

Naperville Police Pension Fund



MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES OCTOBER 27, 2021

A regular meeting of the Naperville Police Pension Fund Board of Trustees was held on Wednesday, October 27, 2021 at 3:00 p.m. in the Community Room of the Naperville Police Department located at 1350 Aurora Avenue, Naperville Illinois 60540, pursuant to notice.

CALL TO ORDER: Trustee Black called the meeting to order at 3:00 p.m.

ROLL CALL:

PRESENT: Trustees Tim Black, Donald Bisch, Jason Zbrozek, Kenneth Hansen and James Haselhorst

ABSENT: None

ALSO PRESENT: Mike Piotrowski, Marquette Associates; A.J. Weber and Jennifer Flores, Lauterbach & Amen, LLP (L&A)

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MEETING MINUTES: *July 28, 2021 Regular Meeting:* The Board reviewed the July 28, 2021 regular meeting minutes. A motion was made by Trustee Black and seconded by Trustee Hansen to approve the July 28, 2021 regular meeting minutes as written. Motion carried unanimously by voice vote.

INVESTMENT REPORT – MARQUETTE ASSOCIATES, INC: *Executive Summary:* Mr. Piotrowski presented the Executive Summary for the period ending September 30, 2021 and discussed the market environment, investment manager status report, summary of investment changes, total fund composite and performance by investment managers. As of September 2021, the three-month total net return is (0.3%) versus the policy benchmark of (0.6%) for an ending market value of \$238,466,376. The twelve-month total net return is 18.4%. The current asset allocation is as follows: Fixed Income at 30.5%, U.S. Equity at 36.0%, Non-U.S. Equity at 17.5%, Real Estate at 9.3%, Global Tactical Composite at 5% and Cash at 1.8%.

Asset Allocation/Portfolio Rebalance: The Board discussed rebalancing the portfolio and asset allocations and determined no changes are required at this time.

Review/Approve – Lower Cost Share Classes for Vanguard Mutual Funds: The Board discussed the share class conversion of the Vanguard Mutual Funds into three lower cost share classes due to significant growth of the investment portfolio. A motion was made by Trustee Black and seconded by Trustee Bisch to approve the share class conversions as discussed. Motion carried unanimously by voice vote.

Review/Update Investment Policy: The Board discussed the Investment Policy and determined that no changes are required at this time.

ACCOUNTANT’S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report and Presentation and Approval of Bills:* The Board reviewed the Monthly Financial Report for the nine-month

period ending September 30, 2021 prepared by L&A. As of September 30, 2021, the net position held in trust for pension benefits is \$238,578,115.85 for a change in position of \$17,714,213.36. The Board also reviewed the Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report, Payroll Journal and Vendor Check Report for the period July 1, 2021 through September 30, 2021 for total disbursements of \$584,274.69.

Additional Bills, if any: The Board reviewed the following additional bills for approval:

- Foster & Foster invoice #21292 in the amount of \$300 for the True Cost Calculation for Michael Pietruszynski
- IPPFA invoice in the amount of \$1,540 for Mandatory Trustee Training Registration Fees
- IPPFA invoice #3534 in the amount of \$795 for Membership Dues for the period January 1, 2022 through December 31, 2022
- Marquette Associates invoice #2110054 in the amount of \$19,507.50 for Investment Consulting Services for the period October 1, 2021 through December 31, 2021 (4Q)
- J.P. Morgan Asset Management invoice #20210930-3040-A in the amount of \$7,745.93 for Investment Management Fees for the period January 1, 2021 to March 31, 2021 (1Q)
- J.P. Morgan Asset Management invoice #20210331-3040-A in the amount of \$7,769.83 for Investment Management Fees for the period July 1, 2021 to September 30, 2021 (3Q)
- NCPERS invoice #12658 in the amount of \$275 for Membership Renewal Fee through December 31, 2022
- Puchalski Goodloe LLC invoice #28 in the amount of \$805 for 3Q 2021 Legal Services Rendered
- National Investment Services in the amount of \$25,077 for 3Q 2021 Quarterly Billing
- Lauterbach & Amen LLP invoices as follows:
 - Invoice #51377 in the amount of \$1,500 for November 2020 Monthly Services
 - Invoice #51996 in the amount of \$1,500 for December 2020 Monthly Services
 - Invoice #55239 in the amount of \$1,545 for April 2021 Monthly Services
 - Invoice #57680 in the amount of \$1,545 for July 2021 Monthly Services
 - Invoice #58582 in the amount of \$1,545 for August 2021 Monthly Services
 - Invoice #57276 in the amount of \$915 for a remaining balance due for services related to the preparation of the FYE 2020 IDOI Annual Statement
- Chicago Tribune in the amount of \$30.86 for publishing of July 2021 Quarterly Meeting Notice
- Chicago Tribune in the amount of \$21.86 for publishing of October 2021 Quarterly Meeting Notice
- PNC invoice #20210930-27686-659362-A in the amount of \$11,333.57 for Investment Management Fees for the period July 1, 2021 to September 30, 2021 (3Q)

A motion was made by Trustee Hansen and seconded by Trustee Black to approve the additional bills as presented. Motion carried unanimously by voice vote.

COMMUNICATIONS AND REPORTS: *Initial Pension Benefit Increase – Tom Kammerer:* The Board noted that pensioner Tom Kammerer will receive an 11% increase to his pension benefit in January 2022.

Mr. Piotrowski left the meeting at 3:25 p.m.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM FUND: *Applications for Membership – Daniel Botterman, Joshua Chlebanowski, Brock Perry, Sarah Scharfenberg and Robert Zimmermann:* The Board reviewed the Applications for Membership submitted by Daniel Botterman, Joshua Chlebanowski, Brock Perry, Sarah Scharfenberg and Robert Zimmermann. A motion was made by Trustee Black and seconded by Trustee Bisch to accept Daniel Botterman and Joshua Chlebanowski effective June 28, 2021 and Brock Perry, Sarah Scharfenberg and Robert Zimmermann effective August 30, 2021 into the Naperville Police Pension Fund as Tier II participants. Motion carried unanimously by voice vote.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: *Approve Regular Retirement Benefit – Commander Louis Jourdan:* The Board reviewed the regular retirement benefit calculation for Louis Jourdan prepared by L&A. Commander Jourdan had an entry date of July 16, 1990, retirement date of October 7, 2021, effective date of pension of October 8, 2021, 55 years of age at date of retirement, 31 years of creditable service, applicable salary of \$150,869.30, applicable pension percentage of 75%, amount of originally granted monthly pension of \$9,429.33 and amount of originally granted annual pension of \$113,151.96. A motion was made by Trustee Black and seconded by Trustee Hansen to approve Louis Jourdan's regular retirement benefit calculated by L&A. Motion carried unanimously by voice vote.

Approve Regular Retirement Benefit – Sergeant Bernie Keegan: The Board reviewed the regular retirement benefit calculation for Bernard Keegan prepared by L&A. Sergeant Keegan had an entry date of May 1, 1991, retirement date of October 5, 2021, effective date of pension of October 6, 2021, 61 years of age at date of retirement, 30 years of creditable service, applicable salary of \$133,983.59, applicable pension percentage of 75%, amount of originally granted monthly pension of \$8,373.97 and amount of originally granted annual pension of \$100,487.64. A motion was made by Trustee Black and seconded by Trustee Hansen to approve Bernard Keegan's regular retirement benefit calculated by L&A. Motion carried unanimously by voice vote.

APPLICATIONS FOR CREDITABLE SERVICE PURCHASE: *Portability Updates – Kristen Amato, Matthew Egan and Robert Zimmerman:* The Board noted that Kristen Amato, Matthew Egan, and Robert Zimmerman have submitted requests to combine creditable service under portability and calculations are in process. Further discussion will be held at the next regular meeting.

Portability Updates – Michael Pietruszynski: The Board noted that L&A mailed correspondence to Michael Pietruszynski on September 7, 2021 regarding his request to combine creditable service, but no response has been received to date. Further discussion will be held at the next regular meeting.

Portability Updates – James Ahern: The Board discussed James Ahern's transfer of creditable service. A motion was made by Trustee Black and seconded by Trustee Haselhorst to accept James Ahern's transfer as paid in full in the amount of \$66,122 from the Hoffman Estates Police Pension Fund to the Naperville Police Pension Fund and to revise James Ahern's hire date from April 19, 2021 to May 17, 2017. Motion carried unanimously by voice vote.

Transfer of Creditable Service from IMRF Pursuant to HB126: The Board noted that Andrew Anderson submitted a request to transfer creditable service from IMRF and calculations are in process. Further discussion will be held at the next regular meeting.

OLD BUSINESS: There was no old business to discuss.

NEW BUSINESS: *Review/Approve – Actuarial Valuation and Tax Levy Request:* The Board reviewed the Actuarial Valuation prepared by Foster & Foster. Based on data and assumptions, the recommended municipal contribution is \$8,089,611 and the statutory minimum contribution amount is \$5,729,340. A motion was made by Trustee Black and seconded by Trustee Hansen to accept the Actuarial Valuation as prepared and to request a tax levy in the amount of \$8,089,611 from the City of Naperville. Motion carried unanimously by voice vote.

Review/Approve – Municipal Compliance Report: The Board reviewed the Municipal Compliance Report prepared by L&A. A motion was made by Trustee Black and seconded by Trustee Bisch to adopt the MCR as prepared and to authorize signatures by the Board President and Secretary. Motion carried unanimously by voice vote.

Review/Approve – Fiduciary Liability Insurance Renewal: The Board reviewed the fiduciary liability insurance renewal provided by Markel American Insurance Company through Ullico Organized Labor Protection Group, LLC. A motion was made by Trustee Black and seconded by Trustee Hansen to approve payment of the fiduciary liability insurance renewal effective November 1, 2021 through November 1, 2022 in the amount of \$12,265. Motion carried unanimously by voice vote.

Discussion/Possible Action – Cyber Liability Coverage: The Board noted that the application process to obtain a policy quote for Cyber Liability Coverage is in process. Further discussion will be held at the next regular meeting.

Discussion/Possible Action – IMRF Calculation Methods for Transfers of Creditable Service: The Board reviewed the IMRF calculation memo prepared by L&A. A motion was made by Trustee Black and seconded by Trustee Bisch to approve the method of calculation using the date of service of the beginning of the month of the IMRF date of hire and the assumed rate of return from the 2021 Actuarial Valuation prepared by Foster & Foster at rate of 6.75%. Motion carried unanimously by voice vote.

Discussion/Possible Action – Purchase of IPPFA Retirement Guide for Members: The Board discussed the benefits and total costs of purchasing the IPPFA Retirement Guide for active members at a bulk rate price of \$7.50 per book for the minimum purchase of ten books. A motion was made by Trustee Black and seconded by Trustee Bisch to approve the purchase of the IPPFA Retirement Guide in a total amount of \$75. Motion carried unanimously by voice vote.

Establish 2022 Board Meeting Dates: The Board discussed establishing the 2022 Board meeting dates as January 26, 2022; April 27, 2022; July 27, 2022; and October 26, 2022 at 3:00 p.m. in the Community Room of the Naperville Police Department located at 1350 Aurora Avenue, Naperville Illinois 60540. A motion was made by Trustee Black and seconded by Trustee Hansen to establish the 2022 Board meeting dates as discussed. Motion carried unanimously by voice vote.

TRUSTEE TRAINING UPDATE: The Board reviewed the Trustee Training Summary and discussed upcoming training opportunities. Trustees were reminded to submit any certificates of completion to L&A for recordkeeping.

Approval of Trustee Training Registration Fees and Reimbursable Expenses: There were no Trustee training registration fees or reimbursable expenses presented for approval.

ATTORNEY’S REPORT – PUCHALSKI GOODLOE LLC: *Legal Updates:* The Board discussed pension fund consolidation and general pension matters.

CLOSED SESSION, IF NEEDED: There was no need for closed session.

ADJOURNMENT: A motion was made by Trustee Black and seconded by Trustee Hansen to adjourn the meeting at 3:52 p.m. Motion carried unanimously by voice vote.

The next regular meeting is scheduled for January 26, 2022 at 3:00 pm.



Board President or ~~Secretary~~

Minutes approved by the Board of Trustees on January 26th 2022

Minutes prepared by Jennifer Flores, Pension Services Administrator, Lauterbach & Amen, LLP