

ST. CHARLES POLICE PENSION FUND

1515 West Main Street
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, December 1, 2021 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 11:33 a.m.

ROLL CALL

Members Present: Brooks Boyce, President; Steve Heike, Secretary (arrived 12:05); Tim Beam, Trustee; James Keegan; and Dave Jannusch, Trustee

Members Absent: None

Others Present: Vince Mancini, Reimer Dobrovolny & LaBardi PC; John Falduto, Sawyer Falduto; Ed Lavin, Sawyer Falduto; Colleen Lavery, Finance

APPROVE PREVIOUS MEETING MINUTES

It was noted in the minutes of the September 1, 2021; Ed Lavin was not present at the meeting.

Motion: To approve the minutes as amended.

Maker: Keegan

Second: Beam

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

INVESTMENT ACTIVITIES

Falduto distributed the latest quarterly report. Falduto reviewed the Investment Policy and Asset Allocation Guidelines noted that these remain in place until such time as the consolidation occurs. 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. 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 \$49,083,767 and ended at \$49,553,497. YTD the portfolio was up 8.2%. As of November 30, 2021; the fund is up 10.72% and up \$4,795,000 on investments. Stocks were up 13.4% with fixed income down -1.1%. Lavin gave a brief overview of the portfolio to include consumer confidence, pandemic, consumer price index, S&P 500, unemployment, inflation, raising interest rates, etc. It was noted that the St. Charles Police Pension Fund does not invest in municipality bonds.

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

No action required on asset allocations nor updates to the investment policy.

OLD BUSINESS

Annual Audit/Financial Report – Lavery distributed the annual financial report as well as the auditor’s communication to the Board regarding the audit. For April 30, 2021; Sikich audited the Fund separate from the City of St. Charles and issued a clean report. Lavery gave a brief overview of this report. It was noted that the Fund saw an \$11,365,000 increase over last year. Lavery reported that the City does not follow the State of Illinois’ actuarial recommendation and contributes at a higher actuarial rate to the Fund. The City funds the pension at 100% using a much more aggressive method.

Municipal Compliance Report – Lavery stated that the pension funds are not City funds and therefore, by statute, must report to the municipality the activity within the pension fund. The MCR was completed and shows a recommended tax levy of \$3,870,554, which is based on the actuarial study. Lavery report that the tax levy recommendation was approved by the City.

Motion: To accept the Audit Report as presented.
Maker: Jannusch
Second: Beam
Roll Call: Boyce – Aye, Jannusch – Aye, Beam – Aye, Keegan – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Motion: To accept the Financial Report as presented.
Maker: Jannusch
Second: Beam
Roll Call: Boyce – Aye, Jannusch – Aye, Beam – Aye, Keegan – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Motion: To accept the Municipal Compliance Report as presented.
Maker: Jannusch
Second: Beam
Roll Call: Boyce – Aye, Jannusch – Aye, Beam – Aye, Keegan – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

ACCOUNTANT’S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

The Expenditure Approval List (Addendum A) was presented for review.

Motion: To approve Addendum A in the amount of \$139,536.21 as presented.
Maker: Beam
Second: Keegan
Voice Vote: 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

None. Department to hire 2 Police Officers on 12/06/2021. Both are lateral transfers from Evanston and Bensenville. Both officers are Tier 2 employees. Table to the next meeting.

APPLICATIONS FOR BENEFITS

Disability Application (Kern) – Kern is scheduled for his annual examination on 12/21/2021. Kern will be seeing a different doctor for this exam, as is done every couple of years. Table to the next meeting.

Heike arrived at 12:05 p.m.

Disability Application (Churney) – Disability Hearing scheduled for February 18, 2022; at 1:00 p.m. Notice will be forthcoming. Discussion was held reference an employee who is terminated applying for disability and the City wanting to intervene. The City may still intervene. Discussion was held reference conflicts of interest, city intervention, former employee rights against the city versus rights against the pension board, costs involved with conducting a hearing, IME costs, etc. Board's attorney pulling all documents together, which should be available to the members approximately 3 weeks before the hearing.

Transfer of Service (Kuttner) – Officer Kuttner applied and was approved for an IMRF transfer, which bought back 7 years of service from the DuPage County Sheriff's Office. The IMRF submitted a check to the pension in the amount of \$159,627.72. Officer Kuttner also provided payment to the pension in the amount of \$99,253.53, which bought the entire 7 years 0 months. New pension date of hire of 04/02/2007.

Motion: To accept the transfer of service for Daniel Kuttner.
Maker: Jannusch
Second: Beam
Roll Call: Boyce – Aye, Heike – Aye, Jannusch – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Transfer of Service (Monaco) – Boyce reported on receipt of payment from the Berwyn Police Pension Fund in the amount of \$51,681.60 for Dominic Monaco for the transfer of 3 years 0 months 16 days. This transfer realized a small surplus of approximately \$600. New pension date of hire of 08/23/2017.

Motion: To accept the transfer of service for Dominic Monaco.
Maker: Keegan
Second: Jannusch

Roll Call: Boyce – Aye, Heike – Aye, Jannusch – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Transfer of Service (Popp) – Boyce reported that Popp has submitted a request for calculations to transfer service from Evanston. Table to the next meeting.

ATTORNEY’S REPORT

Mancini reported that everyone is still waiting on a ruling out of the Kane County Circuit Court related to the constitutionality of the consolidation legislation. The hearing was held in November. The hope is that there will be a ruling before the end of the year, but nothing so far. The Fire Consolidation Board is also awaiting on a ruling. Although monies have been moving on the fire side, many departments are now requesting extensions, awaiting this ruling. Police consolidation efforts are underway. Turnover dates are expected as early as March 2022. There is a gap in the transfer when accounts are frozen and the Fund will lose control of all monies so planning how much money to retain is essential, policies need to be in place, all investing stops, resolution on who can and cannot request money, etc. Falduto noted that the fire side has been transferring monies since October. Falduto requested that any correspondence received from the consolidated board be forwarded to his firm as well as the Board’s attorney before signing any documents.

NEW BUSINESS

2022 Meeting Dates – Proposed meeting dates for 2022 as follows: March 2, June 1, September 7, and December 7. Meetings are held on the first Wednesday of the months of March, June, September, and December at 11:30 a.m. at the St. Charles Police Department.

Motion: To approve the 2022 meeting dates as presented.
Maker: Keegan
Second: Jannusch
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

2022 COLA’s – 2022 COLA’s were presented to all members.

Motion: To accept the 2022 COLA’s as presented
Maker: Jannusch
Second: Heike
Roll Call: Boyce – Aye, Heike – Aye, Jannusch – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

2022 Elections – Boyce was elected as an Active Member in 2021. An election for Active Member and an election for Retired/Disabled Member is due in 2022. By statute, elections are to be held in April of any given year.

Motion: To open the positions of Active Member and Retired/Disabled Member for the election process in 2022.
Maker: Jannusch

Second: Beam

Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Executive Session Minutes – No Executive Session Minutes to discuss for release.

IMRF Transfers – Boyce reported on an officer interested in transferring IMRF time. The interpretation of the legislation is making it difficult to make an accurate determination on the true cost for the transfer of these monies. Several attempts have been made to contact IDOI with negative results. The problem with this transfer is pre and post time reference consolidation, Tier 1 and Tier 2 benefits, using another firm for calculations, etc. Discussion continued. The deadline is 01/22/2022.

PUBLIC COMMENTS

None.

ADJOURNMENT

There being no further business to discuss, motion to adjourn by Jannusch. Seconded by Keegan.

Motion: To adjourn the meeting at 12:52 p.m.

Maker: Jannusch

Second: Keegan

Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The meeting was adjourned at 12:52 p.m. The next regular meeting is scheduled for March 2, 2022; at 11:30 a.m.

Respectfully submitted,

President

Secretary