

ST. CHARLES POLICE PENSION FUND

1515 West Main Street
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, March 2, 2022 11:30 a.m. – St. Charles Police Department

NOTE: These minutes are not a word-for-word transcription of the statements made at the meeting, nor intended to be a comprehensive review of all discussions. They are intended to make an official record of the actions taken by the Board and to include some descriptions of discussion points as understood by the minute-taker. They may not reference some of the individual attendee's comments, nor the complete comments if referenced.

MEETING CALLED TO ORDER

President Boyce called to order the Regular Meeting of the St. Charles Police Pension Board at 11:31 a.m.

ROLL CALL

Members Present: Brooks Boyce, President; Steve Heike, Secretary (arrived 11:37); Tim Beam, Trustee; and Bill Hannah, Trustee

Members Absent: James Keegan

Others Present: Brian LaBardi, Reimer Dobrovolny & LaBardi PC; John Falduto, Sawyer Falduto; Ed Lavin, Sawyer Falduto (via phone); Greg Kiesewetter, Euclid Specialty

APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the December 1, 2021, regular meeting as presented.

Maker: Beam

Second: Hannah

Voice Vote: 3 Ayes, 0 Nays 2 Absent. All in favor. Motion carried.

Motion: To approve the minutes of the February 4, 2022, special meeting as presented.

Maker: Beam

Second: Hannah

Voice Vote: 3 Ayes, 0 Nays 2 Absent. All in favor. Motion carried.

INVESTMENT ACTIVITIES

Falduto distributed the latest quarterly report. The portfolio continues to target 65% to equity, 34% to fixed income and the remainder to the money market to cover expenses and beneficiary payments. There are no recommended changes. Falduto gave an overview of the portfolio's performance for the quarter to include cash flow, contributions and additions, deposits, distributions, etc. The portfolio began the quarter at \$49,553,497 and ended at \$51,696M. YTD the portfolio was up 13.1%. Stocks

were up 21.9% with fixed income down -1.7%. It was noted that interest rates were up and when interest rates are up, the value of the bonds are down.

Heike joined the meeting at 11:37 a.m.

Falduto held a brief discussion on the asset allocations of the portfolio, the stock market over the last 10 years, etc. Lavin gave a brief overview of the portfolio to include raising interest rates, inflation at gas pumps & grocery stores, federal reserve to raise interest rates, security yields, geo-political risk, volatility, S&P status, etc.

Motion: To accept the Quarterly Investment Report as presented.
Maker: Beam
Second: Hannah
Voice Vote: 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Lavin left the meeting at 11:52 a.m.

Investment Policy Statement – No updates

Post Consolidation Services Proposal – Falduto reported that fire pension funds started converting last October. Noted that all but 10 fire funds, Sawyer Falduto had over 100 fire pension clients, have converted to the consolidated fire fund. The fire funds realized that on October 1, 2021, the assets start transferring and the services that Sawyer Falduto provided also stops. As a result of this, the majority of the fire pension funds have decided to maintain Sawyer Falduto on retainer type basis, following consolidation, to assist with the various items that emerge during the consolidation process. Sawyer Falduto would provide assistance with cash flow management, transition of assets, verification of assets, etc. Sawyer Falduto is now offering this same service to their police pension fund clients. Falduto gave an overview of the services to be provided. These services are listed in the Post Consolidation Services Proposal presented to include but not limited to the relationship between Sawyer Falduto and the fund, quarterly activity and reports, cash flow, accounting, reporting to IDOI, GASB, FOIA, etc. It was recommended that the Schwab account remain open until such time as the transition to the consolidated fund is complete, monies are moving back and forth smoothly to cover benefit payments, etc. This service would be temporary. Fees for this service pre-consolidation would be per existing agreement and post-consolidation \$500 per month. Discussion continued.

Motion: To accept the Post Consolidation Services Proposal as presented by Sawyer Falduto Asset Management effective with the consolidation the St. Charles Police Pension Fund's assets.
Maker: Beam
Second: Heike
Roll Call: Beam – Aye, Heike – Aye, Hannah – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Hannah reported on an updated resolution for BMO reference all the officers of the fund, President, Secretary, Treasurer and Finance Director. All are authorized signers on the BMO account.

- Motion:** To update the BMO signers to Brooks Boyce, Steve Heike, John Harrill and William Hannah.
- Maker:** Beam
- Second:** Hannah
- Roll Call:** Beam – Aye, Heike – Aye, Hannah – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

IPOPIF Resolution – Discussion was held on deadlines, lawsuit status, resolution, transferring funds, cash management policy, consolidation procedures, etc. Table to special meeting in April.

OLD BUSINESS

Trustee Elections – One Active and the Retiree position are up for election this year. The nomination posting is still posted to expire end of business on Friday, March 4, 2022. For the Active Member position, only name nominated to date, Steve Heike. Two nominations have been put forth for the Retiree position: Tim Beam and Brooks Boyce. Unfortunately, Boyce is not a retiree. Nominations for Retiree also closes on Friday, March 4, 2022. Elections to be held in April. Results for the next meeting.

ACCOUNTANT’S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

The Expenditure Approval List (Addendum A) was presented for review. Beam inquired about the invoice from INSPE, which was \$9594.00. If nothing moves forward with the disability hearing, does the Board have any recourse to recoup these monies. LaBardi stated that the statute requires 3 IME’s. The 3 IMEs were chosen, the examinations were conducted, and the reports received. The Board will pay the \$9594.00. Unfortunately, this is the process. The Board does not have the option to not follow through with the process. Discussion continued.

- Motion:** To approve Addendum A in the amount of \$142,274.42 as presented.
- Maker:** Heike
- Second:** Hannah
- Roll Call:** Beam – Aye, Heike – Aye, Hannah – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

None.

APPLICATIONS FOR BENEFITS

Churney Hearing – LaBardi reported that the hearing was continued. A deadline of Friday, March 4, 2022, was given to Churney to inform the Board whether they will be moving forward with a

disability hearing. To date, the City is working with Churney on a possible settlement. If no settlement is achieved by Friday, the Board will have to discuss hearing dates again. Discussion was held on forcing a hearing date, advantages of a hearing, the City's intervention with the case, etc.

Transfer of Service (Popp) – Boyce reported on receipt of payment from the Evanston Police Pension Fund in the amount of \$136,449.14 for Kyle Popp, which is the true cost calculation for the transfer of 7 years 1 month 17 days.

Motion: To accept the transfer of service for Kyle Popp.
Maker: Beam
Second: Heike
Roll Call: Beam – Aye, Heike – Aye, Hannah – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent.
All in favor. Motion carried.

ATTORNEY'S REPORT

Newsletter distributed to all members. LaBardi stated that everyone is awaiting a ruling, since November 2021, on the lawsuit reference the constitutionality of the consolidation. To date, no ruling. It is unusual that a ruling has been taking so long. Once a ruling is realized, the Board will be notified.

NEW BUSINESS

Economic Interest Statements – Statements are due May 1, 2022; and may be completed online. There are questions on the new questions. Unknown if the questions refer to personal assets or in relation to the municipality. Discussion continued the complexity/confusion of the questions.

Fiduciary Insurance – Kiesewetter presented the fiduciary insurance renewal coverage to the Board and gave an overview of the limits of liability. Policy Period: 04/01/2022 through 04/01/2023. The Aggregate Limit of Liability Loss is \$2M. Previously the policy had a small amount (\$100,000 with a very small scope of coverage) of coverage for Cyber Security. That is now being removed from the policy by the underwriter due to the number of cyber incidents. It was noted that the City of St. Charles does not carry Cyber Security coverage. Kiesewetter stated that he can come back in June with a Cyber Security proposal, if the Board wishes. Discussion continued reference consolidation and the pension fund responsibility/liability. Annual premium is \$7388.00. Table Cyber Security insurance to the June meeting.

Motion: To renew the fiduciary liability insurance as presented with an annual premium of \$7388.00.
Maker: Hannah
Second: Heike
Roll Call: Beam – Aye, Heike – Aye, Hannah – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent.
All in favor. Motion carried.

Executive Session – None.

PUBLIC COMMENTS

None.

ADJOURNMENT

There being no further business to discuss, motion to adjourn by Beam. Seconded by Heike.

Motion: To adjourn the meeting at 12:38 p.m.
Maker: Beam
Second: Heike
Voice Vote: 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

The meeting was adjourned at 12:38 p.m. The next regular meeting is scheduled for June 1, 2022; at 11:30 a.m.

Respectfully submitted,

President

Secretary