

ST. CHARLES POLICE PENSION FUND

1515 West Main Street
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, March 3, 2021 11:32 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 descriptions 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 11:32 a.m.

ROLL CALL

Members Present: Boyce Brooks, President (in person); Steve Heike, Secretary (in person); Tim Beam, Trustee (via phone); James Keegan (via Zoom) and Chris Minick, Finance Director (via Zoom)

Members Absent: None

Others Present: Brian LaBardi, Reimer & Dobrovolny PC (via Zoom); John Falduto, Sawyer Falduto (via Zoom); Ed Lavin, Sawyer Falduto (via Zoom)

LaBardi reminded everyone that a roll call must be held for every motion.

APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the December 12, 2020 meeting as presented.
Maker: Keegan
Second: Minick
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

INVESTMENT ACTIVITIES

Falduto distributed (via email) the latest quarterly report. The portfolio continues to target 65% to equity, 34% to fixed income and the remainder to the money market to cover expenses and beneficiary payments. Falduto gave an overview of the portfolio's performance for the quarter to include cash flow, contributions and additions, deposits, distributions, etc. The portfolio began the quarter at \$41,168,613 and ended at \$44,661,346 up \$9,753,833 since inception. YTD the portfolio was up 15.9%, equities were up 18.3% with fixed income up 8.22%. Long term

performance shows since inception, the portfolio is up 22.3%, with equities up 34.39% and fixed income up 1.9%.

Lavin reported that the last quarter was a very good quarter within a very tremulous year. The fourth quarter growth was as a result of the stock market anticipating a return to pre-pandemic life, specifically consumer spending, coupled with the prospect of additional economic stimulus coming into the economy. Two-thirds of the US economy is consumer spending with the remaining one-third traditional manufacturing. Discussion was held on the market/economy overview. Lavin gave an overview of the performance of the money managers. Managers that did the best were the Large Cap managers. It was noted that the Small/Mid Cap stocks are improving, bond rates are as a result of supply and demand, which should keep rates down. Falduto gave a brief overview of the allocations, list of investments held, list of transactions, CD's, etc.

Motion: To accept the Quarterly Investment Report as presented.
Maker: Minick
Second: Heicke
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

OLD BUSINESS

2021 COLA's – The 2021 COLA's were presented for review.

Motion: To approve the 2021 COLA's as presented.
Maker: Minick
Second: Heicke
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

Trustee Elections – Nominations for Trustee positions were sent out. By statute, the election is to be held on the third Monday in April, which is April 19, 2021. Nominations are due back by 03/12/2021. Election results to be discussed at the next meeting.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

The Expenditure Approval List (Addendum A) was presented for review.

Motion: To approve Addendum A in the amount of \$120,868.41 as presented.
Maker: Keegan
Second: Minick
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

None. Department to hire 2 Police Officers with a start date of 03/08/2021. To be discussed at the next meeting.

APPLICATIONS FOR BENEFITS

Disability Application – Churney – Application received. Still waiting on paperwork from petitioner’s physicians. No response from petitioner since November 2020. Churney is looking for a duty-related disability pension. Discussion was held on how long the Board is required to await on a petitioner. Hearing will be set once all paperwork is received. Board Attorney to follow up for status. Tabled to the next meeting.

Retirement Application – Ross – Officer Ross’ last day of work was 12/28/2020. His original hire date was 08/28/1995, 25 years of service with an annual salary of \$108,369.56. This is a 62.5% pension with a monthly payout of \$5641.45.

Motion: To approve the Retirement Application of Officer Ross with a monthly payout of \$5641.45, 25 years of service, last day worked 12/28/2020.
Maker: Minick
Second: Heicke
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

Decision and Order to be signed by all 5 Trustees. Once the Decision and Order is signed, the 35-day waiting period begins. Anyone wishing to challenge the application has 35 days to appeal the decision.

ATTORNEY’S REPORT

LaBardi stated that his firm (Reimer & Dobrovolny PC) is general counsel for the Consolidated Police Investment Board. To the extent that there are any issues between St. Charles and the Consolidated Board, there will likely be a conflict. Asked to be advised if any conflicts arise, unaware of any at this time. The Police Consolidation Board has been elected. The board is in the process of interviewing Chief Investment Officers and has narrowed the field, although final action has not been taken. The movement of assets has not been discussed at this time. The Fire Executive Director has stated that they would like to see assets begin moving by the 3rd quarter of this year. The Police Board may not be able to achieve this.

There was a lawsuit filed in Kane County Circuit Court by a number of pension funds seeking to have the consolidation legislation thrown out. LaBardi stated that his firm is not involved in this lawsuit, however, they do represent some of the plaintiffs as well as the Police Board as defendant,

so they are conflicted out on all sides and will have nothing to do with this lawsuit. Unknown if will or will not be successful. Status date in June.

IPPFA is holding their Spring Conference the first week of May in Lincolnshire. The Fall Conference will be the first week of October in Oakbrook. These conferences will most likely be a combination of in-person as well as remote, depending on restrictions at the time of the conferences.

NEW BUSINESS

Fiduciary Insurance – Greg Kiesewetter gave an overview of the Fiduciary Liability Insurance Policy for the portfolio and Trustees. This coverage is 04/01/2021 thru 04/01/2022. The amount of coverage is \$2,000,000. The policy from Cook Castle cost is \$6998.00, which is a 2% increase.

Motion: To approve the Fiduciary Liability Insurance policy in the amount of \$6998.00
Maker: Minick
Second: Heicke
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

Fidelity Bond Coverage – Kiesewetter noted that Fidelity Bond Coverage covers theft of funds; employee thefts, forgery, computer and fund transfer fraud, counterfeit currency, third party thefts, etc. The policy has a limit of \$500,000. The cost of the policy is \$2292.00 for 3-year coverage from 04/01/2021 thru 04/01/2024. It was noted that the City's policy does not cover the Police or Fire Pension Funds.

Motion: To approve Fidelity Bond Coverage in the amount of \$2292.00 for 3-year coverage effective 04/01/2021.
Maker: Minick
Second: Beam
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

Closed Session Minutes – None.

Transfer of Service – Officer Blake Powers has requested a transfer of service from the Sycamore Police Department. The Sycamore Police Pension Fund has transferred \$66,648.14, leaving a true cost discrepancy of \$4576.00. Officer Powers paid the \$4576, which buys him 4 years 5 months 5 days for a total amount of \$71,224.

- Motion:** To acknowledge receipt of the check from the Sycamore Police Pension Fund in the amount of \$66,648.14 as well as a check in the amount of \$4576.00 from Officer Powers, which will grant Officer Powers additional creditable service of 4 years 5 months and 5 days.
- Maker:** Beam
- Second:** Keegan
- Roll Call:** Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes, 0 Nays. All in favor. Motion carried.

Boyce reported that Officer Belanger is considering cashing out so a transfer of service will not be discussed at this time.

Boyce reported that the numbers were sent to Foster and Foster for Officer Gadinho, which returned a true cost of \$15,488 for 3 years and 9 months. Boyce contacted Foster and Foster reference this number and was informed that with the signing of the consolidation bill, officers looking to transfer monies in will now be absorbing more of the cost. Letters from Foster and Foster will be forthcoming reference this issue. None of the members present were aware of this new guideline. LaBardi will follow up with the actuarial reference the transfer of service. Discussion continued and concerns were voiced if this is correct are the other numbers wrong? Need to research this issue in more detail. Recommendations were made to possibly change the actuarial. A Request For Proposal (RFP) would be required for this change. Will discuss further at the next meeting.

Economic Interest Statements – Economic Interest Statements may be done online and are due by May 1, 2021. Boyce noted that the Trustee Information Form for the IPPFA is complete.

Annual Department of Insurance Report – Minick reported that the DOI report ending 04/30/2020 is complete.

Rules & Regulations – LaBardi will review the draft for updates. Table to the next meeting.

PUBLIC COMMENTS

None.

ADJOURNMENT

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

Motion: To adjourn the meeting at 12:52 p.m.
Maker: Keegan
Second: Minick
Roll Call: Boyce – Aye, Heicke – Aye, Minick – Aye, Beam – Aye, Keegan – Aye. 5 Ayes,
0 Nays. All in favor. Motion carried.

The meeting was adjourned at 12:52 p.m. The next regular meeting is scheduled for June 2, 2021 at 11:30 a.m.

Respectfully submitted,



President



Secretary

