

# **ST. CHARLES POLICE PENSION BOARD**

1515 W. Main Street  
St. Charles, Illinois 60174

## **MEETING MINUTES Wednesday, December 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 11:45 a.m.

### **2. ROLL CALL**

Members Present: Brooks Boyce, President; Steve Heike, Secretary; Dave Jannusch, Trustee; Chris Minick, Finance Director; and James Keegan, Trustee (arrived at 12:25 p.m.)

Members Absent: None

Others Present: Rick Reimer, Reimer Dobrovolsky, PC; John Willhite & Brenda Paulson, UBS (via conference call); Robert Vaughan, UBS; John Falduto, Sawyer Falduto

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

**Motion:** To approve the Regular Meeting Minutes of September 4, 2019 as presented.

**Maker:** Jannusch

**Second:** Minick

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

**Motion:** To approve the Special Meeting Minutes of October 6, 2019 as presented.

**Maker:** Jannusch

**Second:** Heike

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

### **4. INVESTMENT ACTIVITIES**

Vaughan gave an overview of the portfolio. The Fund started the third quarter at \$37,181,349, and ended the quarter at \$37,801,003 up 34 basis points. YTD the portfolio was up 12.62% with the 1-year up 3.70%. Noted that equity markets were strong with global equities posting in the black and emerging markets and small cap posting negative returns. Willhite gave an overview of the portfolio returns. American Beacon has been on the watch list and has made improvement but are still slightly underperforming their benchmark. Discussion was held on the performances of the money managers.

Vaughn reported that fees for CS McKee were negotiated down and are being bought out by North Square. A new contract will be forthcoming.

The Board reviewed the Rebalancing Worksheet.

**Motion:** To accept and approve the Rebalancing Worksheet of 11/26/2019 as presented.

**Maker:** Minick

**Second:** Heike

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

RFP for Consultant – Minick reported that at the last meeting, the Board scheduled a meeting with the two (2) finalist for Investment Consultant. The 2 finalists were UBS and Sawyer Falduto. In the interim, the consolidation investment legislation passed. The Board needs to determine how it will proceed now that this legislation has passed. Minick voiced concerns about the administrative burden and effort that will be required to complete a transfer of assets to a new consultant/manager, if chosen, and then to turn around one more time and transfer assets to the consolidation fund. The Board needs to decide if it wants to continue with the RFP process and conduct interviews or wait and then move forward with the consolidation fund. The Board does have a fiduciary liability to the Fund until such time as the State takes over the assets. Discussion continued.

Reimer reported that the bill is awaiting the Governor's signature and doesn't go into effect until June or July of 2020. The longest period of time to transfer assets would be 30 months. There is always the possibility of a challenge. Reimer recommended that everything remain status quo. Reimer's office is analyzing the bill and will produce a newsletter, which will include a summary of the bill and attempt to answer the many questions (i.e. training, transferring assets, etc.). Audits of all the funds involved in this transition is required. An interim board will be created consisting of 3 active members of the FOP and 2 retired.

Keegan arrived at 12:25 p.m.

The interim board will be responsible for setting up office space, creating rules & regulations, hiring a permanent board, audits, transferring of assets, etc. Unknown where the money will be coming from to make this work. It was noted that once a fund is auditing by the State, the fund will have 30 days to transfer the funds to the consolidated fund. Local boards shall retain the exclusive jurisdiction to control, manage and pay disability benefits, retirement benefits and survivor benefits as well as other expenses. Local boards will be allowed to maintain 3 months of assets to cover benefit payments. Discussion continued.

Falduto reported on the transitioning process with their company. Although there would be no transition with UBS, Willhite gave an overview of UBS's process. Discussion continued on transitioning funds, custodians, mutual funds, fees and compensations, transition managers, etc. After discussion, the board determined it would move forward with the RFP process and hold a special meeting for presentations. Minick will organize the presentations. (Willhite/Paulson/Colette left the meeting at 12:50 p.m.)

Strategic Asset Allocation – Table at this time.

Investment Policy Statement – Table at this time.

## 5. OLD BUSINESS

Tax Levy – Minick reported that the tax levy request to the City will be approximately \$3.2M, which was the actuarial recommendation. The levy request was approved by the Mayor and City Council and filed with both counties.

**Final Audit Report** – Minick reported that there were no changes from the draft version to the final version.

**Motion:** To accept and approve the audit report for the Police Pension Fund year ending 04/30/2019 as well as the financial statements.  
**Maker:** Minick  
**Second:** Heike  
**Roll Call:** Heike – Aye, Minick – Aye, Boyce – Aye, Keegan – Aye, Jannusch – Aye. 5 Ayes 0 Nays 0 Absent. All in favor. Motion carried.

**Municipal Compliance Report** – The Municipal Compliance Report (MCR) is required by statute to be presented to the municipality. This report includes total assets, tax levy recommendations, funding levels, GASB, etc. The Board's attorney will draft a letter and forward MCR to the City.

**Motion:** To accept the MCR as presented and authorize the President and Secretary to sign.  
**Maker:** Minick  
**Second:** Jannusch  
**Voice Vote:** 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

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

**Motion:** To approve Addendum A in the amount of \$103,712.70 as presented.  
**Maker:** Keegan  
**Second:** Jannusch  
**Voice Vote:** 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

## **7. APPLICATIONS FOR MEMBERSHIP**

The St. Charles Police Department has hired one (1) Officer – Kevin Comstock. Officer Comstock was hired on 09/08/2019 and is a Tier 2 employee. Comstock is currently in the academy and is due to graduate the end of December.

**Motion:** To admit Kevin Comstock as a Tier 2 pension member effective 09/08/2019.  
**Maker:** Jannusch  
**Second:** Minick  
**Voice Vote:** 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

## **8. APPLICATIONS FOR BENEFITS**

**Annual Examination – Kern** – Reimer reported that Scott Kern submitted himself for his annual examination for continuation of benefits on 11/19/2019. Waiting on the doctor's report. Table to next meeting.

**Annual Examination – Shaw** – Need to schedule for annual examination for continuation of benefits. Reimer's office will contact INSPE to pick 1 of the 3 doctors from his hearing for this examination. Table to the next meeting.

Refund of Contributions – Vargas – Louis Vargas has requested a refund of his contributions to the Fund. Officer Vargas is currently with the US Marshall's service. Refund is in the amount of \$25,164.39. Last day worked with the St. Charles Police Department was 11/29/2018.

**Motion:** To refund contributions in the amount of \$25,164.39 to Louis Vargas.  
**Maker:** Keegan  
**Second:** Jannusch  
**Roll Call:** Heike – Aye, Minick – Aye, Boyce – Aye, Keegan – Aye, Jannusch – Aye. 5 Ayes 0 Nays  
0 Absent. All in favor. Motion carried.

## 9. ATTORNEY'S REPORT

Reimer presented the quarterly newsletter to all members. The only discussion happening now is on the consolidation bill, which was previously discussed. Will continue to monitor the situation.

## 10. NEW BUSINESS

2020 Meeting Dates – Meeting dates are held the first Wednesday of the months of March, June, September and December. Meetings are held at 11:30 a.m. in the St. Charles Police Department Conference Room.

**Motion:** To approve the following meetings for 2020: March 4, June 3, September 2 and December 2, 2020

**Maker:** Minick

**Second:** Heike

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

2020 COLA's – 2020 COLA's were presented for review.

**Motion:** To approve the 2020 COLA's as presented.

**Maker:** Jannusch

**Second:** Minick

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

Verification Letters – Verification Letters are schedule to go out the end of the December beginning of January. Finance Department will handle this matter.

2020 Elections – One Active Member (Heike) position and one Retire/Disabled Member (Jannusch) is up for election in 2020. By statute, the election procedure is to be overseen by the 2 appointed members. Positions are for a term of 2 years. Discussion was held on nominating candidates, voting, etc. Elections to be held the end of April. Examples of a deterred letter will be forwarded by Reimer's office.

**Motion:** To authorize the 2020 Elections of the St. Charles Police Pension Board.

**Maker:** Minick

**Second:** Keegan

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

## 11. PUBLIC COMMENTS

None.

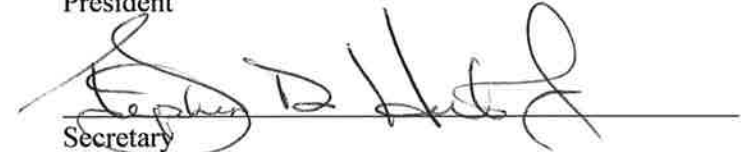
## 12. ADJOURNMENT

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

**Motion:** To adjourn the meeting at 1:12 p.m.  
**Maker:** Minick  
**Second:** Keegan  
**Voice Vote:** 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The meeting was adjourned at 1:12 p.m. The next regular meeting is scheduled for March 4, 2020 beginning at 11:30 a.m.

Respectfully submitted,

  
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President  
  
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Secretary