

Pension Board Meeting Minutes

CARPENTERSVILLE POLICE PENSION QUARTERLY BOARD MEETING

January 18th, 2022

10:30 am

Police Conference Room

Roll Call

Jason Nilles, Scott Adams, Carl Sebastian, Jennifer Merrit and Kevin Stankowitz were present.

In Attendance

Bill Yocius from Shields Capital (Board consultant), Amy Cramer from Segall, Bryant & Hamill (SBH), John Mitchell from Mitchell, Vaught & Taylor (MVT), Richard Reimer (Attorney) and Derek Flessner (Lauterback and Amen).

Approval of Minutes

- Carl Sebastian made motion to approval of minutes from October 19th, 2021 minutes and Scott Adams second. No discussion. A roll call vote was taken: Jason - yes, Carl- yes, Kevin- yes, Scott- yes, Jennifer-yes Motion Carries

Public Discussion

None.

Approval of Bills- 4th Quarter

Village of Carpentersville Insurance-\$34,413.87
Lauterbach & Amen Accounting and benefits-\$2,360.00
IRS - 4th Quarter-\$106,040.33
INSPE Associates, LTD-\$4,800.00
Integrated Advisors Network, LLC-\$9,363.80
IPPFA- \$1,895.00
Total Paid - 4th Quarter- \$158,873.00

- Scott Adams motioned to approve the 4th Quarter bill list, Jason Nilles 2nd. Discussion: None. A roll call vote was taken: Jason - yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.

Old Business

None.

New Business

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- Jennifer Merrit was appointed as the fifth member on the Pension Board and introduced.
- **Investment Reports** – Amy Cramer from Segall, Bryant & Hamill shared report ending 12/31/2021. Portfolio value is at an all-time high with \$28,497,113. Equity for account is 97.6% with \$27,805,297 and cash is 2.4% with \$691,816. Incremental buys and sells were done throughout the quarter. A lot of focus was put onto environmental and government friendly companies. Consumer discretionary was positioned for Covid. As of 12/31/2021, Equity is at 31.2% and with S&P at 28.7% and Russell 300- at 25.7%. They continue to keep a close eye on interest rates, fed discussions, unemployment and inflation. There may be some repositioning in the first quarter.
- **Investment Reports** - Judy Macnab from Mitchell, Vaught & Taylor shares report-from MVT shares report for fourth quarter. Beginning Value: \$22,029,889 with contributions and withdraws of \$220,651, a net gain of \$167,271 and ending value of \$21,641,967. The total fund is down 0.76% (\$167,271) and the target is down 0.59% (129,976). The feds surprised the markets in January when they released their meeting minutes and indicated that interest rate will change and will affect the bonds. It is unsure if the trend will continue for the quarter. The account has 1.1 million of cash. It is recommended to have 90 days of operating expenses on hand before the transfer to the state. They can set up regular cash dispenses each month but it will all have to be done electronically after the transfer of pensions. There are several lawsuits filed saying the new law is unconstitutional. There is a possibility that a restraining order might be filed to prevent any more movement of money. Hopefully the police transition will be smoother than the fire funds. They are moving cautiously. They are looking to extend the due date of the consolidation. Judy discussed the details of the consolidation meetings that she has been sitting in.
- **Investment Consultant's Report** – Bill Yocius from Shield Capital shared his report for the 4th quarter. He reports that there are interesting things happening on the interest rate side. SMP 500 had 68 closing highs for 2021. The second most ever in history. Social security had a 5.8% increase in payments which is a new high since 1982. Concerns include inflation at 5.9% and supply change issues will cause some problems. Employment situation is odd and doesn't seem to be recovering. 190 thousands jobs have been create which is less than anticipated. Child tax credit payments has stopped. Large amount of early retirements and have pulled themselves out of the work force. Supply change is a new high with off shore ships. Domestic is over the target at 61.8% with a target of 55% and international is below target at 4% with a target of 10%. The fund is over 65 million. The quarter beat the target and is up 5.43%. Overall, the fund beat their 6.75% target for the year with a 16.61%. Bill discussed the overall funds and managers. At the end of 2021the fund closes with an account return of 27.42%. Fixed income continues to be \$22,121,835.

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- **Accountant's Report** – Derek Flessner from Lauterbach & Amen shares report from L & A. 12/31/2021. **Assets:** Total Assets: \$64,766,685.02. Total cash and investments: \$64,665,404.56, Money Market Mutual Funds: \$1,739,028.05, Fixed Income: \$20,278,055.60, Stock Equities: \$28,709,786.86, Mutual Funds: \$13,919,449.56. **Additions:** Municipal Contributions \$2,652,210.16, Member Contributions: \$659,959.61, Net Investment Income \$9,214,805.50. Ending balance as of 12/31/2021 is \$64,764,210.02. Pension Benefits paid out \$3,687,402.86 with refunds of \$432,213.26. The fund has a change in position of \$8,354,740.81. The table on 4-1 of Cash Analysis Report is a good place to look when the board starts to discuss the amount they would like to keep of cash on hand during and after the consolidation.
- Commander John Galason retired on November 26, 2021 after 25 years of creditable service. His pensionable salary is \$131,607.56. His monthly payment is \$6,854.
- Kevin Stankowitz makes motion to accept John Galason's retirement. Seconds by Scott Adams. A roll call vote was taken: Jason – yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.
- Officer Bradley Van Horn retired on January 5, 2022 after 25 years of creditable service. His pensionable salary is \$107,426.96. His monthly payment is \$5,595.15.
- Kevin Stankowitz makes motion to accept Bradley Van Horn's retirement. Seconds by Jason Nilles. A roll call vote was taken: Jason – yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.
- Due to the finalization of the MAP 378 patrol contract, the following pensions were revised.
 - Officer James Marsolais retired on January 11 2020 after 30 years of creditable service. His revised monthly benefit payment is \$6,371,13.
 - Kevin Stankowitz makes motion to accept James Marsolais' revised monthly benefit payment. Seconds by Scott Adams. A roll call vote was taken: Jason – yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.
 - Officer Victor Lizotte retired on September 20, 2020 after 25 years of creditable service. His revised monthly benefit payment is \$5,309.28.
 - Kevin Stankowitz makes motion to accept Victor Lizotte's revised monthly benefit payment. Seconds by Jason Nilles. A roll call vote was taken: Jason – yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.
 - Officer Barb Rowley retired on March 30, 2021 after 28 years of creditable service. Her revised monthly benefit payment is \$6,049.38.
- Kevin Stankowitz makes motion to accept Barb Rowley's revised monthly benefit payment. Seconds by Scott Adams. A roll call vote was taken: Jason – yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.
- Jason Nilles completed the 16-hour trustee course.
- Scott Adams attended the IPPFA conference. He has been paid the \$450.00. Carl Sebastian has also attended the conference and payment will be issued for his reimbursement.

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- Charles Heintzleman has resigned as a Police Officer. His dates of employment were June 14, 2021 through October 22, 2021. Derek will send Kevin the form that Charles needs to fill out in order to get his refund of his contributions of \$2,557.75. This will be voted on at the April meeting.
- Kevin made motion to approve the Lauterbach & Amen letter of engagement for Annual Actuarial services. Second by Jason Nilles. A roll call vote was taken: Jason – yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.
- Kevin made motion to authorize statutory COLAs. Scott Adams seconds. A roll call vote was taken: Jason – yes, Carl-yes, Kevin- yes, Scott- yes, Jennifer-yes. Motion carries.
- Employment matters: Kevin and Jason discussed hiring someone to take over meeting agendas, minutes, and various other tasks. Derek discussed how their PSAs work and supplied the board with the information packets. The PSAs prepare a board meeting packet, agenda and meeting minutes. They prepare vendor payments. They keep records for trustee trainings. They assist with compliance audits and provide it to the state. They provide iPads with meeting documents at each meeting instead of paper copies. They provide an active member workshop for current members. They attend each meeting and handle role calls and voting. They take minutes. Derek discussed each of the other tasks that the PSA does. The PSA service comes with a portal service where members can log in and see all their documents. Rick explains how this service would work alongside the consolidation process. This service is able to be canceled down the road. Rick said to defer the employment change with the PSA because it wasn't specific on the agenda.
- Rick says that the board should have gotten a letter that their anticipated consolidation date is May 1st. He gives details regarding the lawsuits that are happening towards the state.

Other Business

- None.

Public Comment

- None

Executive Session

None

Adjournment

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- Next meeting is April 19th, 2022 at 10:30 am.
- A special meeting might need to happen to discuss consolidation, amount of cash on hand, and hiring L&A PSA.
- Jason made a motion to adjourn regular meeting. Carl Sebastian seconds. A roll call vote was taken: Jason - yes, Scott - yes, Kevin - yes, Carl- yes, Jennifer- yes, Kevin- yes