

ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, September 5, 2018 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 11:30 a.m.

2. ROLL CALL

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

Members Absent: None

Others Present: Brian LaBardi, Reimer Dobrovolny & Karlson LLC; Jon Willhite, UBS; Jason Franken, Foster & Foster

3. APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the Regular Meeting Minutes of June 6, 2018 as presented.

Maker: Keegan

Second: Minick

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

Motion: To approve the Special Meeting Minutes of July 3, 2018 as presented.

Maker: Keegan

Second: Minick

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

Motion: To approve the Special Meeting Minutes of August 15, 2018 as presented.

Maker: Keegan

Second: Minick

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

4. INVESTMENT ACTIVITIES

Willhite stated that the portfolio is at .82% for the year with the Index at .54%. The portfolio began the quarter at \$34,099,621 and ended with \$35,164,485. It was noted that the portfolio is getting better downside capture ratios and better risk return numbers. Willhite reviewed the sharpe ratio, alpha, peer portfolio comparison, etc. The portfolio is in the 14th percentile with its peers. The portfolio is still capturing too much in the down market. Fixed Income is still a hard place to be.

Discussion was held on the actual performance of the individual managers. Trans America, Value Manager, has been underperforming and need to review possible replacement managers. Tortoise, MLP, did well this past quarter. FAMCO, also an MLP, did not do as well. Willhite will review their security selections and report back at the next meeting. The portfolio has reduced its interest in real estate. Board reviewed possible replacements for Trans America to include MFS. Discussion was also held on making changes now, waiting for the next meeting, health of the portfolio, future retirements, etc.

Motion: To terminate FAMCO and move all these monies to Tortoise.
Maker: Jannusch
Second: Minick
Roll Call: Minick – Aye, Keegan – Aye, Jannusch – Aye, Heike – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To terminate Trans America International Equity and replace with MFS.
Maker: Minick
Second: Jannusch
Roll Call: Minick – Aye, Keegan – Aye, Jannusch – Aye, Heike – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The Board reviewed the Rebalancing Worksheet. Tax Levy monies due in September.

Motion: To delegate authority to Minick to work with UBS to rebalance the tax levy monies, when received, in compliance with State Statutes and within the guidelines of the IPS.
Maker: Keegan
Second: Jannusch
Roll Call: Minick – Aye, Keegan – Aye, Jannusch – Aye, Heike – Aye, Boyce – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Motion: To accept and approve the Investment Activity Report as presented by UBS.
Maker: Minick
Second: Keegan
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

5. OLD BUSINESS

IPPFA Conference/Trustee Training Requirements – The IPPFA Fall Conference is scheduled for October in Lake Geneva. Boyce and Jannusch are scheduled to attend. Heike is currently in the process of obtaining his required 32 hours of basic trustee training as a new trustee. He has also completed his FOIA and OMA training. Keegan received 8 hours of fiduciary training at NIU and will be attending additional training in Normal, Illinois in November.

Rules & Regulations – Current rules were distributed to members. Table to the next meeting.

Gaske – Transfer of Funds – Officer Gaske is seeking to buy-back time from Winfield PD. The cost of the buy-back is approximately \$132,510.82, which will buy-back 8.5 years. This item will be tabled to the next meeting.

Motion: To table the buy-back option for Gaske to the next meeting.

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 \$87,655.72 as presented.

Maker: Minick

Second: Keegan

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

7. APPLICATIONS FOR MEMBERSHIP

None. Keegan noted that 2 more lateral transfers will be occurring soon. All laterals should be Tier 2 members.

8. APPLICATIONS FOR BENEFITS

Disability Hearing – Shaw – LaBardi reported that Shaw has been scheduled for his 3 IME's. Two (2) of these examinations are complete. Once all examinations are completed, copies will be forwarded to members in advance of the hearing.

9. ATTORNEY'S REPORT

LaBardi distributed the current newsletter. Line-of-Duty disabilities for police officers is at the fore front. It is not good enough to be simply on-duty and in uniform to receive a line-of-duty disability. The officer must be performing an act of police service that involves special risk, not ordinarily undertaken by a citizen. LaBardi gave an overview of the various court cases involving this issue. Cases included an officer in training as well as an officer involved in a traffic accident while on patrol. In the case of the officer in training, the board determined the disability was non-duty related, which was later overturned by the Appellate Court. Relative to the traffic accident, the Appellate Court found that driving while on patrol involved no special risk. Both cases have been appealed to the Illinois Supreme Court. There appears to be a difference of opinion between

the Central and Downstate Appellate Districts as to what qualifies as active duty. Will continue to monitor.

10. NEW BUSINESS

Closed Session Minutes – Closed session minutes bi-annual review for release. No minutes to be reviewed or released.

Actuarial Report – Jason Franken of Foster & Foster gave an overview of the Police Pension Fund Actuarial Valuation as of May 1, 2016 for year-end April 30, 2018. Recommend contribution of \$2.892M for the tax levy. Overview and discussion held on assumptions for retirement, payroll increases, investments, disabilities, terminations, assumption changes (shift to lower assumption rates), different tier benefits, funding policy, unfunded liability, GASBE results, etc. Franken noted that the average funded ratio for Article 3 & Article 4 pension funds has been in the upper 50%. The St. Charles Police Pension Fund is currently at approximately 51.8%, although slightly under the average, still performing strongly. It was further noted that a recent article depicted several funds are not achieving higher returns in comparison to their peers, however, the article did not take into consideration the variations in the fiscal years of the funds. Some funds run on calendar fiscal years while others on May to May. This difference makes some returns seem smaller as they were not based with an “apples-to-apples” fiscal year to fiscal year comparison.

Motion: To accept the Actuarial Report as presented with a recommended tax levy of \$2.892M.

Maker: Minick

Second: Keegan

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

LaBardi will send a letter to the City of St. Charles with this recommended contribution.

Municipal Compliance Report – Statutorily, the Fund is required to report certain numbers to the City. The MCR was completed by the Finance Department. The Board paused to review this report.

Motion: To approve and sign the Municipal Compliance Report as presented and authorize attorney to forward to City along with the tax levy recommendation.

Maker: Jannusch

Second: Minick

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

NuVasive Stocks Class Action Suit – Boyce reported on a current class action suit against NuVasive Stocks. Back in 2010, the fund owned approximately 160 shares. The class action settlement, if the Board wishes to join, would pay \$.23 per share for an approximate total of \$33.00. There is no cost for the fund. Discussion continued.

Motion: To authorize Brooks Boyce to complete the appropriate paperwork to participate in the NuVasive Stocks Class Action Suit.
Maker: Minick
Second: Keegan
Voice Vote: 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 1:05 p.m.
Maker: Minick
Second: Boyce
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The meeting was adjourned at 1:05 p.m. The next regular meeting is scheduled for December 5, 2018 beginning at 11:30 a.m.

Respectfully submitted,



President



Secretary

8/30/2018

CITY OF ST CHARLES
EXPENDITURE APPROVAL LIST - DISTRIBUTION

6/1/2018 - 8/31/2018

<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>
1179	ILLINOIS ASSOC CHIEF OF POLICE	1	400300	51300	99.00	08/14/2018	1741	PENSION LAW TRAINING 1
					<u>99.00</u>	1179		ILLINOIS ASSOC CHIEF OF POLICE
2212	CITY OF ST CHARLES	1	400300	51300	800.00	06/25/2018	20180512	REIMB FOR IPPFA COURS
					<u>800.00</u>	2212		CITY OF ST CHARLES
2638	INTERNAL REVENUE SERVICE	1	400900	20107	24,562.98	06/25/2018	FIT 180625084757300	Federal Withholding Tax
		1	400900	20107	26,104.85	08/24/2018	FIT 180824140410300	Federal Withholding Tax
		1	400900	20107	25,061.47	07/25/2018	FIT 180725092308300	Federal Withholding Tax
					<u>75,729.30</u>	2638		INTERNAL REVENUE SERVICE
2927	CHERYL A SHIMP	1	400300	54399	75.00	08/30/2018	51050	MEETING MINUTES 6/6/18
					<u>75.00</u>	2927		CHERYL A SHIMP
3172	CITY OF ST CHARLES PP	1	400900	20120	2,435.15	07/25/2018	MEBN180725092308300	Retiree Benefits
		1	400900	20120	4,003.74	08/24/2018	MEBN180824140410300	Retiree Benefits
		1	400900	20120	2,435.15	06/25/2018	MEBN180625084757300	Retiree Benefits
					<u>8,874.04</u>	3172		CITY OF ST CHARLES PP
4062	REIMER & DOBROVOLNY PC	1	400300	54110	1,312.29	07/12/2018	2281-24045	LEGAL SVCS/QTR RETAINI
		1	400300	54110	766.09	07/31/2018	2281-24105	LEGAL SERVICES QTR FEI
					<u>2,078.38</u>	4062		REIMER & DOBROVOLNY PC
					<u>87,655.72</u>			Grand Total: