

# ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue  
St. Charles, Illinois 60174

## MEETING MINUTES Wednesday, September 6, 2017 11:30 a.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 11:35 a.m.

### 2. ROLL CALL

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

Members Absent: Dave Jannusch

Others Present: Brian LaBardi, Reimer Dobrovolny & Karlson LLC; Julie Herr, Asst. Finance Director

### 3. APPROVE PREVIOUS MEETING MINUTES

**Motion:** To approve the Regular Meeting Minutes of June 7, 2017 as presented.

**Maker:** Minick

**Second:** Keegan

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

### 4. INVESTMENT ACTIVITIES

Beam noted that due to the flooding situation in Houston, Willhite was not able to attend the meeting nor are the quarterly reports complete. After a brief discussion, it was determined that the Board would call a special meeting in October for Investment Activities. The rebalancing worksheet was presented for discussion.

**Motion:** To approve the rebalancing worksheet as presented.

**Maker:** Minick

**Second:** Keegan

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

## **5. OLD BUSINESS**

IPPFA Conference – Beam reported that no members would be attending the conference in October. Regional training is being held in Itasca. The Spring Conference will be held in April/May of 2018. Discussion was held on alternative training options to include regional training, on-line training, IPAC, IGFOA, etc.

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

**Motion:** To approve Addendum A in the amount of \$85,732.92 as presented.  
**Maker:** Minick  
**Second:** Keegan  
**Roll Call:** Keegan – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 4 Ayes 0 Nays 1 Absent. All in favor. Motion carried.

## **7. APPLICATIONS FOR MEMBERSHIP**

Justin Bennett was hired on 07/20/2017 and is a Tier 2 employee.

**Motion:** To accept the application for membership for Justin Bennett as a Tier 2 Employee effective 07/20/2017.  
**Maker:** Keegan  
**Second:** Minick  
**Roll Call:** Keegan – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 4 Ayes 0 Nays 1 Absent. All in favor. Motion carried.

Keegan noted that Bennett was a lateral transfer from Channahon, Illinois, which is an IMRF pension fund. Also, he has less than 2 years of service from Channahon, so he would not be able to transfer any service.

Joshua Rowoldt was hired on 08/21/2017 and is a Tier 2 employee. Rowoldt lateral transferred from Cherry Valley. Has more than 2 years of service with Cherry Valley, unsure if this was an Article 3 Fund.

**Motion:** To accept the application for membership for Joshua Rowoldt as a Tier 2 Employee effective 08/21/2017.  
**Maker:** Boyce  
**Second:** Keegan  
**Roll Call:** Keegan – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 4 Ayes 0 Nays 1 Absent. All in favor. Motion carried.

## **8. APPLICATIONS FOR BENEFITS**

Scott Kern submitted for his annual examination. Kern was examined by Dr. Shaw, who states that Kern is still disabled and unable to perform the full duties of a police officer. Kern is currently 41 years of age.

**Motion:** To accept the report and approve the continued disability benefits for Scott Kern subject to further annual examinations pursuant to the Pension Code.

**Maker:** Minick

**Second:** Boyce

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

Beam reported that a deferred pensioner, Steve Huffman, will start collecting his pension the end of this month. All paperwork was previously submitted and the pension was previously approved.

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

LaBardi distributed the newsletter. The most significant piece of legislation was just signed by the Governor which requires municipalities to create 401K style plans for police officers. Officers that are hired by a municipality with 10 or more years of service with another plan, would be given the option of participating in the 401K style plan as opposed to the Article 3. The officer would not receive any Article 3, retirement, disability, etc., if they opted out of the Article 3 Plan, nor would they be making contributions to the Article 3 Fund. This legislation does not take effect until 01/01/2019 nor does it apply to anyone holding the position of chief with prior IMRF service. This legislation was drafted to eliminate the “double dipping” of chiefs/officers collecting retirement from one municipality, being rehired at another position and collecting a salary and pension at the same time. Unfortunately, the statute does not provide any guidance to the municipality as to what these plans should consist of, how should they be administered, is there a match, etc. The IML’s opinion is that the municipality will have a lot of discretion in terms of what they may offer. Will continue to monitor.

LaBardi discussed a police officer disability case where the municipality petitioned to intervene, the pension board denied the municipality’s right to intervene and awarded the officer a line-of-duty pension. The municipality appealed. The Appellate Court ruled that the pension board should have allowed the municipality to intervene. Although it is still up to the pension board on whether or not to allow the municipality to intervene, however, if the municipality can show cause, the pension board should allow them to participate. The municipality can almost always show cause. In this case and the reason why, the municipality wanted to participate was because the officer had already litigated his injury claim before the workman’s comp commission, which found that his injury was not related to his job. The municipality’s argument was that the pension board could not award a line-of-duty disability if the workman’s comp commission found the injury wasn’t related to his job at all. The Appellate Court agreed, reversed the decision of the

pension board, awarded the officer a non-duty disability, and precluded the officer from relitigating the issue because the same parties already litigated before the workman's comp commission, who reached a different conclusion and are bound by this decision. Discussion continued on how the workman's comp commission can make these determinations, the commission's lower threshold, etc.

Case of firefighter annual examinations. Firefighter applied for a firefighter position in another state. Pension board felt that if firefighter could apply for a job in another state, they must no longer be disabled. A special hearing was convened and the disability pension was taken away. The Appellate Court reversed their decision and reinstated the pension benefits. The Court stated that if the board had already found the individual disabled, the standard is whether or not the board has medical evidence to indicate that this individual has recovered from his disability. No medical evidence was presented. The only evidence presented was the fact the individual had applied for a job in another state, which would not require the individual to respond to fires and was more of a desk type job. In terms of annual examinations, the standard is not whether a board can revisit whether an individual was disabled when graded, it is have they recovered.

## **10. NEW BUSINESS**

Actuarial Report – Jason Franken, Foster & Foster gave a summary of the St. Charles Police Pension Fund Actuarial Valuation as of May 1, 2017. This report included contributions applicable to the plan/fiscal year ending April 30, 2019 as well as the GASB 67/68 disclosure information as of April 30, 2017. The mortality assumptions were updated to include a projection to the valuation date using the Scale BB; the salary scale was updated from a flat 5.00% to a service based schedule and the assumed payroll growth rate was reduced from 5.00% to 4.50%. lowering the payroll growth rate over the years will eliminate some of the negative amortization and will allow the fund to start paying down the unfunded liability sooner. The current funded ratio is at 52.2%. The Tier 2 benefits are also lower than that of Tier 1 and will also help in reducing this unfunded liability as well. The assumed rate of return used was 6.75%. Discussion was held on the concept (pros/cons) of going to an open amortization period for approximately 15 years, similar to what IMRF does, statutory minimums, state required minimum (\$2,500,465), etc. Suggested tax levy recommendation, per valuation, is \$2,676,082.

**Motion:** To approve the Foster & Foster Actuarial Valuation as presented and recommend a tax levy of \$2,676,082.

**Maker:** Minick

**Second:** Keegan

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

Municipal Compliance Report – Minick reviewed the Municipal Compliance Report with the Board. This report is required by statute and is to be submitted to the City on an annual basis. This report was completed by the Finance Department.

**Motion:** To approve the MCR and authorize President Beam to sign this report.  
**Maker:** Minick  
**Second:** Boyce  
**Roll Call:** Keegan – Aye, Minick – Aye, Boyce – Aye, Beam – Aye. 4 Ayes 0 Nays 1 Absent. All in favor. Motion carried.

LaBardi will forward the MCR along with a copy of the Foster & Foster Actuarial Valuation to the City.

## **11. PUBLIC COMMENTS**

None.

## **12. ADJOURNMENT**

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

**Motion:** To adjourn the meeting at 12:38 p.m.  
**Maker:** Minick  
**Second:** Boyce  
**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 December 6, 2017 beginning at 11:30 a.m.

Respectfully submitted,

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President

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Secretary