

# ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue  
St. Charles, Illinois 60174

## MEETING MINUTES

Wednesday, June 1, 2011

1:00 p.m. – St. Charles Police Department

1. President Laughlin called to order the Regular Meeting of the St. Charles Police Pension Board at 1:04 p.m.

2. Roll Call.

Members Present: Larry Laughlin, President; Timothy Beam, Vice President; Michael Schubert, Secretary; Chris Minick, Finance Director and Warren Drewes, City Treasurer

Members Absent: None

Guests: Attorney Jeff Goodloe, Reimer & Associates; Jon Willhite, UBS; and Kaleen Barbera, The Private Bank.

### 3. APPROVE PREVIOUS MEETING MINUTES

**Motion:** To approve the minutes of the March 2, 2011 Regular Meeting as presented.

**Maker:** Drewes

**Second:** Minick

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

**Motion:** To approve the minutes of the May 18, 2011 Special Meeting as presented.

**Maker:** Beam

**Second:** Schubert

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

### 4. INVESTMENT ACTIVITIES

Willhite presented an agreement from Cambridge, Large Cap Manager, reference the lowering of their fee structure. This agreement is to be signed before the lower fees will take effect.

**Motion:** To sign agreement for reduction of fees from Cambridge.

**Maker:** Laughlin

**Second:** Drewes

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Willhite presented a disclaimer from UBS reference electronic/video meetings and conference calls. This disclaimer was reviewed and approved by the Board's attorney.

**Motion:** To sign the disclaimer with UBS  
**Maker:** Laughlin  
**Second:** Beam  
**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Willhite presented an updated copy of the Board's Investment Policy Statement (IPS). The IPS has been updated to include all the current statute changes. A copy was also presented to the Board's attorney for review and approval.

**Motion:** To sign and approve the updated Investment Policy Statement pending approval by the Board's attorney.  
**Maker:** Laughlin  
**Second:** Drewes  
**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Willhite gave a brief overview on the current market status. Review of the investment activity for the last quarter shows the total portfolio was up 2.6% with policy index up 2.59% and dynamic index up 2.71%. Since inception the portfolio is up 14.60%. Large Caps are up 6.87% for the quarter with the S&P at 5.92%. SMID is still slightly underperforming the index at 7.31% to 8.70%. International is underperforming the index this quarter 1.71% to 3.45%, however, at 1YR it is up 17.85% to the benchmark at 10.90%. Total Fixed Income is up .35% with PIA up .18% and C.S. McKee up .51% with the benchmark up .02%. Willhite stated that although Cambridge hasn't performed that well the last couple quarters, their long term numbers are excellent. He therefore recommends that the Board retain them as a manager but continue to monitor. Discussion continued.

Willhite reviewed the growth of a dollar analysis, time weighted rates of return, asset allocations, opportunity gains and losses, market timing and security selection, capture ratio trends, risk versus reward analysis, etc. It was noted that the portfolio is doing well.

Willhite stated that the portfolio is out of compliance according to the Department of Insurance (DOI) at this point, however, effective 07/01/2011, the statute reference allocations changes. Due to this fact, the Board will hold off on any reallocation at this time. It was noted that the portfolio is out of compliance due to growth and not reallocation, therefore, the Board can defend its current position.

Willhite stated that a change in the statute has occurred, which now allows investments in corporate bonds. Discussion was held on the type of corporate bonds to invest in, i.e. Triple B or better. Both of the fixed income managers are familiar with corporate bonds and investing with them. In order to proceed with this type of investment, the managers would require an amendment to their contract and/or a letter of understanding until such time that the IPS is

ratified and approved. Once approved, it would take approximately two weeks to implement. Discussion continued, which included default risks, having a bond manager at the next meeting, different types of corporate bonds, risk vs. return, etc. The Board decided to hold off on corporate bonds at this time. Will invite a bond manager to the next meeting and combine this meeting with the Fire Pension Board. The next meeting is scheduled for 09/07/2011. Possibility of holding a morning meeting to include both the Fire and Police Pension Boards. An exact date and time to be determined.

UBS still recommends investing in emerging markets. It appears that large caps are on the rise, however, it is predicted that small caps will still be outperforming large. As the market still appears to be in a "sidewise market movement", asset allocation will be very important along with diversification.

## 5. OLD BUSINESS

### A. Fiduciary Insurance

Will be tabled to the September meeting.

### B. Gilbert Status

President Laughlin report that the Board has received documentation dated March 10, 2011, which states that Ofc. Gilbert is still unable to perform the duties of a police officer for the City of St. Charles.

**Motion:** To continue the disability pension of Stephen Gilbert pursuant to the findings of Dr. Cvek.

**Maker:** Drewes

**Second:** Minick

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

### C. The Private Bank

President Laughlin introduced Kaleen Barbera, Managing Director, The Private Bank. He stated that the Board has been experiencing problems with The Private Bank reference changes in the ACH or direct deposit requirements. The bank is now requiring two (2) signatures before sending an ACH. Although this is a security issue for the bank, Laughlin felt there was already plenty of security. Recommended that maybe a better way would be to put a limit on the maximum amount of any transaction. Ms. Barbera explained her duties, security measures of the bank and emphasized security around on-line banking. Discussion was held on the process of paying pensioners, how much money should be kept in this account, etc. A waiver was signed to proceed without a second signature, which will remain in effect for the next three (3) months. Ms. Barbera will research the liability and get back to the Board with alternative options. Will update the situation at the next meeting.

### D. Use of Outside Accounting Firm or City of St. Charles Finance Department

Minick inquired if the Active Board members were able to poll the membership to determine their feelings on having the Finance Department take over the accounting duties at no charge

to the Fund. Schubert stated that he sent out emails requesting input and the general consensus was to stay with Lauterbach & Amen. Laughlin stated he queried the pensioners and the consensus was the same.

**Motion:** To retain the accounting services of Lauterbach & Amen in as much as the current active police officers and current retired and disability pensioners have expressed a preference for this firm as opposed to the use of the City of St. Charles Finance Department.

**Maker:** Schubert

**Second:** Laughlin

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Nay, Drewes – Aye, Laughlin – Aye. 4 Ayes, 1 Nays, 0 Absent. Motion carried.

## **6. ACCOUNTANT'S REPORT/APPROVAL OF BILLS FOR DISBURSEMENT**

Laughlin noted that the disbursements for this quarter included a remittance to the Illinois State Treasurer in the amount of \$4706.42 for FY2012 Compliance Fees. He further noted that this fee had to be paid by 06/02/2011 to avoid penalty fees. This fee was higher than last year due to an increase in the Fund's assets.

**Motion:** To approve payments of bills and disbursements in the amount of \$15,450.29 as listed as Addendum A to the June 1, 2011 minutes.

**Maker:** Beam

**Second:** Minick

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

## **7. APPLICATIONS FOR MEMBERSHIP**

**Motion:** To accept Jacob Goss into the St. Charles Police Pension fund effective 04/04/2011.

**Maker:** Drewes

**Second:** Beam

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

## **8. APPLICATIONS FOR BENEFITS**

### Status Scott Kern

Goodloe reported that they've requested a final report from the last doctor by the end of May. To date, no report has been received, however, they anticipate it very soon. Once this final report is received, they will be able to schedule a hearing date. Laughlin stated that they should be able to hold a special meeting before the September meeting to finalize this issue.

Brooks Boyce

Laughlin reported that Brooks Boyce received an off-duty temporary disability pension beginning 04/29/11 thru 05/22/11 for a total of 24 days @ \$112.29 per day for a total pension amount of \$2694.96. The City Treasurer, Warren Drewes, concurred with this amount. See Addendum B.

**Motion:** To accept and approve the disability payment to Brooks Boyce in the amount of \$2694.96.

**Maker:** Drewes

**Second:** Schubert

**Roll Call:** Beam – Aye, Schubert – Aye, Minick – Aye, Drewes – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

**9. NEW BUSINESS**

None.

**10. OTHER**

None.

**11. ADJOURNMENT**

The next meeting will be held on Wednesday, September 7, 2011 at 1:00 p.m.

There being no further business, a motion was made by Drewes to adjourn the meeting at 2:38 p.m. Seconded by Minick. Voice Vote. All in favor. Motion carried.

Ayes       5       Nays       0       Absent       0  

The meeting was adjourned at 2:38 p.m.

Respectfully submitted,

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President

\_\_\_\_\_  
Secretary

*ADDENDUM No  
MINUTES 6/01/11*

## Voucher Report

Voucher Number	Trustee/ Vendor	Trustee/Vendor Name	Expense Type	Status	Due Date	Check Number	Void & Cancel Voucher Amount	Voucher Amount
1185	1	CHERYL SHIMP INVOICE DATED MAY 25, 2011	5013-500	Paid	05/30/2011	5104		\$75.00
							<b>Voucher Total Paid</b>	\$75.00
1183	13	INSPE ASSOCIATES LTD STEPHEN GILBERT CLAIM # 851	5013-300	Paid	05/28/2011	5102		\$1,080.00
							<b>Voucher Total Paid</b>	\$1,080.00
1175	20	SANDRA LAUGHLIN CLERK FEE SEP, OCT, NOV & DEC 2010 SEE INVOICE	5013-200	Paid	03/01/2011	5094		\$2,160.00
1179		FEB,MAR & APR 2011 SEE INVOICE	5013-200	Paid	05/17/2011	5098		\$1,500.00
							<b>Voucher Total Paid</b>	\$3,660.00
1177	30	LARRY LAUGHLIN REIMBURSEMENT-TELEPHONE \$92.05, POSTAGE \$62.18, OFC SUPPLIES \$42.38= \$196.61	5017-600	Paid	03/01/2011	5095		\$196.61
1181		\$875.00 TUITION DREWES, BEAM & SCHUBERT \$91.07 TELEPHONE \$54.95 POSTAGE= \$971.02	5017-800	Paid	05/17/2011	5099		\$971.02
							<b>Voucher Total Paid</b>	\$1,167.63
1182	44	ILLINOIS STATE TREASURER FY2012 COMPLIANCE FEE	5017-900	Paid	05/28/2011	5103		\$4,706.42
							<b>Voucher Total Paid</b>	\$4,706.42
1176	48	A T & T 630-232-0977 092 9	5017-600	Paid	03/01/2011	5096		\$90.97
1180		630-232-0977 092 9	5017-600	Paid	05/17/2011	5100		\$102.58
							<b>Voucher Total Paid</b>	\$193.55
1178	81	RICHARD J REIMER & ASSOCIATES L.L.C.	5013-400	Paid	03/01/2011	5097		\$1,907.47

*ADDENDUM TO VOUCHER  
MINUTES 6/01/11*

Voucher Report

Voucher Number	Trustee/Vendor	Trustee/Vendor Name	Expense Type	Status	Due Date	Check Number	Void & Cancel Voucher Amount	Voucher Amount
1184		INVOICE DATED MAY 19, 3011	5013-400	Paid	05/30/2011	5105		\$2,660.22
							<b>Voucher Total Paid</b>	\$4,567.69
							<b>Total Voucher Amount Paid</b>	\$15,450.29

Retirement / Disability Worksheet

For Brooks R. Boyce

██████████ 2930

ADDENDUM B:  
MINUTES 4/01/11

Type OFD Off Duty Disability  
Attached Salary \$6,737.23  
Date of Employment 01/05/2004

Date Of DIS. or RET. 04/28/2011  
Date Of DPO / /  
Date Of Birth

Retirement / Disability

Disability Pension Option

Age At DIS. or RET. 46  
Pension Code Section 3-111.1(C)  
Attached Salary Used \$6,737.23  
% Used In Calc. Base 50.0000  
Base Pension \$3,368.62  
Total Cred. Service 07 Yrs 03 Mos 024 Days

Age At Date Of DPO 0  
Pension Code Section  
Attached Salary Used \$0.00  
% Used In Calc. Base 0.0000  
Base Pension \$0.00  
Total Cred. Service 0 Yrs 0 Mos 0 Days

Pay Eff. Date	Age	Old Amount	Increase	New Amount	Description
04/29/2011	46	\$0.00	\$0.00	\$224.57	Pro-Rated Pay (2) days
05/01/2011	46	\$0.00	\$0.00	\$3,368.62	1st Full Payment
01/01/2025	60	\$3,368.62	\$1,313.76	\$4,682.38	Turned 60 Last Year, 39% Inc.
01/01/2026	61	\$4,682.38	\$101.06	\$4,783.44	Annual Increase of 3%
01/01/2027	62	\$4,783.44	\$101.06	\$4,884.50	Annual Increase of 3%
01/01/2028	63	\$4,884.50	\$101.06	\$4,985.56	Annual Increase of 3%
01/01/2029	64	\$4,985.56	\$101.06	\$5,086.62	Annual Increase of 3%
01/01/2030	65	\$5,086.62	\$101.06	\$5,187.68	Annual Increase of 3%
01/01/2031	66	\$5,187.68	\$101.06	\$5,288.74	Annual Increase of 3%
01/01/2032	67	\$5,288.74	\$101.06	\$5,389.80	Annual Increase of 3%
01/01/2033	68	\$5,389.80	\$101.06	\$5,490.86	Annual Increase of 3%
01/01/2034	69	\$5,490.86	\$101.06	\$5,591.92	Annual Increase of 3%
01/01/2035	70	\$5,591.92	\$101.06	\$5,692.98	Annual Increase of 3%
01/01/2036	71	\$5,692.98	\$101.06	\$5,794.04	Annual Increase of 3%
01/01/2037	72	\$5,794.04	\$101.06	\$5,895.10	Annual Increase of 3%
01/01/2038	73	\$5,895.10	\$101.06	\$5,996.16	Annual Increase of 3%
01/01/2039	74	\$5,996.16	\$101.06	\$6,097.22	Annual Increase of 3%
01/01/2040	75	\$6,097.22	\$101.06	\$6,198.28	Annual Increase of 3%
01/01/2041	76	\$6,198.28	\$101.06	\$6,299.34	Annual Increase of 3%
01/01/2042	77	\$6,299.34	\$101.06	\$6,400.40	Annual Increase of 3%
01/01/2043	78	\$6,400.40	\$101.06	\$6,501.46	Annual Increase of 3%

OFF DUTY DISABILITY  
PENSION BEGINNING  
4/29/11 TO 5/22/11  
24 DAYS @ 112.29  
PER DAY = 2694.96