

ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue
St. Charles, Illinois 60174

MEETING MINUTES

Wednesday, March 7, 2012

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 1:05 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 Officer Scott Kern

Laughlin requested that the Board go out of order on the agenda. Laughlin left the meeting at 1:06 p.m.

4. INVESTMENT ACTIVITIES

Willhite reported that the total portfolio was up 3.66% for the quarter with the Policy Index up 4.78% and Dynamic up 4.17%. One year was up .16% and since inception the portfolio is up 8.96% outperforming its benchmarks. SMID Caps were up 15.20%, with the benchmark up 14.52%. Total Large Caps was up 8.52% with its benchmark up 11.82%; Total International was up 2.89% for the quarter and 9.86% since inception; Fixed Income was up .67% for the quarter and up 7.99% for the year. Preferred Securities was up 2.96% for the quarter compared to the benchmark at 1.95% and up 7.02% since inception.

Laughlin returned to the meeting at 1:08 p.m.

It was noted that the majority of the managers underperformed YTD, which is being contributed to the tough economy in 2011 and has affected the since inception numbers. Discussion was held on the performance the SMID group to include Fred Alger Funds as well as possible replacement managers. This included a briefing on a meeting with them in New York. The discussion further included the capture ratio in up and down markets, risk, growth vs. value, etc.

Motion: To terminate the relationship with Fred Alger Funds with an approximate value of \$665,000 as of December 2011 and transfer funds to Apex Capital Management subject to legal counsel's review and approval of the contract.

Maker: Drewes

Second: Schubert

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

Willhite stated that at the special meeting in December, the Board discussed several different managers, of which included Master Limited Partnerships. This discussion was tabled until this meeting to give the Board members a chance to review the data. Willhite stated that a Master Limited Partnership is a publically traded company on the New York Stock Exchange Large Cap, usually oil and gas or anything related to energies. The Board paused to discuss the various managers included in this type of investing. Discussion included risk analysis, manager styles, risk/return, summary statistics, etc. It was noted that this is an equity type of investment. Concerns were brought forth whether or not this is an approved investment with the Department of Insurance but the members felt that it was an investment that would fit within 113.3 of the Code. Discussion continued.

Motion: To take \$400,000 from Atalanta, \$200,000 from Cambridge Financial, \$500,000 from Cambiar and split the \$1.1M between Tortoise Advisors and FAMCO with \$550,000 to Tortoise Advisors and \$550,000 to FAMCO. All investments subject to review and approval of the contacts by the Board's attorney.

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

6. ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Laughlin presented bills and disbursements in the amount of \$10,901.39 as listed in Addendum A.

Motion: To approve payment of bills and disbursements in the amount of \$10,901.39 as listed in Addendum A.

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

Data reference possible Large Cap Managers was left for the Board to review and will be addressed at the next meeting.

7. APPLICATIONS FOR MEMBERSHIP

None. Looking to hire soon and the Department will be testing in April.

8. APPLICATIONS FOR BENEFITS

None.

3. APPROVAL OF PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the 12/07/2011 regular meeting as presented.
Maker: Drewes
Second: Schubert

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

Motion: To approve the minutes of the 12/19/2011 special meeting as presented.

Maker: Minick

Second: Schubert

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

It was noted that the minutes still need to be transcribed from the 09/07/2011 meeting. These minutes should be available for approval at the next meeting.

Minick inquired if a hearing had been scheduled reference an application for benefits for Officer CiCi. Secretary Beam reported that this application has been withdrawn. Goodloe reported that his firm will send a letter to Officer CiCi indicating that the Board now considers this issue closed.

5. OLD BUSINESS

The issue of fiduciary liability insurance was brought up. As it appears that the Board is still interested in the possibility of obtaining this type of insurance, Secretary Beam will get some costs and report at the next meeting. The cost of this insurance is based on the investments of the fund.

Willhite left the meeting at 2:00 p.m.

9. NEW BUSINESS

Laughlin reported that the Board needs to discuss the status of Officer Scott Kern.

Motion: To enter into Executive Session to discuss pending litigation pursuant to Section 2C11 of the Open Meetings Act.

Maker: Minick

Second: Drewes

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

The Board entered into Executive Session at 2:03 p.m.

Motion: To return to Open Session

Maker: Drewes

Second: Minick

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

The Board returned to Open Session at 2:12 p.m.

Goodloe reported that every six (6) months, the Board is to review its Executive Session minutes to determine whether or not the minutes should be released. A brief discussion was held on what Executive Session minutes need to be reviewed. This item will be tabled until the next meeting in order to review the minutes in question.

Laughlin reported that he and Beam are both up for trustee election. This election will be conducted before the next meeting. The Board would then be able to certify the results at that meeting.

Laughlin reported that the Board's account balance at the Private Bank is about \$15,000 in checking and \$164,000 in the money market. This amount will only allow for one more month of expenses. Therefore, the Board will need to transfer about \$155,000 to cover the payments for April. Laughlin will review the expenses for the last several months to determine how much will be needed to cover expenses for the next quarter. The Board would then be able to better look at what accounts to transfer monies from.

Goodloe reported that all trustees must now complete Open Meetings Act (OMA) training. This training is available on-line through the Attorney General's office and should only take a couple hours to complete. This time will also count towards the 16 hours of training required annually of all trustees.

Beam reported that Chief Lamkin is trying to get I-PAC (Illinois Police Accreditation Coalition) to possibly hold training in St. Charles. This could provide another source of trustee training. He will research this issue further and report back at the next meeting.

11. ADJOURNMENT

There being no further business, a motion was made by Minick to adjourn the meeting at 2:23 p.m. Seconded by Drewes. Voice Vote. All in favor. Motion carried.

Ayes 5 Nays 0 Absent 0

The meeting was adjourned at 2:23 p.m.

Respectfully submitted,



President

Secretary

ADDEDUM A: MINUTES 3/6/12

Voucher Report

Voucher Number	Trustee/Vendor	Trustee/Vendor Name	Expense Type	Status	Due Date	Check Number	Void & Cancel Voucher Amount	Voucher Amount
1208	20 SANDRA LAUGHLIN		5013-200	Paid	03/07/2012	5128		\$1,500.00
		CLERK FEE DEC 2011 JAN 2012 FEB 2012 75HRS@\$20.00= \$1500.00					Voucher Total Paid	\$1,500.00
1207	30 LARRY LAUGHLIN		5017-300	Paid	03/07/2012	5129		\$387.36
		POSTAGE \$126.94 OFC SUPPLIES \$65.82 TELEPHONE \$194.60 = \$387.36					Voucher Total Paid	\$387.36
1202	32 LAUTERBACH & AMEN, LLP		5013-200	Paid	03/07/2012	5130		\$915.00
1203		MONTHLY ACCOUNTING AUGUST 2011	5013-200	Paid	03/07/2012	5131		\$915.00
1204		MONTHLY ACCOUNTING SEPTEMBER 2011	5013-200	Paid	03/07/2012	5132		\$915.00
1205		MONTHLY ACCOUNTING OCTOBER 2011	5013-200	Paid	03/07/2012	5133		\$870.00
		PREPARATION YEAR END AUDITORS WORK PAPERS					Voucher Total Paid	\$3,615.00
1210	48 A T & T		5017-600	Paid	03/07/2012	5134		\$97.21
		630 232 0977 092 9					Voucher Total Paid	\$97.21
1206	81 RICHARD J REIMER & ASSOCIATES L.L.C.		5013-400	Paid	03/07/2012	5135		\$3,475.91
		INVOICE FEB 15, 2012 # 15334						\$1,825.91
1209		INVOICE DECEMBER 16, 2011 # 15182					Voucher Total Paid	\$5,301.82
							Total Voucher Amount Paid	\$10,901.39