

ST. CHARLES POLICE PENSION FUND

1515 West Main Street
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, September 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 description 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. In accordance with Governor Pritzker's applicable Executive Order related to COVID-19, this meeting was held via teleconference and Zoom.

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 (via Zoom); Steve Heike, Secretary (in person/arrived 11:52 a.m.); and James Keegan, Trustee (via Zoom); Tim Beam, Trustee (via Zoom)

Members Absent: 1 Vacant

Others Present: Rick Reimer, Reimer & Dobrovolny, PC (via Zoom); Vince Mancini, Reimer & Dobrovolny (via Zoom); Edward Lavin, Sawyer Falduto (via Zoom); John Falduto, Sawyer Falduto (via Zoom); Tom Sawyer, Sawyer Falduto (via Zoom); Colleen Lavery, Finance (via Zoom); Jason Franken, Foster & Foster (via Zoom)

APPROVE PREVIOUS MEETING MINUTES

Change name from Burton to Burden for retirement.

Motion: To approve the minutes of the June 2, 2021, regular meeting as corrected.

Maker: Beam

Second: Brooks

Roll Call: Keegan – Aye, Beam – Aye, Boyce – Aye. 3 Ayes, 0 Nays, 1 Absent, 1 Vacant. All in favor. Motion carried.

INVESTMENT ACTIVITIES

Falduto distributed copies of the latest quarterly report and gave a brief overview of the report. The portfolio is currently investing 65% in Equities, 34% in Fixed Income with the remainder in Cash/Money Market. No changes to the Investment Policy Statement. The portfolio had an ending market value of \$49,083,767 as of June 30, 2021, which gives the YTD for the portfolio up 8.8%. The stock portfolio was up 14.3% with Fixed Income down -1.2%. Since inception the portfolio is up 27.8%. Falduto noted that of the \$49M, more than \$13.5M is due to investment growth during the last 14 months.

Sawyer reported that the past 6 months have been very positive. The stock market has turned its focus back to fundamentals more than the impact of the pandemic. The S&P is paying attention to earnings. The impact of inflation is in the news now. Unsure if it will be more transitory or longer term. Believes it is a little more transitory but it remains to be seen. The other interesting aspect in the market are job openings. It has been very difficult for companies, big or small, to match up qualified candidates with open positions. It is very difficult for many companies to grow if they cannot fill these openings. This has the potential to influence earnings down the road. Noted that the US Market for the last several years has been a growth market. Discussion was held on the economic growth, stability of the market, interest rates, conservative market rates, short-term volatility, etc.

Falduto reviewed the holdings and gave a portfolio snapshot. Noted that there is some nice diversity within the portfolio. The Fund is conservative in the bond market.

Motion: To accept the Sawyer Falduto Investment Report as presented
Maker: Keegan
Second: Beam
Roll Call: Keegan – Aye, Beam – Aye, Boyce – Aye. 3 Ayes, 0 Nays, 1 Absent, 1 Vacant. All in favor. Motion carried.

No recommended changes to the Investment Policy Statement. Brief discussion held. No action taken.

Representatives for Police Consolidation Board – Reimer noted that before any transfer of funds, there has to be a certified asset list. In order to achieve this, the Consolidated Board needs to gather data on the assets of every fund. A rule was passed, which requires every fund to designate two (2) representatives. Therefore, the St. Charles Police Pension Board needs to designate 2 individuals as their authorized representatives for the Police Consolidation Board. These authorized representatives must also be authorized signatories on the Fund's accounts. No transfer of funds, simply data collection at this point. Reimer recommended that one of the representatives be a PD Member who has access to the records. Boyce noted that both he and Heike are authorized signatures for checks. Falduto noted that most of the interaction has not been in relation to the current consultants and more in the line of forms, notifications, directives, etc. Falduto recommended the representatives be someone more involved in the day-to-day operations of the Fund. The Fund needs to update the signers on the account.

Motion: To adopt a resolution appointing/naming Boyce Brooks and Steve Heike as the authorized representatives to the Police Consolidation Board.
Maker: Beam

Heike joined the meeting at 11:52 a.m. Heike was brought up to speed about the motion.

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

Signers on Schwab Account – Minick, who was listed as a signer on the account, has resigned from the Board and from the City of St. Charles. The City of St. Charles will be appointing a new member at its next City Council meeting. It was further noted that the Treasurer for the City of St. Charles has also been replaced. The new Treasurer is John Harrill. Typically, the Treasurer is a signer on the Fund's accounts. This would give the Police Pension Fund 3 signers to its account.

- Motion:** To appoint John Harrill, City Treasurer; as an authorized signature to the Police Pension Fund's Schwab account and to remove Chris Minick, former Finance Director and former Treasurer.
- Maker:** Beam
- Second:** Boyce
- Roll Call:** Keegan – Aye, Beam – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

The Board will be going out of order of the agenda at this time.

NEW BUSINESS

Actuarial Evaluation – Franken reported that they have completed the Actuarial Evaluation and gave a brief overview of the report. It was noted that there were a number of retirements over the past year, which resulted in an actuarial loss. Fortunately, there was an unrecognized investment gains, which will help to compensate some of this loss. The Fund itself currently has a 50.3% unfunded ratio. Earned pension costs are down 1.57% to 1.53% with more than 50% of Tier 2 actives within the plan. Discussion continued. The funded ratio on the GASB is 56.1%. The recommended tax levy amount is \$3,870,554.

- Motion:** To adopt the tax levy recommendation in the amount of \$3,870,554.
- Maker:** Keegan
- Second:** Boyce
- Roll Call:** Keegan – Aye, Beam – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Reimer will send a letter to the City of St. Charles requesting the recommended tax levy amount of \$3,870,554. Franken reported that there is now a window of opportunity for officers to now transfer IMRF time into an Article 3 or Article 4 Fund. This window will remain open for the next 5 months. Boyce noted that he has received 1 application for this transfer of service.

OLD BUSINESS

None.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

- Motion:** To approve Addendum A in the amount of \$127,698.03 as presented.
- Maker:** Heike
- Second:** Keegan
- Roll Call:** Keegan – Aye, Beam, – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

Membership – Popp – Boyce reported on a lateral transfer, Tier 2, Kyle Popp, from Evanston Police with 7 years of experience. Appointment date of 08/23/2021.

Motion: To approve membership for Kyle Popp as a Tier 2 employee effective August 23, 2021.
Maker: Keegan
Second: Heike
Roll Call: Beam – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Boyce reported on transfer of service for Othello Rosal from Willowbrook. Requested a service transfer of 4 years 11 months 15 days. The monies from Willowbrook resulted in a surplus. The amount of \$89,157.98 was received with a true cost of \$79,046.00 with a surplus of approx. \$10,000. Franken reported that Tier 2 members may have a surplus wherein a Tier 1 employee will never realize a surplus.

Motion: To acknowledge receipt of transfer in the amount of \$89,157.98 from Willowbrook and grant the full amount of Creditable Service to Othello Rosal of 4 years 11 months 15 days.
Maker: Keegan
Second: Heike
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

APPLICATIONS FOR BENEFITS

Churney – Reimer stated that on August 3, 2021, all medical records were forwarded to INSPE. INSPE will then choose 3 doctors and examinations should be forthcoming very soon. It was noted that Churney applied for an on-duty and off-duty pension, which correlates to an on-duty and off-duty injury. Churney has had over 15 physicians, which includes duty and non-duty injuries. With the amount of documentation received, it is likely that both injuries are represented.

Kern – Annual Examination is due. Kern’s last examination was November 2020. Beam reported that several years ago, Kern was sent to a different doctor and inquired how long since he was sent to an alternate physician. Reimer recommended that the Board request updated records.

Motion: To authorize Rick Reimer to set up the annual examination with a doctor to be determined and order updated medical records.
Maker: Beam
Second: Heike
Roll Call: Keegan – Aye, Beam – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

NEW BUSINESS

IPPFA Conference – Boyce noted that all 4 Board members are signed up for this conference in person. Boyce stated that if the conference requires the wearing of masks all day, he would prefer to just attend the conference remotely. Many members agreed to attend virtually if a mask mandate is in place. A 5th member should be appointed at the next City Council. Will include the 5th member in the conference costs.

Motion: To approve IPPFA Conference expenses for yet to be named 5th member.
Maker: Beam
Second: Boyce
Roll Call: Keegan – Aye, Beam – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Annual Audit – The annual Audit is currently in draft. Table to the next meeting.

Municipal Compliance Report – The Municipal Compliance Report is currently in draft. Table to the next meeting.

ATTORNEY’S REPORT

Reimer reported on the IMRF transfer of service. Per IMRF, it will only include sworn law enforcement officers. It does not include CSO’s, Dispatchers, etc. IMRF is rejecting anyone that they believe does not fall into the sworn law enforcement category. The question of Cook County has arisen. Reimer noted that Cook County is not in the IMRF (Article 7) pension fund. Cook County is an Article 9 (Cook County Municipal Employees Fund). Therefore, no one from Cook County qualifies for the transfer. IPPFA is attempting to obtain a trailer bill expanding this window from 6 months to 1 year as well as clarifying law enforcement experience. Another question is whether or not you buy all or a portion. Not sure if this will be brought forth in the veto session. Franken noted that employees wishing to make the transfer must cover employee as well as employer contributions.

Reimer reported that a window has opened up allowing the transfer of Article 5 (CPD) to Article 3 funds. Looking into the legalities of this transfer. It was noted that Chicago Police Officers are leaving in droves with retirements and lateral transfers. Will continue to monitor the situation.

Reimer reported that his firm is representing the Police Consolidation Board and has nothing to do with the consolidation lawsuit. The litigation is being handled by the fiduciary legal counsel. Will not be rendering an legal opinion or legal advise. The status of the lawsuit is as follows: 1) There is a motion to dismiss filed by the defendants arguing that the lawsuit be dismissed for various legal reasons. 2) Plaintiff’s motion for a temporary injunction. It was noted that the Fire Board is looking to begin transferring funds the beginning of October. The judge is set to issue his opinion on September 10, 2021, on both issues. Depending on who wins and who loses, either side will most likely be filing an appeal. The Police Consolidation Board may not begin the transfer of assets until after the first of the year.

Reimer stated that there 9 members on the Police Consolidation Board. Five representative police officers and 4 municipal representatives. The first round of elections for the permanent board has been held. The following are the 5 represented police officer members: Chairman, Shawn Curry, Peoria PD; Lee Catavu, Aurora PD; Mark Poulos, Rock Island PD; Dan Hopkins, Collinsville PD; and Paul Swanlund, Bloomington Police Pension Board; all have been endorsed by the IPPFA. Terms will be for either 2 year or 4 year terms. It should be noted that the Fire Consolidation Board agreed to an 8 member board, which can result in a number of ties so the IPPFA pushed for a 9 member board.

NEW BUSINESS

Closed Session Minutes – No closed session meeting minutes to review.

Executive Session – None

PUBLIC COMMENTS

None.

ADJOURNMENT

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

Motion: To adjourn the meeting at 12:55 p.m.
Maker: Keegan
Second: Heike
Roll Call: Beam – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

The meeting was adjourned at 12:55 p.m. The next regular meeting is scheduled for December 1, 2021.

Respectfully submitted,

President

Secretary