

ST. CHARLES POLICE PENSION FUND

1515 West Main Street
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, March 1, 2023 8:00 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 action taken by the Board and to include some 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; Bill Hannah, Finance Director; Tim Beam, Vice President; and James Keegan, Trustee

Members Absent: None

Others Present: Brian LaBardi, Reimer & Dobrovolny, PC; Edward Lavin, Sawyer Falduto; Ryan Kerrigan, STCPD; Russ Haywood, STCPD; Greg Kieswetter, Cook Castle Associates, LLC; Cheryl Shimp, Recording Secretary

APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the December 7, 2022 regular meeting as presented.
Maker: Keegan
Second: Heike
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

INVESTMENT ACTIVITIES

Lavin distributed the quarterly report. This report included all the transactions to the Consolidated Fund. The portfolio began 2023 at \$43,577,383. Lavin noted that both bonds and stocks generated negative returns in 2022. Concerns about a 2023 recession are growing. Lavin gave a brief overview of the portfolio to include a performance review, holdings, transactions, long-term performance, economic conditions, rising interest rates, etc.

Motion: To approve the Investment Report as presented.
Maker: Heike
Second: Hannah
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Discussion was held on the amount of cash being held in reserves. Hannah reported that the current cash reserves are good. They are going to be conducting some test transfers with IPOPIF. There is approximately \$1.2M being held in the Schwab Account, currently yielding 4%, pending transfer tests. Lavin stated the

January 2023 IPOPIF report shows an ending market value of just over \$44M, up 5.21% and gave a review of the monthly report to include the Verus Investment Report. Verus is the investment consultant for the entire consolidation. The consolidation report had a 2022 year-end balance of \$8,439M. It was noted that 14.5% of the investments is in non-US Funds.

Cash Management Policy – The Fund is currently holding 2-3 months of monthly benefit funds in reserve. After a brief discussion, this amount will remain. This item will remain on the agenda for monthly review.

Collateralization – BMO Harris exited its relationship with Bank of America reference a collateralization agreement. As the FDIC only covers up to \$250K, some additional coverage is required. There is currently \$1.2M in the BMO account. The new recommended provider for this coverage is the Bank of New York. Hannah reported that they are executing a collateralization agreement with the Bank of New York for the Fire Pension Fund as well as the City of St. Charles. Hannah presented an agreement with the Bank of New York to the Board for their review. LaBardi reported that their firm is not recommending their clients sign a collateralization agreement with Bank of New York based on the fact that if anything should happen, the Bank of New York will be following New York laws and not Illinois. Further, they (LaBardi) recommended a number of changes to the agreement, the same changes that were made by Bank of America, Bank of New York declined. LaBardi reported that many of their clients are working with Lauterbach & Amen (L&A) to create letters of credit. L&A, in collaboration with BMO Harris, issued letters of credit to the Federal Home Loan Bank of Chicago, for the L&A clients. It should be noted that the STC Police Pension Fund is not a client of L&A. A discussion on the pros and cons of an agreement with Bank of New York, what L&A is doing for their clients, security agreements, BMO's preference, New York law, current agreement, etc., was held. After discussion, the Board decided to not enter into an agreement with the Bank of New York. The L&A formula, to determine the amount for the letter of credit, took the highest total of the cash and money market account for the last 12 months plus the January payroll rounded up to the nearest \$10,000. This equates to approximately \$2.9M for the Fund.

Motion: To request a letter of credit for BMO Harris with the Federal Home Loan Bank of Chicago sufficient to cover the highest total cash and money market balances for the last 12 months plus the January payroll rounded up the nearest \$10,000. Authorize Finance to prepare the documents, using the Lauterbach & Amen formula of the highest total of the cash and money market account for the last 12 months plus the January benefit payroll rounded up to the nearest \$10,000; and execute as soon as possible.

Maker: Beam

Second: Heike

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

OLD BUSINESS

Fiduciary Insurance – Greg Kieswetter, Cook Castle Associates, LLC, presented the Board with their annual Fiduciary Insurance policy. This policy is in effect from 04/01/2023 thru 04/01/2024 with a coverage of \$2M in the amount of \$7661.00.

Motion: To approve the Fiduciary Insurance policy in the amount of \$7661.00.

Maker: Beam

Second: Heike

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

Kieswetter presented a Cyber Security policy option to the Board for \$1M in coverage in the amount of \$3366 annually. Hannah stated he believed that the STC Police Pension Fund is named as an Insured on the City of St. Charles policy but will double check that. Table to the next meeting.

QUARTERLY FINANCIAL REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Motion: To approve Addendum A in the amount of \$133,377.76 as presented.
Maker: Beam
Second: Heike
Roll Call: Heike – Aye, Beam – Aye, Keegan – Aye, Hannah – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

Boyce reported that the Department hired Dalton Servatius (Lateral from Evanston PD) was hired on 12/22/2022 as a Tier 2 employee. Ofc. Servatius comes to St. Charles with 8 years of experience from Evanston.

Motion: To accept Dalton Servatius application for membership into the St. Charles Police Pension Fund as a Tier 2 employee.
Maker: Keegan
Second: Heicke
Roll Call: Heike – Aye, Beam – Aye, Keegan – Aye, Hannah – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

APPLICATIONS FOR BENEFITS

Kern – Boyce reported that Scott Kern submitted himself for his annual examination with INSPE. The Board has received the invoice for the examination, however, it has not received the physician’s report. Table to the next meeting.

Anyon – Boyce reported that there is no movement in this disability application. Discussion was held on what the options of the Board are reference this application and how long the Board has to wait for any type of movement. Table to the next meeting.

Ketelson – Dick Ketelson has applied for retirement benefits. Last day worked was 02/02/2023 after 25 years of service and was born in 1970. Ketelson is eligible for a 62.5% pension on an annual salary of \$114,424.44, which equates to a monthly benefit of \$5959.61. Ketelson is a Tier 1 employee.

Motion: To approve the retirement benefits of Officer Ketelson as a Tier 1 employee with a monthly benefit of \$5959.61 as presented.
Maker: Beam
Second: Heike
Roll Call: Heike – Aye, Beam – Aye, Keegan – Aye, Hannah – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Churney – Boyce reported that a Decision and Order has been issued in the Dawn Churney Disability case. The salary attached to rank is \$111,354.36. Churney was granted a line-of-duty disability, which entitles her to 65% of her salary attached to rank. Officer Churney now has 35 days to appeal this decision.

Motion: To adopt and publish the written Decision and Order for Dawn Churney.
Maker: Beam
Second: Heike
Roll Call: Heike – Aye, Beam – Aye, Keegan – Abstain, Hannah – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Abstain. All in favor. Motion carried.

ATTORNEY’S REPORT

The Appellate Court ruled in the matter of the Consolidation Lawsuit affirming the Trial Court decision finding the Consolidation Lawsuit constitutional. The parties now have 35 days to file a request for appeal with the Illinois Supreme Court. This would be a discretionary review and not a mandatory review. As such, the Supreme Court may or may not take the case.

LaBardi reported on the Surviving Spouse legislation. The language had been that if a pensioner marries after retirement, their spouse is not considered a surviving spouse. The new legislation states that if a surviving spouse has been married for at least 5 years at the time of death and are at least 62 years old, the spouse may be awarded a surviving spouse benefit for up to 15 years. It was noted that the Fund currently has no eligible spouses.

Keegan inquired about Tier 3. LaBardi reported that there are so many bills pending. There are bills that repeal Tier 2 entirely and include everyone in Tier 1; bills that talk about exploring a Tier 3 option; bills discussing adjusting COLA’s for Tier 2; etc. There are so many bills pending, they are consistently changing and most of them are never acted on. There is also a bill extending the funding deadline another 10 years to 2050.

NEW BUSINESS

Economic Interest Statements – The annual Economic Interest Statements should be forthcoming. These annual statements are due May 1. These may be completed online.

Trustee Elections – Boyce reported that his term ends in May and will not be seeking another term. By statute, the election is to be conducted on the 3rd Monday in April. Election nomination requests and notices will be sent out shortly. One (1) Active Member position is open. Beam stated that his term expires next year and will not be seeking another term. It was noted that Heike’s term also expires next year.

Executive Session Review – None.

PUBLIC COMMENTS

None.

ADJOURNMENT

There being no further business to discuss, motion to adjourn by Vice President Beam. Seconded by Trustee Hannah.

Motion: To adjourn the meeting at 1:14 p.m.
Maker: Beam
Second: Hannah
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The meeting was adjourned at 1:14 p.m. The next regular meeting is scheduled for June 7, 2023.

Respectfully submitted,

President

Secretary