

ST. CHARLES POLICE PENSION FUND

1515 West Main Street
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, June 2, 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 11:30 a.m.

ROLL CALL

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

Members Absent: Tim Beam, Trustee

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

APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the March 3, 2021, regular meeting as presented.

Maker: Heike

Second: Minick

Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. 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. No changes to the Investment Policy Statement. The portfolio had an ending market value of \$45.3M as of March 31, 2021. As of May 31, 2021 the portfolio is at \$46.534M, which equates to a YTD up 6.9%. The stock portfolio was up 5.9% with Fixed Income down -2.4%. When interest rates go up, the value of bonds goes down. Falduto stated that before they purchase any bonds, they determine what the life of the bond is going to be. Noted that income fluxuations in the bond market are not realized losses but unrealized losses as the bond will mature at par value. Unless sold before maturity, bonds should hold their value even in a volatile market. It often makes sense to buy and hold bonds. Falduto noted that the portfolio was up 26% since inception approximately 11 months ago. This equates to an increase of \$11.062M to the Fund.

Lavin reported that markets are anticipating on returning to a pre-pandemic level. The economy and the markets were in great shape before the pandemic. Two-thirds of the economy is driven by consumer

spending. Discussion continued on consumer confidence, inflation, recovering economic scenarios, impact of vaccine, controlling inflation, equity performance, rise in interest rates, etc.

Motion: To accept the Sawyer Falduto Investment Report as presented
Maker: Minick
Second: Keegan
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

No recommended changes to the Investment Policy Statement at this time.

IPPPFA Representatives – Boyce reported that the Police Consolidation Board is requesting two (2) authorized representatives of the Fund as designated liaisons to the Consolidation Board. The Consolidation Board is requesting that the Fund provide these representatives no later than June 15, 2021. Discussion was held on possible changes to this issue. Table to the next meeting. Board will hold a special meeting if a response is required before the September meeting.

OLD BUSINESS

Trustee Elections – Boyce – 9 Votes for Active Member. No other ballots were returned. Boyce noted that this will be his last term as an Active Member as he will be eligible for retirement before the next election.

Motion: To affirm the reelection of Brooks Boyce as Active Member for the St. Charles Police Pension Fund for a 2-year term ending in April 2023.
Maker: Minick
Second: Heike
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Motion: To designate Boyce as President, Heike as Secretary, Beam as Vice-President, no Assistant Secretary.
Maker: Keegan
Second: Minick
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Rules & Regulations – Updated draft distributed to all members. Discussion held on the updated draft.

Motion: To adopt the Updated Rules & Regulations as presented.
Maker: Heike
Second: Keegan
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Economic Interest Statements – Statements were due in May. All members present indicated that they completed their Economic Interest Statements.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Motion: To approve Addendum A in the amount of \$137,803.47 as presented.
Maker: Minick
Second: Heike
Roll Call: Keegan – Aye, Minick – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

Boyce noted that the St. Charles Police Department has 2 new hires currently in the Police Academy; Luke Hohman, born 1998 (23 yoa) and Brandon Creed, born 1992 (29 yoa). Both candidates are Tier 2 employees hired on 03/08/2021. Keegan noted that graduation is the end of June.

Motion: To approve membership for Luke Hohman and Brandon Creed as Tier 2 employees effective March 8, 2021.
Maker: Heike
Second: Keegan
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Boyce reported that there were 3 transfers into the Fund this last quarter. The first transfer of service to consider is Blake Powers. Ofc. Powers came to St. Charles from Sycamore. He is requesting the transfer of 4 years 5 months 5 days. Payment from Sycamore in the amount of \$66,648. True Cost Analysis showed a balance due of \$4576, which was paid by Powers.

Motion: To acknowledge receipt of transfer in the amount of \$66,648 as well as the balance due in the amount of \$4576 and grant the full amount of Creditable Service from Sycamore to St. Charles for Blake Powers (4 years 5 months 5 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.

Next transfer to consider is Daniel Godinho. Ofc. Godinho came to St. Charles from Montgomery. Requesting the transfer of 3 years 9 months. Payment from Montgomery in the amount of \$56,097. True Cost Analysis showed a balance due of \$15,488. Ofc. Godinho opted to transfer the time allowed, which equates to 2 years 11 months 8 days.

Motion: To acknowledge receipt of transfer in the amount of \$56,097 and grant a reduced amount of transfer of Creditable Service from Montgomery to St. Charles of 2 years 11 months 8 days to Daniel Godinho.
Maker: Keegan
Second: Minick
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Final transfer is for Andrew Belanger. Ofc. Belanger came to St. Charles from Lake Bluff and is requesting to transfer 3 years 11 month 15 days. Payment from Lake Bluff in the amount of \$56,794. True Cost Analysis shows \$55,764, which leaves a surplus of \$1030.

Motion: To acknowledge receipt of \$56,794.18 from Lake Bluff and grant Andrew Belanger the full amount of Creditable Service of 3 years 1 month 15 days
Maker: Minick
Second: Heike
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Boyce noted that Ofc. Othello Rosal has requested that the Board reach out to Willowbrook for a transfer of service. A request was sent out and to date, no response from Willowbrook.

APPLICATIONS FOR BENEFITS

Churney – LaBardi reported that requests for medical records was sent out. Once the medical records are received, they will be sent to INSPE to determine 3 doctors for examinations. No action at this time. Keegan noted that the original request for benefits was in November 2020. Concerns were expressed about a significant time delay in this process. LaBardi noted that until authorizations were received from the applicant, the Board was not able to move forward. Those authorizations have now been received and they are now gathering the medical records. Noted that it may be as long as 6 months to gather all the records.

Burden Retirement – Boyce noted that James Burden retired from the St. Charles Police Department on May 8, 2021. Burden started with the St. Charles Police Department on 01/22/2001 with a last day worked of 05/07/2021. Annual salary attached to rank is \$111,354.36, with a 50% pension that equates to \$4639.77 a month.

Motion: To approve a 50% Retirement Pension for James Burden with a monthly payout of \$4639.77 effective May 8, 2021.
Maker: Heike
Second: Minick
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Motion: To approve and adopt the Decision and Order for the retirement of James Burden.
Maker: Heike
Second: Minick
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

ATTORNEY'S REPORT

Newsletter distributed to all members. LaBardi noted that the Police Consolidation Board is moving forward in terms of gathering data to prepare for a transition of assets. They have hired a consultant and a chief investment officer. The Fire Consolidation Board is moving forward with the transfer of assets the early fourth quarter of this year, around October 2021. The Police Consolidation Board has not confirmed a date to start moving assets but are moving forward to do this.

A lawsuit was filed in Kane County reference the constitutionality of the Consolidation Legislation. This lawsuit is asking that the Consolidation Legislation be thrown out and asks for an injunction to prevent anything from moving forward. Nothing has really happened, to date, other than the Illinois Finance Authority requested a change of judge. Unknown if the case has been reassigned. Set for an automatic status date the end of June. Nothing has happened other than the fact the suit was filed.

Falduto reported that the Fire Consolidation Board has indicated that they do not want to move funds at the end of a board's fiscal year. For example, a board whose fiscal year ends on December 31 would not have their funds moved until January of the next year. Further, it was discussed that "like custodians" may move together so clients of Schwab would all move at the same time. This transfer of assets is still under discussion. There has been significant discussion reference budgets as expenses have been occurring with all the prep work going into this transition along with making sure that everything is fair and equitable among the funds. This Fire Consolidation Board has created a number of policies for this transfer of funds, which the Police Consolidation Board may utilize.

NEW BUSINESS

Trustee Training – Statute requires 8 hours of annual training and a one-time 4-hour training session on consolidation. The IPPFA Fall Conference will be held 09/28/2021 thru 10/01/2021. The conference is being held at the Oakbrook Hills Resort. Annual required training may be realized at this conference. The Spring Conference was both remote and in-person. Registration for the Fall Conference is not open at this time.

Motion: To approve the expenses of any member of the Board wishing to attend the IPPFA Fall Conference when registration opens.
Maker: Keegan
Second: Minick
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Cost Increase for Services Shimp – It was noted that the Recording Secretary, Cheryl Shimp, has never increased her rates since working for the Board and recommended an increase in the hourly rate from \$25/hour to \$40/hour. Discussion was held reference the increase.

Motion: To approve an increase in the hourly rate of Cheryl Shimp to \$40/hour
Maker: Minick
Second: Heike
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

Executive Session – None

PUBLIC COMMENTS

None.

ADJOURNMENT

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

- Motion:** To adjourn the meeting at 12:34 p.m.
Maker: Heike
Second: Keegan
Roll Call: Minick – Aye, Keegan – Aye, Heike – Aye, Boyce – Aye. 4 Ayes, 0 Nays, 1 Absent. All in favor. Motion carried.

The meeting was adjourned at 12:34 p.m. The next regular meeting is scheduled for September 1, 2021.

Respectfully submitted,



President

Secretary