

# ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue  
St. Charles, Illinois 60174

## MEETING MINUTES Wednesday, December 16, 2013 11:00 a.m. – St. Charles Police Department

1. President Beam called to order the Regular Meeting of the St. Charles Police Pension Board at 11:08 a.m.

### 2. ROLL CALL

Members Present: Timothy Beam, President; Michael Griesbaum, Secretary; Chris Minick, Finance Director; and Dave Jannusch, Trustee

Members Absent: Warren Drewes, City Treasurer

Guests: Attorney Brian LaBardi , Reimer & Karlson

### 3. APPROVE PREVIOUS MEETING MINUTES

**Motion:** To approve the minutes of the August 28, 2013 regular meeting as presented

**Maker:** Minick

**Second:** Griesbaum

**Voice Vote:** 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

**Motion:** To approve the minutes of the April 18, 2013 special meeting as presented

**Maker:** Minick

**Second:** Griesbaum

**Voice Vote:** 3 Ayes, 0 Nays, 1 Absent, 1 Abstain (Jannusch). Motion carried.

As the Willhite Group will be joining the meeting via speakerphone, the Board went out of order to complete business before discussing Investment Activities.

### 5. OLD BUSINESS

- A. Retention/Destruction of Pension Records – Beam stated that he met with Sue Torres, City of St. Charles, to see about getting the pension records scanned and determine which records would be eligible for destruction. Will follow up after the first of the year to begin the process. The Board would like to get all the records scanned and then placed on a common shared drive that everyone can access.
- B. Overpayment of Deceased Beneficiary – Beam stated that a cashier's check was received in the amount of \$20,264.00, which was a few dollars short of the actual amount. After a brief discussion with the Board's attorney, it was determined that this amount is sufficient and the police report has been closed.
- C. DOI Audit – Beam reported that the Fund's financial records have been reviewed and there doesn't appear to be any problems. The auditor is scheduled to arrive on 01/07/2014 and will meet with Beam to go over pension personnel records to include active, past-participants and retired.

## **6. ACCOUNTANT'S REPORT/PRESENTATION AND APPROVAL OF BILLS FOR DISBURSEMENT.**

**Motion:** To approve bills for disbursement as presented in Addendum A in the amount of \$66,697.77.  
**Maker:** Griesbaum  
**Second:** Minick  
**Roll Call:** Minick – Aye, Jannusch – Aye, Beam – Aye, Griesbaum – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

## **7. APPLICATIONS FOR MEMBERSHIP**

None.

## **8. APPLICATIONS FOR BENEFITS**

Beam stated that both Gilbert and Kern have had their evaluations and are still determined to be unable to perform the duties of a police officer. Beam noted that this should be the last time Gilbert will be before the Board as he will turn 50 soon.

**Motion:** To accept the evaluation and continue benefits for Stephen Gilbert for another year.  
**Maker:** Griesbaum  
**Second:** Minick  
**Roll Call:** Minick – Aye, Jannusch – Aye, Beam – Aye, Griesbaum – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

**Motion:** To accept the evaluation and continue benefits for Scott Kern for another year.  
**Maker:** Griesbaum  
**Second:** Jannusch  
**Roll Call:** Minick – Aye, Jannusch – Aye, Beam – Aye, Griesbaum – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

LaBardi reported that they are waiting on one set of records for Cicci. The Board still needs to send him for their evaluation.

**Motion:** To approve the use of INSPE for the Joseph Cicci evaluation.  
**Maker:** Griesbaum  
**Second:** Minick  
**Roll Call:** Minick – Aye, Jannusch – Aye, Beam – Aye, Griesbaum – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

## **9. ATTORNEY'S REPORT**

LaBardi distributed the most recent update along with a pension reform proposal, which was handed out to Illinois Senators. This specific proposal does not affect Article 3 & 4 Funds at this time. Will continue to monitor this as it may affect the Fund in the future. He further gave a brief overview of a recent court decision (Howe v. Retirement Board of the Firemen's Annuity & Benefit Fund of Chicago), which may affect the Board, wherein it was determined by the Appellate Court that the Board was in violation of the Open Meetings Act by not adopting any motion on the application with a majority of 'yes' votes in public. It was determined that before making any final administrative decision and order, the Pension Board must:

1) draft a written decision and order, and 2) meet in open session to vote on and execute that order. Procedure has been to vote on the final decision and then present the written decision and order at a later date. This new procedure requires that the written decision must be prepared and provided to each board member at or before the time the Board votes to take final action on an application. The Appellate Court determined that “No public body in Illinois subject to the Open Meetings Act can take final action by merely circulating some document for signature without voting on it publicly.” What the Board can do is vote or deny an application for disability and then conduct a special meeting on the final written decision and order. This new procedure will dramatically delay the issuance of any final decision as well as delay benefit payments.

LaBardi reported that a Federal Court has found in the Detroit Michigan Bankruptcy Filing that public pension funds will not be untouchable. Chapter 9 of the Bankruptcy Code for Illinois authorizes municipalities to seek relief under the Bankruptcy Code only if it is empowered to do so by the State. To date, Illinois has not authorized any municipalities. Will continue to monitor the situation.

The Fourth District Appellate Court has ruled that text messages and emails sent from the City of Champaign (City of Champaign v. Madigan) council members’ personal mobile devices during a meeting are subject to the Freedom of Information Act (FOIA). If members are in attendance at a public meeting as a voting member and are texting and emailing during that meeting, that texting and emailing is subject to FOIA, regardless that a personal device was used.

LaBardi reported that the Board needs to submit its recommendation for the tax levy to the City of St. Charles. Because this item is not on the agenda, the Board cannot vote on it. LaBardi will draft up a memo with the recommendation and suggested that the Board call a special meeting to approve the tax levy and forward recommendation to City. Minick gave a brief overview of the Sharpe Actuarial Report. Minick suggested that the Board might want to consider scheduling a special meeting in the future (October or November) to cover the tax levy issue as well as the Municipal Compliance Report (MCR).

## 10. NEW BUSINESS

- A. Approve 2014 Meeting Dates – The Board meets on a quarterly basis on the first Wednesday of the months of March, June, September and December.

**Motion:** To approve the 2014 Meeting Dates as follows: March 5, June 4, September 3, and December 3, 2014.

**Maker:** Griesbaum

**Second:** Minick

**Voice Vote:** 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

- B. Approve Municipal Compliance Report – The MCR was discussed briefly and routed for signature.

**Motion:** To approve the Municipal Compliance Report FYE 04/30/2013 as presented

**Maker:** Griesbaum

**Second:** Minick

**Roll Call:** Minick – Aye, Jannusch – Aye, Beam – Aye, Griesbaum – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

C. Approve Annual COLA Increases – The 2014 COLA's were presented for review.

**Motion:** To approve the 2014 COLA's as presented  
**Maker:** Minick  
**Second:** Griesbaum  
**Roll Call:** Minick – Aye, Jannusch – Aye, Beam – Aye, Griesbaum – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

D. Authorize Annual Verification of Eligibility of Beneficiaries – Verification of eligibility of beneficiaries will be conducted in January 2014. Discussion was held on how to conduct this process, how many letters should be sent, what authority the Board has if responses are not received, etc. LaBardi suggested that letters be sent USPS and then Certified, if necessary.

**Motion:** To approve sending out verification of eligibility of beneficiaries.  
**Maker:** Griesbaum  
**Second:** Minick  
**Voice Vote:** 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

E. Trustee Election Process – Beam reported that elections need to be held in May of 2014. Positions up for election are Beam and Jannusch. Jannusch was elected to finish out Laughlin's term after his retirement from the Board. Nomination forms will be distributed in March/April with the election in May and results finalized in June. Discussion continued on the election process. Will revisit this issue at the next meeting.

F. RFP Process – LaBardi reported that the Fund needs to go out for proposals for the investment consultant. By statute, this is to be done every 5 years, which will be 2014. This RFP is not subject to open bid, the Board can determine which vendors they wish proposals from. There is no set number on how many proposals are needed, minimum two (2). LaBardi will provide some sample letters.

Discussion was held on possible dates for the special meeting. This meeting is for the sole purpose of approving the recommendation to the City of St. Charles for the tax levy.

**Motion:** To hold a Special Meeting on Friday, 12/20/2013 at 7:30 a.m. at the St. Charles Police Department. The sole purpose of this meeting is to approve the tax levy recommendation to the City.  
**Maker:** Griesbaum  
**Second:** Minick  
**Voice Vote:** 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

#### 4. INVESTMENT ACTIVITIES

Michael O'Laughlin, UBS, joined the meeting via speakerphone at this time. Robert Vaughn and Taylor Willhite, UBS, also joined the meeting. O'Laughlin stated that the changes have been made to the portfolio as per the asset allocation study. Manager contracts have been submitted for attorney review.

O'Laughlin reported that the portfolio is up 2.06% with the Index at 3.4% and up 5.18% YTD. He noted that there has been a lot of movement in the portfolio with the termination and hiring of the various managers, as a result of the asset allocation study. O'Laughlin gave an overview of the status of the money managers.

O'Laughlin gave an overview of the rebalancing worksheet. It was noted that there would be a slight increase in the management fees from 0.54% to 0.58%, however, the additional risk and returns should offset this increase. The rebalancing worksheet shows all the movement to comply with the recent allocation study.

Taylor Willhite advised that they've updated the IPS to comply with the asset allocation changes and requested that this be added to the agenda of the special meeting on Friday, which the Board agreed to. Minick reported that the auditors have brought up an issue about the difference between being a consultant and being a custodian. There was a question about the custodial language in the contracts. Willhite inquired if the current contracts were addressing these auditing concerns. Minick reported that he did notify the City that the Willhite Consulting Group does not actually execute the trades. The Consultant acts as directed by the Board and instructs the money managers to execute the trades. Although he stated that he does not have any specific language in mind, he would like something written in the contract language and IPS reflecting this fact. This should satisfy all parties involved. Willhite stated if the Board's attorney submits the desired language, they will be able to update the IPS accordingly. Discussion continued on possible language. These updates will be completed and available for the special meeting on Friday.

**Motion:** To approve Investment Report and Rebalancing Worksheet as presented.  
**Maker:** Jannusch  
**Second:** Griesbaum  
**Voice Vote:** 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

**11. MATTERS FROM THE PUBLIC**

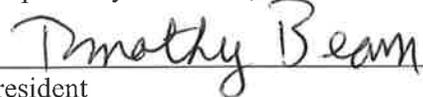
None

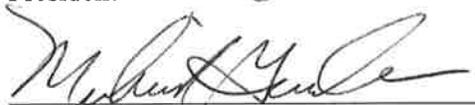
**ADJOURNMENT**

There being no further business, a motion was made by Minick to adjourn the meeting at 12:30 p.m. Seconded by Griesbaum. Voice Vote. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

The meeting was adjourned at 12:30 p.m. The next regular meeting is scheduled for March 5, 2014 at 11:00 a.m.

Respectfully submitted,

  
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President

  
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Secretary