

UNAPPROVED – SUBJECT TO CORRECTION

**Pension and Retirement Board
Regular Meeting
February 15, 2024**

The Pension and Retirement Board held their Regular Meeting on Thursday, February 15, 2024, via Audio/Tele Conferencing. Chairman Kimmel called the meeting to order at 6:01 p.m.

Members Present via Audio/TeleConference

S. DuBrow
D. Ellison
T. Harrigan
G. Kimmel
A. Kindley
A. Maher
C. McKenna
M. O'Neil
M. Palumbo
R. Swift
M. Dooling (Alt)
J. Kraus (Alt)
M. Moreno (alt)

Members Absent

J. Farina
J. Grady
C. Hiza
C. McInnis
E. Brana Maurer
K. Frank (Alt)
M. Hedman (Alt)
F. Musante (Alt)

A. Fowler, BOA Liaison
W. Willis, BOA Liaison

Also Present

T. Barnes, Human Resources
S. Carpenter, Benefits & Pension Coordinator
L. DiCocco, Recording Secretary
S. Lemanski, USI Consulting
R. Metzger, USI Consulting
J. Beirne, Beirne
J.O. Beirne, Beirne

Consideration of Minutes:

Mr. Kimmel and Mr. O'Neil made and seconded a motion to approve the minutes of the regularly scheduled meeting held on January 18, 2024. Motion carried unanimously.

Chairman's Report:

None

New Business:

2023 Pension Adjustment Study by USI Consulting Group

Mr. Lemanski reviewed the USI Consulting Group cover letter dated February 7, 2024, noting the study is required every 3 years. The study is looking into the potential ad hoc cost of living adjustment to the retirees except for police and fire.

The study looks at inflation for the calendar years 2020, 2021 and 2022. Over that period inflation varied – about 1.2% in 2020, 5.3% in 2021 and 8.5% 2022. Compounding that over the 3 years, it was almost a 15.6% cost of living increase.

Mr. Lemanski reviewed the 4 different proposed increases for COLA benefits. He noted historically that some years an increase was recommended and other years, no recommendations. The last COLA increase was 2% approved in 2017 .

A discussion ensued regarding COLA benefits. Chairman Kimmel noted to the new members that the board makes a recommendation to the Board of Aldermen and they ultimately make the decision.

Mr. Lemanski did present the approximate amount increases would cost the city.

Chairman Kimmel said he would like to see what the figures would be for a COLA increase at 1%, 2% and 3%. The general consensus was something needs to be done in terms of a COLA adjustment.

Old Business:

None

Executive Session:

None

Pension Requests:

(a)	Chad Cameron	Code 3F - Fire Normal	Recalculation due to contract settlement
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Mr. O'Neil and Ms. Palumbo made and seconded a motion to accept the recalculation for a Code 3F Fire Normal Retirement Pension for Mr. Cameron in the annual amount of \$76,062.15, gross monthly payments \$6,338.51 commencing on 9/30/2023. Motion carried unanimously.

(b)	Antonio Giron	Code 5 – City (PW) Normal	Calculation
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Ms. Palumbo and Mr. O'Neil made and seconded a motion to accept the calculation for a Code 5 City (PW) Normal Retirement Pension for Mr. Giron in the annual amount of \$27,939.14, gross monthly payments \$2,328.26 commencing 12/30/2023. Motion carried unanimously.

(c)	Alexander Hornig	Code 3F – Fire Normal	Recalculation due to contract settlement
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Mr. O'Neil and Mr. Kraus made and seconded a motion to accept the recalculation for a Code 3F Fire Normal Retirement Pension for Mr. Hornig in the annual amount of \$50,906.04, gross monthly payments \$4,242.17 commencing 7/8/2023. Motion carried unanimously.

(d)	Michael Lemieux	Code 5 – City (PW) Vested	Application & Calculation
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Ms. Palumbo and Mr. O'Neil made and seconded a motion to accept the application and calculation for a Vested Pension for Mr. Lemieux in the annual amount of \$8,073.30, gross monthly payments \$672.78 commencing 3/23/2031. Motion carried unanimously.

(e)	Kathryn Malski	Code 5 – Nurses Normal	Application & Calculation
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Ms. Palumbo and Mr. O'Neil made and seconded a motion to accept the application and calculation for a Normal Pension for Ms. Malski in the annual amount of \$32,178.22, gross monthly payments \$2,681.52 commencing 1/3/2024. Motion carried unanimously.

(f)	Linda Michel	Code 5 – City (Mayor's Office) Normal	Calculation
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Ms. Palumbo and Mr. O'Neil made and seconded a motion to accept the calculation for a Code 5 City (Mayor's Office) Normal Retirement Pension for Ms. Michel in the annual amount of \$60,706.81, gross monthly payments \$5,058.90 commencing 12/30/2023. Motion carried unanimously.

(g)	Michael Morano	Code 5 – City (PW) Normal w/ 100% CA	Application & Calculation
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Ms. Palumbo and Mr. O'Neil made and seconded a motion to accept the application and calculation for a Code 5 City (PW) Normal Retirement Pension with 100 percent Contingent Annuitant in the annual amount of \$11,080.02, gross monthly payments \$923.33 commencing 1/13/2024. Motion carried unanimously.

(h)	Thomas Piskura	Code 3F – Fire Normal	Recalculation due to contract settlement
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Mr. O'Neil and Mr. McKenna made and seconded a motion to accept the recalculation for a Code 3F Fire Normal Retirement Pension for Mr. Piskura in the annual amount of \$94,733.29, gross monthly payments \$7,894.44 commencing 7/29/2023. Motion carried unanimously.

(i)	William Rick	Code 5 – BOE (Maintenance) Normal w/ 100% CA	Application
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Mr. Swift and Mr. O'Neil made and seconded a motion to accept the application for a Normal Retirement Pension with 100 percent Contingent Annuitant for Mr. Rick. Motion carried unanimously.

(j)	Diane Zanghi	Code 5 – BOE (Digital Services) Normal w/ 75% CA	Calculation
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Mr. Swift and Mr. O'Neil made and seconded a motion to accept the calculation for a Normal Retirement Pension with 75 percent Contingent Annuitant for Ms. Zanghi in the annual amount of \$21,753.77, gross monthly payments \$1,812.81 commencing 1/6/2024. Motion carried unanimously.

Withdrawals and Refunds:

(a)	Thalia Garcia	Code 5 – BOE (Secretaries) Entered: 12/07/2020	Application/Calculation Terminated: 06/04/2021
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Mr. Swift and Mr. Kraus made and seconded a motion to accept the application and calculation for a withdrawal and refund request of Thalia Garcia in the amount of \$1,200.18. Motion carried unanimously.

(b)	Scott Knablin	Code 3P - Police Entered: 10/14/2005	Application/Calculation Terminated: 07/24/2023
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Mr. DuBrow and Mr. O'Neil made and seconded a motion to accept the application and calculation for a withdrawal and refund request of Scott Knablin in the amount of \$138,011.73. Motion carried unanimously.

(c)	Kevin Tobias	Code 3F – Fire Entered: 01/30/2023	Application/Calculation Terminated: 10/20/2023
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Mr. O'Neil and Mr. McKenna made and seconded a motion to accept the application and calculation for a withdrawal and refund request of Kevin Tobias in the amount of \$5,023.25. Motion carried unanimously.

Buy Ins:

None

Contingent Annuitant Options:

None

Applications of Entry:

Chairman Kimmel read the following applications of entry into the record:

(a)	William D'Avignon	Code 5 – City (PW)	Entry: 01/09/2024
(b)	Brock Gee	Code 3F – Fire	Entry: 02/05/2024
(c)	Stacy Lane	Code 5 – Nurses	Entry: 01/02/2024
(d)	David Longo	Code 5 – City (PW)	Entry: 01/22/2024
(e)	Julie Luby	Code 5 – BOE (Non-Rep)	Entry: 01/02/2024
(f)	Daniel O'Brien	Code 3F -Fire	Entry: 02/05/2024
(g)	Michael Rose	Code 3F – Fire	Entry: 02/05/2024
(h)	Lisa Smith	Code 5 – BOE (Secretaries)	Entry: 01/22/2024
(i)	Marto Tepetl-Ocototxle	Code 5 – City (PW)	Entry: 01/29/2024

Invoices:

(a)	Boyd Watterson	\$13,405.00	Period: 10/01/2023 – 12/31/2023
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Ms. Maher and Mr. Kraus made and seconded a motion to authorize payment to Boyd Watterson in the amount of \$13,405.00 for invoice dated January 24, 2024 for the period of 10/01/2023 – 12/31/2023. Motion carried unanimously.

(b)	Eagle Capital Management, LLC	\$6,736.86	Period: 10/01/2023 – 12/31/2023
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Ms. Maher and Mr. Kraus made and seconded a motion to authorize payment to Eagle Capital Management, LLC in the amount of \$6,736.86 for invoice dated January 11, 2024 for the period of 10/01/2023 – 12/31/2023. Motion carried unanimously.

(c)	GAMCO Asset Management	\$22,877.00	Period: 10/01/2023 – 12/31/2023
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Ms. Maher and Mr. Kraus made and seconded a motion to authorize payment to GAMCO Asset Management in the amount of \$22,877.00 for invoice dated October 18, 2023 for the period of 10/01/2023 – 12/31/2023. Motion carried unanimously.

(d) Lazard Asset Management \$23,590.22 Period: 01/01/2024 – 03/31/2024

Ms. Maher and Mr. McKenna made and seconded a motion to authorize payment to Lazard Asset Management in the amount of \$23,590.22 for invoice dated January 22, 2024 for the period of 01/01/2024 – 03/31/2024. Motion carried unanimously.

(e) Neuberger Berman \$58,466.27 Period: 01/01/2024 – 03/31/2024

Ms. Maher and Mr. McKenna made and seconded a motion to authorize payment to Neuberger Berman in the amount of \$58,466.27 for invoice dated January 10, 2024 for the period of 01/01/2024 – 03/31/2024. Motion carried unanimously.

(f) Neuberger Berman Mid-Cap \$23,929.80 Period: 01/01/2024 – 03/31/2024

Ms. Maher and Mr. Kraus made and seconded a motion to authorize payment to Neuberger Berman Mid-Cap in the amount of \$23,929.80 for invoice dated January 10, 2024 for the period of 01/01/2024 – 03/31/2024. Motion carried unanimously.

(g) Principal Custody Solutions \$2,618.54 Period: 12/01/2023 – 12/31/2023

Ms. Maher and Mr. McKenna made and seconded a motion to authorize payment to Principal Custody Solutions in the amount of \$2,618.54 for invoice dated January 11, 2024 for the period of 12/01/2023 – 12/31/2023. Motion carried unanimously.

Committee Report:

None

Financial Report:

None

Asset Allocation:

None

Report of Investment Advisor:

Presented by Beirne

J.O. Beirne presented the report for month ending December 31, 2023, stating that approximately half of the portfolio is not priced. For year end and what is priced and what is coming in over about a 3 and 5 year period regarding peer rankings for pension funds, it appears the pension will be in the top quartile of public pensions in the United States.

Mr. Beirne brought attention to the U.S. equities which is our biggest allocation in the equity complex. He noted that small and mid-cap are under performing relative to large cap. For the first time in a while, in December small and mid-cap out performed large cap. There is concern about this space. The big concern in the U.S.M stock space is tremendous concentration in the Magnificent 7. Since last month there is even more concentration in those large stocks. Historically, this is a sign of a very unhealthy stock market.

There is continued poor performance from emerging markets particularly China. Mr. Beirne would like to have an asset allocation meeting a few months out, and a trustee education regarding commercial real estate.

Mr. Beirne was contacted by Neuberger Berman. There is a restriction on how much of a stock they can own. Currently, there is a limit of 10% of any one stock they can own. They asked for approval to go from 10% up to 15% which would extend their position.

Chairman Kimmel and Mr. Ellison made and seconded a motion to allow Neuberger Berman in their large cap fund to allow up to any one particular stock a concentration of 15 percent maximum. Motion carried unanimously.

Mr. Beirne was contacted by Arsenol. There is going to be a distribution from the Sayai investment where TPG purchased 60% for \$300+ million. They are putting a new co-investment in their Fund IV which we are invested in. Recommendation is as we are getting distributions from the fund we should continue to maintain our position in the private equity position and aggregate in the fund and add co-investment to the fund. Mr. Beirne recommended \$1.5 - \$2 million of the investment and also de facto take our private equity allocation and lower the overall fees. From a distribution of about \$2.5 million, we would reallocate some back to them in the co-investment.

Chairman Kimmel and Mr. Kraus made and seconded a motion to authorize Beirne to invest up to \$2 million in the Arsenal Co-Investment Opportunity in Bemer. Motion carried unanimously.

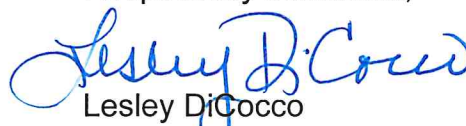
There will be 2 managers brought in for the next meeting.

Ms. Maher and Mr. Ellison made a motion to adjourn the meeting. Motion carried unanimously.

The meeting adjourned at 7:30 p.m.

A regular meeting of the Pension & Retirement Board will be held on March 21, 2024.

Respectfully submitted,


Lesley DiCocco
Recording Secretary