

# **ST. CHARLES POLICE PENSION FUND**

211 North Riverside Avenue  
St. Charles, Illinois 60174

## **MEETING MINUTES Wednesday, June 7, 2017 11:30 p.m. – St. Charles Police Department**

### **1. MEETING CALLED TO ORDER**

President Beam called to order the Regular Meeting of the St. Charles Police Pension Board at 11:33 a.m.

### **2. ROLL CALL**

Members Present: Timothy Beam, President; Chris Minick, Finance Director; James Keegan, Trustee; Dave Jannusch, Trustee; and Brooks Boyce, Trustee

Members Absent: None

Others Present: Brian LaBardi, Reimer Dobrovolsky & Karlson LLC; and Jon Willhite, UBS; Michael Griesbaum; Warren Drewes, Treasurer

President Beam presented a plaque to Sgt. Michael Griesbaum in appreciation for his dedication and service as a Trustee for the St. Charles Police Pension Fund.

### **3. APPROVE PREVIOUS MEETING MINUTES**

**Motion:** To approve the Regular Meeting Minutes of March 1, 2017 as presented.

**Maker:** Minick

**Second:** Jannusch

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

**Motion:** To approve the Special Meeting Minutes of April 24, 2017 as presented.

**Maker:** Minick

**Second:** Jannusch

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

### **5. OLD BUSINESS**

#### Election of Officers

**Motion:** To nominate the following Officers: President – Tim Beam; Secretary – Brooks Boyce; Vice President – Dave Jannusch; Asst. Secretary – James Keegan

**Maker:** Minick

**Second:** Keegan

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

#### **4. INVESTMENT ACTIVITIES**

Willhite gave an overview of the portfolio. The portfolio was up 3.92% with the benchmark up 3.98%. YTD was at 3.92% with the 1-Year at 8.19%. The portfolio began the quarter at \$31,034,303 and ended the quarter at \$31,122,631.

Discussion was held on the risk return, alpha, beta, portfolio taking on more risk, volatility on a standard deviation, sharpe ratio, etc. The standard deviation is very good at this time. Changes made a couple of years ago are starting to look very good. The portfolio is capturing about 87% of the down market and 92% of the up market.

Willhite stated that American Beacon has been underperforming, will continue to monitor their progress. The I-Share is tracking well with the benchmark and Janus Triton is approximately 1% ahead of their benchmark. Glovista is still on the watch list but is making small improvements. Discussion continued on the money manager returns. See quarterly report for details.

UBS will be running new capital market assumptions. Results should be available for the September meeting. Minick inquired that given the expectations that interest rates will continue to climb, should the Board look at overweighting, on a temporary basis, the diversifiers, given their performance over the last quarter. Willhite stated that the fixed income is the anchor, the equities are where the biggest returns are realized, the diversifiers are in between. Diversifiers help to even things out. The question is, does the Board want to take on a little more risk on the equity side and take monies from the diversifiers or take monies from the equities down to the diversifiers, which will give the portfolio a lower return. Discussion continued.

Discussion was held on the rebalancing worksheet.

**Motion:** To authorize Chris Minick to work with Jon Willhite to rebalance the portfolio in accordance with the IPS upon receipt of the first installment of property taxes.  
**Maker:** Keegan  
**Second:** Jannusch  
**Roll Call:** Boyce – Aye, Minick – Aye, Jannusch – Aye, Keegan – Aye, Beam – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The updated Investment Policy Statement (IPS) was distributed for review. Discussion was held on less being better, best practices, including statements on what trustees should or should not be doing, etc. Statute language has been updated. LaBardi will send along a final copy of the updated IPS. Final version to be adopted at the September meeting.

**Motion:** To approve the investment report as presented.  
**Maker:** Minick  
**Second:** Jannusch  
**Roll Call:** Keegan – Aye, Jannusch – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

## **OLD BUSINESS**

IPPPFA Conference – Room reservations have been made. Confirmation notices will be sent out closer to the conference date. Conference costs will be discussed at the September meeting.

Transfer of Creditable Service – Karnath – Beam reported that a check was received from Woodstock Police Pension Fund in the amount of \$60,582.12. Karnath's original date of hire was 07/11/2016. New date of hire is now 01/02/2012. It was noted that there was no out of pocket expense to Karnath. Discussion was held on when individuals have out of pocket expenses and when they don't. What an officer does or does not have to pay is determined by an actuarial.

**Motion:** To accept the check from Woodstock approving the transfer of creditable service for Karnath to St. Charles Police Department adjusting his hire date to 01/02/2012.

**Maker:** Minick

**Second:** Keegan

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

## **PRESENTATION AND APPROVAL OF BILLS FOR PAYMENT**

**Motion:** To approve Addendum A in the amount of \$87,485.57 as presented.

**Maker:** Keegan

**Second:** Minick

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

## **5. APPLICATIONS FOR MEMBERSHIP**

Matthew McGregory – Date of Hire 03/27/2017. Tier II. Employee.

**Motion:** To approve the application for membership for Matthew McGregory as a Tier II employee effective 03/27/2017

**Maker:** Keegan

**Second:** Minick

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

Anthony Squillo – Date of Hire 03/27/2017. Tier II Employee.

**Motion:** To approve the application for membership for Anthony Squillo as a Tier II employee effective 03/27/2017

**Maker:** Jannusch

**Second:** Minick

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

## **6. APPLICATIONS FOR BENEFITS**

Darrin Lee – Date of Hire was 04/18/1990, last day worked 05/04/2017, first day of pension 05/05/2017, 27 years of creditable service, salary attached to rank \$97,709.56; monthly pension of \$5496.16.

**Motion:** To approve the retirement benefits and calculations of Darrin Lee as presented.  
**Maker:** Jannusch  
**Second:** Minick  
**Roll Call:** Keegan – Aye, Jannusch – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

**Motion:** To approve the Decision and Order and Certificate of Payment for Darrin Lee.  
**Maker:** Keegan  
**Second:** Minick  
**Roll Call:** Keegan – Aye, Jannusch – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Note: Upon settlement of Union contract, benefit recalculations will be necessary for Lee. An amended decision will be forthcoming.

Jerry Gatlin – Bought 2 years of Creditable Military Service, Date of Hire 10/26/1996, last day worked 05/26/2017, 20 years of creditable service, salary attached to rank \$133,051.62; monthly pension benefit of \$5543.82.

**Motion:** To approve the retirement benefits and calculations of Jerry Gatlin as presented.  
**Maker:** Minick  
**Second:** Jannusch  
**Roll Call:** Keegan – Aye, Jannusch – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

**Motion:** To approve the Decision and Order and Certificate of Payment for Jerry Gatlin.  
**Maker:** Minick  
**Second:** Jannusch  
**Roll Call:** Keegan – Aye, Jannusch – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

## **7. ATTORNEY'S REPORT**

Portability Pension – Keegan – Minick spoke with Tim Sharpe, Actuarial, who indicated that the calculations were run as if Keegan was a Tier II Employee and not a Tier I Employee. This information was related to Foster & Foster, although they did not perform a total recalculation, they were able to determine, within acceptable distances of the previous calculations of Sharpe. Unfortunately, the portability is still rather substantial.

LaBardi reported that the way the Administrative Code is written, the calculations have to be performed by the City's actuary. Sharpe is no longer the City of St. Charles' actuary. From a legal standpoint, the numbers from Foster & Foster would be the number the Board would have to use. Discussion continued on how the numbers are figured. If an officer cannot make up the difference in the liability, or they choose not to, the transfer of fund from their previous department will buy them a portion of their service. Officers also have the option to make payments for up to 5 years. It was noted that the police pension funds are the only pension fund that does not have reciprocity of portability. All other pension funds, fire pension, IMRF, etc., reciprocity of portability, which means they do not have to buy into the pension. It is automatic with no cost to the individual.

LaBardi reported that the Appellate Court issued a \$7.3M judgment against Harvey, Illinois for failing to fund the police pension.

Countryside Police were given an \$850.00 longevity stipend, which is pensionable. What the pension board was doing was pensioning \$850.00 times 26 pay period. Instead of getting an \$850.00 bump, the officers were receiving a \$20,000 bump in their salary attached to rank. They were notified by the Department of Insurance that this was incorrect. They board continued to calculate in this matter and the City sued them. The Cook County Circuit Court said that \$850.00 was pensionable not \$850.00 times 26. The judge ordered the pension fund to go back and recalculate all the officers who had retired under this calculation. They were not instructed to re-coop money that was overpaid, but they were to go back and adjust the benefits to what they should be. There are a lot of officers affected by this so an appeal is possible.

There is an Intern-Director for the Department of Insurance.

Current bill sitting on the Governor's desk awaiting signature dealing with re-entry as a Chief of Police. This legislation will not apply to current chiefs.

## **8. NEW BUSINESS**

Transfer of Creditable Service – Oko – The calculations were conducted by Foster & Foster. Oko has just over 8 years of creditable service with Plano. The cost to Oko to transfer this service to St. Charles is approximately \$150,000. There is \$110,000 in the Plano Pension Fund that can be transferred to St. Charles, which would result in approximately 3 years of creditable service. Oko has decided to continue to research his options at this time. Oko is vested in the Plano Pension Fund so he does have the option to keep the funds in Plano.

## **9. PUBLIC COMMENTS**

None.

## **10. ADJOURNMENT**

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

**Motion:** To adjourn the meeting at 12:36 p.m.

**Maker:** Jannusch

**Second:** Keegan

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

The meeting was adjourned at 12:36 p.m. The next regular meeting is scheduled for September 6, 2017 beginning at 11:30 a.m.

Respectfully submitted,

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President

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Secretary