

ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, December 7, 2016 11:30 p.m. – St. Charles Police Department

1. MEETING CALLED TO ORDER

Trustee Jannusch called to order the Regular Meeting of the St. Charles Police Pension Board at 11:30 a.m.

2. ROLL CALL

Members Present: Chris Minick, Finance Director; James Keegan, Trustee; and Dave Jannusch, Trustee

Members Absent: Timothy Beam, President and Michael Griesbaum, Secretary

Others Present: Brian LaBardi, Reimer Dobrovolny & Karlson LLC; Jon Willhite, UBS; Warren Drewes, City of St. Charles Treasurer (arrived at 11:45)

3. APPROVE PREVIOUS MEETING MINUTES

Minick noted an error in Item 8 – Applications for Benefits. The annual salary should read: \$120,797.04.

Motion: To approve the Regular Meeting Minutes of September 7, 2016 as amended.

Maker: Jannusch

Second: Minick

Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

4. INVESTMENT ACTIVITIES

Willhite gave an overview of the portfolio. Believes the current allocation is very good for the portfolio. Unfortunately, some of the managers are not performing as expected. The portfolio's standard deviation is increasing and the sharpe ratio is also improving. The new managers that will be put into place should help improve the alpha numbers. The current beta (upside risk) is at 1.05%, which isn't bad but want to continue to monitor this number. The portfolio ended the quarter at \$31,477,775. The Board reviewed how the portfolio compares to other funds

Ten out of the 15 managers have been outperforming since inception. The other 5 are being monitored for possible change. The Board reviewed the quarterly returns of all managers. This review included year-to-date as well as since inception numbers.

Drewes arrived at 11:45 a.m.

Glovista was one of the managers under review. The Board will monitor Glovista on a quarter by quarter basis. Although Black Rock had been underperforming, they were up 31 basis points in November with the Index down -2.55%. In the last 3 months, Black Rock is up 50 basis points for the last 3 months with the Index down -3.1%. Their strategy is to help buffer rises in interest rates. Discussion continued on fixed income, changes in the interest rates, allocations, etc. Willhite stated that there will be a rocky road ahead with the rising interest rates.

Discussion was held on Glovista and the rebalancing worksheet.

Motion: To approve the rebalancing worksheet dated 12/02/2016 as proposed.
Maker: Keegan
Second: Minick
Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

A few minor changes were made to the Investment Policy Statement (IPS) and these changes were reviewed with the Board. As this item was not on the agenda, approval of the changes will be addressed at the next meeting. Updates to the IPS will be forward to LaBardi for review.

Willhite reported that UBS has a new program, Fiduciary Briefcase. It is a 3rd party vendor that UBS has hired to upload any electronic document of the Board. Documents include contracts, quarterly reports, invoices, DOI Reports, any electronic document. The Board would then be able to access these documents via the cloud. It was originally designed for 401K plans. It was suggested that a policy be created indicating what items are to be uploaded into the Briefcase. This policy will act as a checklist to make sure nothing is missed. This Briefcase will also be able to assist in matters of audits as all documents would be kept in one location.

Motion: To approve the Investment Report
Maker: Minick
Second: Jannusch
Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

5. OLD BUSINESS

2016 IPPFA Conference – Expenses were approved at the last meeting.

2017 IPPFA Conference – LaBardi reported that the Fall Conference (St. Louis, MO) is already sold out. Unknown what alternate hotels are available. LaBardi will research and report back. Minick stated that he will hold rooms in an alternate hotel. These reservations may always be cancelled.

Minick reported that the tax levy was approved by the City Council on Monday. The Police Pension levy was \$2,303,017 as noted in the recommendation and actuarial report.

6. PRESENTATION AND APPROVAL OF BILLS FOR PAYMENT

Motion: To approve Addendum A in the amount of \$79,056.60 as presented.
Maker: Minick
Second: Jannusch
Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

Financial Statements – Financial Statements were distributed to all members at the meeting. These documents include the annual financial report for the Police Pension Fund along with auditor’s communication to the members of the Pension Board of Trustees. Minick gave a briefing of the auditor’s communication. It was noted that these statements and the audit, in general, were very favorable. Anyone wishing to discuss this matter further or discuss any issues with the auditors may contact Minick. A presentation of the City’s audit was made to the City Council, which included the Police Pension Fund audit. The City found no problems in regards to the Police Pension Fund.

Motion: To approve the Financial Statements for year end 04/30/2016 as presented.
Maker: Minick
Second: Jannusch
Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

7. APPLICATIONS FOR MEMBERSHIP

Jannusch reported that Brian Oko was hired on 10/17/2016. He is a lateral transfer from Plano but was hired after 01/01/2011 and is a Tier 2 employee. It is expected that he will be applying for a transfer of funds from Plano at a later date.

Motion: To approve the application for membership for Brian Oko effective 10/17/2016 as a Tier 2 employee.
Maker: Jannusch
Second: Keegan
Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

8. APPLICATIONS FOR BENEFITS

None.

9. ATTORNEY’S REPORT

LaBardi distributed the newsletter. There was another senate bill proposed to once again consolidate investment authority of all Article 3 and Article 4 funds in the state. Because this bill was proposed so late in the session, it is of no effect. The Safe Roads Amendment, which segregates road funds for transportation purposes only, was approved at the most recent level. This is potentially related to pension funds because Illinois created a new statute, which says that beginning in 2016, if a municipality isn’t funding to the correct level, the state can seize a town’s

state money and apply it to the pension. This amendment removes a large sum of money that was available for seizure.

LaBardi reported that his office has been inundated with FOIA requests for every fund they represent, starting with letters A, B or C. This FOIA request was made by the Illinois Policy Institute. This request included information on all participants and retirees for the past 10 years. The information requested may be found on the annual IDOA filings. The requestor asked for this information in an Excel format. The original request was submitted to the IDOA, who denied the request and referred the requestor to the actual Article 3 & 4 funds. The rule of FOIA is if the information is stored in an Excel format, you have to produce it in an Excel format. If the information is not stored in an Excel format, you do not have to create it for the requestor. Another problem is that some accounting firms do store this information in Excel, however, their Excel formats have proprietary information in terms of data, cell formulas, and other proprietary information they've developed for managing pension funds. If the Board receives this FOIA request, please discuss with LaBardi. All this information is available on the IDOA website in Excel format via the FOIA portal. DOA can tell a requestor to go to their website, because it is theirs. St. Charles cannot refer a FOIA requestor to DOA, it isn't St. Charles' website.

10. NEW BUSINESS

2017 Meeting Dates – The 2017 meeting dates are as follows: March 1, June 7, September 6 and December 6, 2017. These meetings will be held at the St. Charles Police Department Conference Room beginning at 11:30 a.m.

Motion: To approve the 2017 meeting dates as presented.
Maker: Jannusch
Second: Keegan
Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

2017 COLA's – The 2017 Pension Calculations were distributed for review.

Motion: To approve the 2017 COLA's as presented.
Maker: Minick
Second: Jannusch
Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

Willhite will update the monthly pension payouts to UBS for the cash account. Letter of Approval for this increase at the next meeting.

Verification Letters for Retirees – Verification letters will be sent out after the first of the year. Minick stated that his department will be sending out these letters. This letter basically states that the beneficiary is still alive and is eligible to receive benefits. This letter must be notarized.

11. PUBLIC COMMENTS

Drewes will not be able to attend the March meeting as he will be in Aruba.

12. ADJOURNMENT

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

Motion: To adjourn the meeting at 12:31 p.m.

Maker: Minick

Second: Keegan

Voice Vote: 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

The meeting was adjourned at 12:31 p.m. The next regular meeting is scheduled for March 1, 2017 beginning at 11:30 a.m.

Respectfully submitted,



President



Secretary

12/5/2016

CITY OF ST CHARLES
EXPENDITURE APPROVAL LIST - DISTRIBUTION

9/1/2016 - 11/30/2016

<u>VENDOR</u>	<u>VENDOR NAME</u>	<u>PO NUMBER</u>	<u>ACCT UNIT</u>	<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>INVOICE</u>	<u>DESCRIPTION</u>
328	TIMOTHY BEAM	1	400300	51402	105.00	09/09/2016	20160908	PER DIEM IPPFA CONFR C
					<u>105.00</u>	328	TIMOTHY BEAM	
1012	MICHAEL GRIESBAUM	1	400300	51402	105.00	09/09/2016	20160908	PER DIEM IPPFA CONFR C
					<u>105.00</u>	1012	MICHAEL GRIESBAUM	
1181	IPPFA	1	400300	51304	795.00	11/02/2016	986	IPPFA MEMBERSHIP DUES
					<u>795.00</u>	1181	IPPFA	
1276	DAVID JANNUSCH	1	400300	51402	105.00	09/09/2016	20160908	PER DIEM IPPFA CONFR C
					<u>105.00</u>	1276	DAVID JANNUSCH	
1645	CHRISTOPHER MINICK	1	400300	51402	52.50	09/09/2016	20160908	PER DIEM IPPFA CONFR C
					<u>52.50</u>	1645	CHRISTOPHER MINICK	
2212	CITY OF ST CHARLES	1	400300	51401	2,036.03	09/08/2016	20150908-1	REIMBURSE COSC HOTEL
		1	400300	51300	25.00	09/08/2016	20150908-2	REIMBURSE COSC JIM KE
					<u>2,061.03</u>	2212	CITY OF ST CHARLES	
2638	INTERNAL REVENUE SERVICE	1	400900	20107	21,181.01	09/23/2016	FIT 160923125344300	Federal Withholding Tax
		1	400900	20107	21,181.01	11/25/2016	FIT 161125084804300	Federal Withholding Tax
		1	400900	20107	21,181.01	10/25/2016	FIT 161025094143300	Federal Withholding Tax
					<u>63,543.03</u>	2638	INTERNAL REVENUE SERVICE	
2928	REIMER DOBROVOLNY & KARLSON	1	400300	54110	750.00	09/29/2016	2281-21473	LEGAL QUARTERLY RETAI
					<u>750.00</u>	2928	REIMER DOBROVOLNY & KARLSON	
3172	CITY OF ST CHARLES PP							

<u>VENDOR</u>	<u>VENDOR NAME</u>	<u>PO NUMBER</u>	<u>-ACCT UNIT</u>	<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>INVOICE</u>	<u>DESCRIPTION</u>
		1	400900	20120	3,711.68	10/25/2016	MEBN1610250941433(Retiree Benefits
		1	400900	20120	3,711.68	11/25/2016	MEBN1611250848043(Retiree Benefits
		1	400900	20120	3,711.68	09/23/2016	MEBN1609231253443(Retiree Benefits
					<u>11,135.04</u>	3172	CITY OF ST CHARLES PP	
3184	JIM KEEGAN							
		1	400300	51402	105.00	09/09/2016	20160908	PER DIEM IPPFA CONFR C
					<u>105.00</u>	3184	JIM KEEGAN	
3615	FOSTER & FOSTER ACTUARIES INC							
		1	400300	54131	300.00	09/22/2016	9350	POLICE PENSION TRUE C
					<u>300.00</u>	3615	FOSTER & FOSTER ACTUARIES INC.	
					<u><u>79,056.60</u></u>			
				Grand Total:				

ADDENDUM A