

ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue
St. Charles, Illinois 60174

MEETING MINUTES

Wednesday, September 4, 2019

11:30 a.m. – St. Charles Police Department

1. MEETING CALLED TO ORDER

President Boyce called to order the Regular Meeting of the St. Charles Police Pension Board at 11:42 a.m.

2. ROLL CALL

Members Present: Brooks Boyce, President; Stephen Heike (arrived 11:48), Secretary; Dave Jannusch, Trustee; Chris Minick, Finance Director; and James Keegan, Trustee

Members Absent: None

Others Present: Brian LaBardi, Reimer & Dobrovolny PC; Bobby J. Greene, Reimer & Dobrovolny PC; John Willhite, UBS; Jason Franken, Foster & Foster; Cheryl Shimp, Recording Secretary

3. APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the Regular Meeting Minutes of June 5, 2019 as presented.

Maker: Jannusch

Second: Keegan

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

4. INVESTMENT ACTIVITIES

Willhite reported that CF McKee (Fixed Income) will be reducing their fee from 35 to 25 basis points. The Board needs to execute the addendum and UBS will file it with the Department of Insurance (IDOI). The Board did a Strategic Asset Allocation back in 2016.

Motion: To approve the addendum to CS McKee for reduced fees.

Maker: Minick

Second: Jannusch

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

Heike arrived at 11:48 a.m.

Willhite will send out a risk profile questionnaire to all the trustees. Trustees will need to complete this questionnaire and send it back to UBS. Once the questionnaires are scored, will come back to the Board with the results and then discuss the direction the Board wants to go in the future. As there appears to be more volatility in the marketplace, this is an opportunity to reevaluate the direction of the portfolio. Questionnaire will be discussed at the December meeting.

Willhite reported that UBS is working to Chilton reference a fee reduction. Discussion held on the trade war with the US and China. Willhite noted that interest rates are coming down and gave an overview of the market.

Portfolio was up 2.88% for the last quarter with the benchmark up 2.09%. The quarter began at \$35,549,888 and achieved an ending market value of \$37,181,349. Year to Date the portfolio was up 12.24%; slightly underperforming on the 1-Year; outperforming on the 3-Year; and up 6.11% since inception. Discussion was held on the individual managers. American Beacon had a horrible quarter in the end of 2018; however, they have recovered and are up 4.30% to their benchmark at 3.84%. It was noted that 50% of their profits are given to charitable causes. Carillon Scout (Mid Cap) was placed on the watch list.

No rebalancing is required this quarter. The second installment of tax levy monies should be sometime this month.

Motion: To delegate discretionary authority to Chris Minick to instruct John Willhite to reinvest the second installment of the property tax monies in accordance with the IPS, Illinois Statutory guidelines and cash flow requirements.

Maker: Minick

Second: Jannusch

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

Motion: To approve the Investment Activity Report as presented.

Maker: Minick

Second: Heike

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

Discretionary Service Contract – Willhite reported that as a result of Illinois Laws, UBS is not able to enter into a Discretionary Service Contract. Minick requested that UBS continue to research this possibility.

Investment Policy Statement – None.

5. OLD BUSINESS

RFP (Request For Proposal) for Investment Consultant – RFP's were sent out and the following firms submitted proposals: UBS; Sawyer Falduto; and Mitchell Vaught & Taylor. Discussion was held on the proposals. After discussion, the Board decided to hold presentations at the December meeting. A special meeting will be held for these proposals. Minick will contact vendors and schedule presentations.

6. PRESENTATION AND APPROVAL OF BILLS FOR PAYMENT

Motion: To approve Addendum A in the amount of \$96,740.14 as presented.

Maker: Keegan

Second: Jannusch

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

7. APPLICATIONS FOR MEMBERSHIP

Motion: To accept Justin Fedor into the St. Charles Police Pension Fund as a Tier 2 Member effective 06/17/2019.
Maker: Keegan
Second: Jannusch
Roll Call: Heike – Aye, Jannusch – Aye, Keegan – Aye, Minick – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To accept Stephen C. Mattas into the St. Charles Police Pension Fund as a Tier 2 Member effective 07/29/2019.
Maker: Keegan
Second: Minick
Roll Call: Heike – Aye, Jannusch – Aye, Keegan – Aye, Minick – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Stephen Mattas is a lateral transfer from Oregon, Illinois.

8. APPLICATIONS FOR BENEFITS

Retirement Benefits – Bedell – Deputy Chief Steve Bedell has 30 years of service with a hire date of 09/06/1989. Last day worked, 09/06/2019; qualifies for 75% pension of \$151,377.10, which equates to \$9461.07 per month.

Motion: To approve the Retirement Benefits of Steve Bedell as presented with a pension date of 09/06/2019.
Maker: Keegan
Second: Minick
Roll Call: Heike – Aye, Jannusch – Aye, Keegan – Aye, Minick – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To adopt and publish the Decision and Order for Bedell as presented.
Maker: Minick
Second: Jannusch
Roll Call: Heike – Aye, Jannusch – Aye, Keegan – Aye, Minick – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

9. ATTORNEY'S REPORT

Kern is due for his annual physical. Doctors will be chosen through INSPE. Application for continued benefits will be held for the December meeting.

None of the pension reform bills that were proposed were voted on during the last legislative session. There will be a short veto session held in November. Next regular session will be Spring 2020. There is some discussion that a bill will be acted on in the veto session, however, unknown if it will proceed. The bill that is being reviewed is the voluntary consolidation bill. The Governor has created a committee to study this bill. It was noted that the State will not accept the Chicago Pension as a part of this legislation. There may be some local consolidation down the road. The State is only interested in the money/investment portion of

the pension funds. They are not interested in any administration, disability hearings, retirements, etc. Unknown how the monies will be invested and by whom. This decision would be irrevocable. IMRF may be tied in at some point. IMRF has indicated that they do not want to be involved in this.

LaBardi introduced Bobby Greene, new attorney to the firm. Bio will be available in the next newsletter.

10. NEW BUSINESS

IPPFA Conference – Boyce, Heike and Jannusch will be attending. Conference is being held in October.

Audit Report – Minick reported that the firm Sikich performs the City’s audit and as part of this process, provides separate and distinct audits on both the police and fire pension fund. A draft audit was presented for review. A final audit should be available for the December meeting. The fund did receive a “Clean Opinion”, which is the best opinion. Of note; the fund has approximately \$36.2M in total assets as of April 30, 2019. About \$2.2M has been added in equity position during the fiscal year. The auditor’s communication did not find any difficulties in performing the audit.

Actuarial Report & Tax Levy – Jason Franken (Foster & Foster) gave an overview of the report. It was noted that the City has been funding the police pension at the 100% target. New mortality tables are now being used. A recommended tax levy of \$3,296,585 was presented. The Department of Insurance will provide a separate calculation. They use different assumptions and as a result, their number may come in higher. GASB data is included in this report.

Motion: To approve the Actuarial Report and recommend a tax levy of \$3,296,585.
Maker: Jannusch
Second: Keegan
Roll Call: Heike – Aye, Jannusch – Aye, Keegan – Aye, Minick – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

LaBardi will submit a letter to the City of St. Charles recommending a tax levy of \$3,296,585.

Municipal Compliance Report – Table to the December meeting.

Closed Session Minutes – Closed Session Minutes for Shaw Disability Hearing.

Motion: That the minutes for the Shaw Disability Hearing remain closed.
Maker: Jannusch
Second: Heike
Roll Call: Heike – Aye, Jannusch – Aye, Keegan – Aye, Minick – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

11. PUBLIC COMMENTS

None.

12. ADJOURNMENT

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

Motion: To adjourn the meeting at 1:18 p.m.
Maker: Keegan
Second: Jannusch
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The meeting was adjourned at 1:18 p.m. The next regular meeting is scheduled for December 4, 2019 beginning at 11:30 a.m.

Respectfully submitted,



President



Secretary