved, seconded by Mr. Milutinovic to adjourn the meeting at 6:20 PM. The motion passed unanimously.