Agenda
Village of Arlington Heights
Board of Trustees of the Police Pension Fund
Commissions Room
Village Hall
January 24, 2018
5:30 PM

I. CALL TO ORDER

A. Public Comments

II. ROLL CALL

III. APPROVAL OF MINUTES

A. October 25, 2017 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. Status and Verification of Completed DOI Annual Report
B. McEvoy Disability Hearing - Status (Decision and Order)
C. Refund Status - Officer Steven Cortese
D. Status - Adoption of Municipal Compliance Report

IX. NEW BUSINESS

A. Approval of Annual COLA Increases
B. Semi-Annual Review of Closed Executive Session Minutes
C. Request for Reappointment of Appointed Trustee Harry Malone
D. Annual Examination for Mark Dillon
E. Annual Examination for Jinhong Kim
F. Annual Examination for Nicole Grelecki
G. Annual Verification's of Eligibility for Beneficiaries
H. Review/Update Contracts with Vendors
I. Obtain Predatory Lending Certification forms from Illinois Regulated Banks
J. Status - Reallocation of Investments, Dave Wall
K. IPPFA Annual Training Conference May 1 – 4, East Peoria, IL
L. Retirement - Deputy Chief Miguel Hernandez
M. Retirement - Commander Richard Boyle

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: October 25, 2017 Minutes

Department: Finance

October 25, 2017 Minutes

ATTACHMENTS:

Description	Type
October 25, 2017 Minutes	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, OCTOBER 25, 2017

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

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

Also Present: Tom Kuehne, Village Treasurer | David Wall, Wall & Associates
Rick Reimer, Pension Board Attorney | Andy Petoce & Tim Bowen, Mesirow Financial

PUBLIC COMMENTS
There were no public comments.

APPROVAL OF MINUTES
Mr. Henderson corrected the address of the July 26th Pension Board meeting which was held at Village Hall in the Commissions Room
MR. SCHENKEL MOVED SECONDED BY MR. HENDERSON TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD ON JULY 26, 2017 AS AMENDED. The motion passed unanimously.

TREASURER'S REPORT

A. Report from the Village Treasurer

Mr. Kuehne passed out and gave a brief overview of the Police Pension Fund Financial Report for period ending September 30, 2017 saying we that with being 75% through the year, the fund's revenues are doing very well, and that the expenditures are coming it at budget.

B. Approval of Check Register

MR. HENDERSON MOVED, SECONDED BY MR. MALONE TO APPROVE THE PAYMENT OF CHECKS #535-#537. Roll call was taken. The motion passed unanimously.

C. Proposed 2018 Police Pension Fund Budget

Mr. Kuehne also passed out the proposed Police Pension Fund budget for 2018, giving a brief overview and explaining that it was done with a conservative approach. He noted that on the expenditure side, the estimated service pensions were increased by 630,000.

MR. MALONE MOVED, SECONDED BY MR. MCCLUNG TO ACCEPT THE PROPOSED 2018 POLICE PENSION FUND BUDGET AS PRESENTED BY MR. KUEHNE. Roll call was taken. The motion passed unanimously.

PAYMENT OF BILLS
There were no additional bills to pay.

REPORTS

Quarterly Investment Report – Wall and Associates

Mr. Wall presented the third quarter investment report saying that the fund is having a spectacular year. He said that the portfolio has about 6% in cash, 65% in equities, and 29% in investment grade corporate bonds. Mr. Wall stated that the plan gained about $4.2 million this quarter and finished with about $127 million, with a rate of return of about 3.5% for the quarter. He went on to say that on a year-to-date basis the plan is up 10.5%% and the five-year at about 8% net of all fees. Mr. Wall continued by giving an overview of the rest of investment portfolio.

Mr. Wall stated that on a longer term basis, the Boston Group is lagging the growth index by about 2% relative to the S & P Index. He felt that it has been a while and felt that they should be invited to a future Board meeting for discussions.

Mr. Wall reminded the Board that at the last meeting he stated that the Prudential Group currently has a 9 point expense ratio and that he would call them to see if they would reduce their fee. He said they would not. He also reminded the Board that the Vanguard 500 share class has a 4 point expense ratio and asked the Board if they wanted to make a change. He added that if they chose to, he would try to coordinate the change so that they are not out of the market and have the Vanguard Fund bought the same day if possible. Discussion continued regarding costs of changing. Mr. Wall stated that he will check the share class, saying that thought there may be one with a little lower expense.

MR. HENDERSON MOVED, SECONDED BY MR. MCCLUNG TO AUTHORIZE MR. WALL TO SET UP A NEW SCHWAB ACCOUNT FOR THE PURPOSE OF PURCHASING THE VANDGUARD S & P 500 INDEX FUND, SELL ALL SHARES OF THE PRUDENTIAL PRIDEX PRODUCT, AND TO BUY VANGUARD S & P 500 INDEX FUND AT THE CHEAPEST SHARE CLASS THE FUND QUALIFIES FOR. Roll call was taken. The motion passed unanimously.

Mr. Wall said he provided Mr. Malone with information regarding real estate investments, and asked the Board if they would entertain hearing a presentation from a representative about investing in brick and mortar real estate as part of their equity portfolio. The Board agreed that they were not interested at this time.

OLD BUSINESS

A. 2017 IPPFA Conference, October 2-5 In St. Louis

B. Trustee Petar Milutinovic is scheduled to attend Trustee Certification Oct. 30th – Nov. 2nd

Mr. Milutinovic is scheduled to start his trustee certification.

C. Separation Refund Request – Officer Steven Cortese

Mr. Henderson stated that there was disagreement on what Officer Cortese was due because he brought portability time over from Hanover Park. He went on to say that he accepted the numbers that were provided by the Finance Department.

D. Purchase of Service Time – Officer Petar Milutinovic
(New Anniversary Date – November 22, 1999)

Mr. Henderson stated Officer Milutinovic purchased service time from the Chicago Police Department and said for the record that his new anniversary date for the Arlington Heights Police Pension Fund will be November 22, 1999 and will be noted in his file.

NEW BUSINESS

A. Adoption of Municipal Compliance Report and Forward to Municipality

Mr. Reimer stated that Mr. Kuehne is working on the Municipal Compliance Report.

B. Deadline for filing of the DOI Annual Report or Potential Extension (October 31, 2017)

Mr. Henderson stated that the DOI Annual Report was late, but was done by Jim Obog in the Finance Department. Mr. Reimer stated that the Board's Treasurer, President and Secretary should have been signed and uploaded to the DOI and asked if that was done. Mr. Henderson stated he did not know if that was done. Mr. Henderson said he will talk with Mr. Obog to see if it was done.

MR. HENDERSON MOVED, SECONDED BY MR. MCCLUNG TO AUTHORIZE THE PRESIDENT, SECRETARY, AND TREASURER OF THE ARLINGTON HEIGHTS POLICE PENSION FUND TO SIGN THE CERTIFICATION ONCE THE DOI ANNUAL REPORT IS COMPLETED. The motion passed unanimously.

C. Schedule Next Calendar Year (2018) Quarterly Meeting Dates/Times

The Police Pension Board's Meeting dates presented for 2018 beginning at 5:30 PM are as follows:

Wednesday, January 24th
Wednesday, April 25th
Wednesday, July 25th
Wednesday, October 24th

MR. HENDERSON MOVED SECONDED BY MR. MALONE TO APPROVE THE ARLINGTON HEIGHTS POLICE PENSION BOARD'S QUARTERLY MEETING DATE AND TIME SCHEDULE FOR 2018. The motion passed unanimously.

D. Refund of Contributions Request – Officer Justin Boisvert

Mr. Henderson stated that Officer Boisvert is a tier II participant who left the department to go to the National Security Agency and took his refund of contributions, and said he did about 15 months of service and is not vested.

MR. HENDERSON MOVED, SECONDED BY MR. MCCLUNG TO AUTHORIZE A REFUND OF OFFICER JUSTEN BOISVERT'S CONTRIBUTIONS DETERMINED BY THE FINANCE DEPARTMENT TO THE PENSION FUND Roll call was taken. The motion passed unanimously.

E. Renewal of the Arlington Heights Police Pension Fund Liability Insurance – Mesirow Insurance Services

Mr. Tim Bowen stated that the Fund's Fiduciary Liability Insurance policy is up for renewal. He said it is a 3 million dollar policy without a deducible, and the renewal went up $11.00 without any changes or additional exclusions. He stated he wanted to obtain formal authorization from the Board to renew the policy as summarized in the document he presented and gave an overview on. He went on to present information about additional Cyber Liability Insurance Policy that is available if the Board wishes to buy it. Discussion took place and the Board decided against the additional policy.

MR. SCHENKEL MOVED, SECONDED BY MR. HENDERSON TO APPROVE THE RENEWAL OF THE ARLINGTON HEIGHTS POLICE PENSION FUND'S FIDUCAIRY INSURANCE POLICY WITH MESIROW FINANCIAL. Roll call was taken. The motion passed unanimously.

OTHER BUSINESS

The Board discussed and agreed to schedule a duty disability hearing on Friday, November 17th at 9:00 AM in the Commissions Room for Officer Michael McEvoy. An alternate date would be Friday, December 1, 2017 at 9:00 AM if November 17th date does not work.

Mr. Reimer told the Board that Officer Dillion did not go to his annual exam that was scheduled in February, saying that he called to cancel it and added that he has not been evaluated since March of 2016. Mr. Reimer said he will try to contact him and asked the Board for his current address. Mr. Reimer then asked that his annual exam be put on the agenda for January 2018, along with exams for Officer's Kim, Gerlecki, and Dillion.

ADJOURNMENT

There being no further business to discuss:

MR. SCHENKEL MOVED, SECOND BY MR. MALONE TO ADJOURN THE MEETING AT 7:10 PM. The motion passed unanimously.

SUBMITTED BY: ______________________________

Michael Schenkel, Secretary

APPROVED BY: ______________________________

Tom Henderson, President