Agenda
Village of Arlington Heights
Board of Trustees of the Firefighters Pension Fund
Fire Station #2, Conference Room

January 28, 2019
9:00 AM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. November 5, 2018 Meeting

IV. PUBLIC COMMENTS

V. CLOSED SESSION

VI. TREASURER'S REPORT

VII. PAYMENT OF BILLS

VIII. REPORTS

A. Report from Fund Consultant - Marquette Associates

IX. OLD BUSINESS

A. Investment Advisor Search 2019 - Update

X. NEW BUSINESS

A. Closed Executive Sessions - Release of Minutes
B. Annual Medical Evaluation Retired Firefighters Disabled Under Age 50 - Heidi Arndorfer and Gregory O'Rourke
C. Cash Flow for Funding of Pension Payments
D. Death of Marilyn Whetstone, widow of FF Thomas Whetstone - Cessation of Benefits

XI. OTHER BUSINESS

XII. ADJOURNMENT

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Item: minutes

Department: fire

November 5, 2018 Meeting

ATTACHMENTS:

Description	**Type**
November 5, 2018 Meeting	Minutes

ARLINGTON HEIGHTS
FIREFIGHTERS' PENSION BOARD

Minutes of the Regular Meeting held on November 5, 2018

Arlington Heights Fire Department Administrative Headquarters
1150 No. Arlington Heights Road – Arlington Heights IL 60004

Members in Attendance:	Doug Ruhnke Kenneth Koeppen Tom Kuehne Kert Evans Mark Aleckson
Others in Attendance:	Andrew Larson, Acting Fire Chief Cary Collins, Pension Board Attorney Steve Calcaterra, Attorney (Collins & Radja) Michael Spychalski , Marquette Associates Melissa Cayer, Pubic Observer

CALL TO ORDER

Doug Ruhnke called the meeting to order at 9:05 AM. Roll was called with board members Doug Ruhnke, Ken Koeppen, Tom Kuehne, Kert Evans and Mark Aleckson present.

Also present were Andrew Larson, Acting Fire Chief: Cary Collins, Pension Board Attorney; Steve Calcaterra of Collins & Radja Law Firm; Michael Spychalski representing Marquette Associates; and Melissa Cayer, public observer.

APPROVAL OF MINUTES

The minutes from the last regular meeting held on August 6, 2018 were reviewed.

A motion was made and seconded (T. Kuehne/K. Evans) to approve the minutes from the August 6 regular meeting. All voted in favor, motion carried.

PUBLIC COMMENTS

No comments.

TREASURER'S REPORT / DISBURSEMENTS

Tom Kuehne distributed the monthly financial report as of September 30, 2018. We are right on target at 75% for the fiscal year in both expenditures and revenue.

He next reviewed the Check Register, asking for approval of check #616 (JV 315) through check #621 (JV 354).

Motion was made and seconded (K. Evans/K. Koeppen) to approve check 616 (Journal Voucher 315) through check 621 (Journal Voucher 354).

Roll was called.
Ayes: D. Ruhnke, K. Koeppen, T. Kuehne, K. Evans and M. Aleckson
Nays: None
Ayes – 5; Nays -0.
Motion carried.

Tom distributed the proposed budget for the **2019 Fire Pension Fund**, which is also included in the Village Board budget. Performance measures are on the front page. Our funded ratio has increased due to some good interest running years and we are up to 72% for 2017.

Next page shows the Revenue side has outperformed during last couple of years. A few pages over, we have the Expense side, of which the greatest part is pension payments. We include 3 additional retirees as anticipated during the year, thus showing an increase in pension expense. The rest of the numbers are consistent from year to year.

A motion was made and seconded (K. Koeppen/K. Evans) to approve the proposed 2019 Fire Pension Fund budget.

Roll was called.
Ayes: D. Ruhnke, K. Koeppen, T. Kuehne, K. Evans and M. Aleckson
Nays: None
Ayes – 5; Nays -0
Motion carried.

REPORTS

Marquette Associates

Mike Spychalski distributed the Executive Summary as of September 30, 2018. Some highlights:

Page 2 - Total Fund Composite shows market value of the fund at $112.2 million with a breakdown as follows: Fixed Income $37.4; U.S. Equity $36.8; International Equity $23.8; Real Estate $14.2; and Cash at $18,084.

The month of October was a concern to the overall market. It was a rough month, bringing the fund down about 4% to 4.5% due to sell-offs in both bonds and stocks. Mike believes close to 95% of the stocks have experienced a sell-off. There is some talk of a possible recession due to market fluctuations and the world economic situation being unsteady.

Mike next addressed the fact that the Department of Insurance requires 35% of the portfolio be invested in Fixed Income and/or cash. Based on that, he recommends we consider some possible future rebalancing, specifically from U.S. Equities which is currently slightly undervalued. Tom Kuehne noted that the Police Pension Board also recently approved a possible future rebalancing, only if needed.

Motion was made and seconded (T. Kuehne/K. Koeppen) to allow a rebalancing of the Fixed Income account to meet the required 35% target, if needed.

Roll was called.
Ayes: D. Ruhnke, K. Koeppen, T. Kuehne, K. Evans and M. Aleckson
Nays: None
Ayes – 5; Nays -0
Motion carried.

Mike had another item to bring to the attention of the Board. He distributed a Marquette letter regarding the ownership change of Oppenheimer, from a Mass Mutual subsidiary to an Invesco subsidiary. As of now, it's not overly concerning and the deal is expected to close in 2Q, 2019. However, when there's an investment ownership change it triggers a cautionary notice for Marquette. They will routinely review for any personnel departures or difficulty integrating the organization, etc. As of now, Mike recommends we put Oppenheimer on "alert" and reevaluate in twelve months.

Motion was made and seconded (T. Kuehne/K. Koeppen) to place Oppenheimer on a watch list. All voted in favor, motion carried.

Melissa Cayer (public observer) had a request that Marquette include the stock market ticker symbol to identify the security. Mike said several clients prefer to see that and it's is not a problem. He will include the ticker symbol going forward.

After his presentation, Mike left the meeting.

OLD BUSINESS

- Investment Advisor Search

  Attorney Collins indicated three investment firms responded to City of Elgin's request for proposal (RFP), namely Marquette, Midwest Bank, and NEC. Both Elgin pension boards (police and fire) are very satisfied with Marquette's performance. Cary did speak to representatives of both Midwest Bank and NEC regarding their higher fees, which are a result of a different method of calculation and fund management.

  Cary asked whether the Board would like a similar RFP sent out to various investment firms, although it is very time consuming and costly to do so. He has the RFP results from both the Elgin and Highland Park search. Otherwise, we can use the current Elgin RFP results as a guide for our own decision.

  After some discussion, Doug recommended we wait until the January meeting since our search is not required until mid-2019. Board agreed we should wait until January, allowing time to review the Elgin RFP search results. We will add this topic to the January meeting agenda, at which time a decision can be determined.

NEW BSINESS

- Application for Retirement Pension – Fire Chief Kenneth Koeppen
  The Board reviewed the application and pension calculation sheet for retiring Fire Chief Ken Koeppen. He will receive an annual pension of $114,873 or a monthly pension of $9,572.75 starting November 25, 2018.

  Motion was made and seconded (T. Kuehne/K. Evans) to approve Fire Chief Kenneth Koeppen a monthly pension of $9,572.75 as of November 25, 2018.

  Roll was called.
  Ayes: D. Ruhnke, K. Koeppen, T. Kuehne, K. Evans and M. Aleckson
  Nays: None
  Ayes – 5; Nays -0
  Motion carried.

- Application for Membership – FF Walter Prestel and FF Matthew Sigler
  All required documents have been signed and submitted by FF Prestel and FF Sigler, both newly hired employees as of August 13, 2018 (Tier II level).

  Motions were made and seconded (K. Evans/K. Koeppen) to accept both FF Walter Prestel and FF Matt Sigler as members of the Firefighters Pension Fund.
  All in favor, motion carried.

OTHER BUSINESS

- Administrative Services by Laura Potts – The last increase Laura Potts received was August 2015. She currently receives $33/hour. A motion was made and seconded (D. Ruhnke/K. Koeppen) to increase her hourly rate to $37/hour.

  Roll was called.
  Ayes: D. Ruhnke, K. Koeppen, T. Kuehne, K. Evans and M. Aleckson
  Nays: None
  Ayes – 5; Nays -0
  Motion carried.

ADJOURNMENT
As there was no other business to present before the Board, the motion was made and seconded (K. Koeppen/K. Evans) to adjourn the meeting.

Meeting adjourned at 10:00 AM.

NEXT MEETING – Scheduled for Monday, January 28, 2019 at 9:00 AM

Respectfully submitted,

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Laura Potts
Recording Secretary

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Kert Evans
Board Secretary