

ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, June 6, 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; Chris Minick, Finance Director; and Warren Drewes, City Treasurer

Members Absent: None

Guests: Attorney Rick Reimer, Reimer & Associates

President Laughlin reported that Secretary Michael Schubert resigned from the St. Charles Police Department and as such, an election was held to fill his position. This will be addressed under new business.

3. APPROVAL OF PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the 09/07/2011 regular meeting as presented.

Maker: Drewes

Second: Beam

Voice Vote: 4 – Ayes, 0 – Nays, 0 – Absent, 1 - Vacant. All in favor. Motion carried.

Motion: To approve the minutes of the 03/07/2012 regular meeting as presented.

Maker: Drewes

Second: Minick

Voice Vote: 4 – Ayes, 0 – Nays, 0 – Absent, 1 - Vacant. All in favor. Motion carried.

Motion: To approve the minutes of the 03/07/2012 the executive session meeting as presented with the stipulation that the minutes are not publicized due to pending litigation.

Maker: Drewes

Second: Beams

Voice Vote: 4 – Ayes, 0 – Nays, 0 – Absent, 1 - Vacant. All in favor. Motion carried.

4. INVESTMENT ACTIVITIES

The total portfolio was up 4.58% for the quarter with the Policy Index up 5.04% and Dynamic up 5.19%. One year was up 2.09% and since inception the portfolio is up 9.88%. SMID Caps were up 13.83%, with the benchmark up 12.99%. Total Large Caps was up 10.38% with its benchmark up 12.59%; Total International was up 10.77% for the quarter and 13.06% since inception; Fixed Income was down -0.59%

for the quarter but up 6.98% for the year. Preferred Securities was up 4.11% for the quarter compared to the benchmark at 6.75% and up 9.72% since inception.

Atalanta, which has been on the watch list for the last couple of quarters, outperformed their benchmark for the first quarter of 2012 with a 13.53% return as compared to a 12.59% return for the S&P 500. Cambridge has also been on the watch list and has been recommended for termination with the proceeds into the S&P 500 index fund until the new statutes takes effect in July 2012. In the Small Mid Cap arena, Fred Alger was replaced with APEX and it is still recommended that Penn Capital also remain on the watch list. The International component and Preferred Securities continue to perform well. The Board paused to review the portfolio and addendum presented by Willhite.

Motion: To accept the investment report and addendum as presented.
Maker: Drewes
Second: Laughlin
Roll Call: Drewes – Aye, Beam – Aye, Minick – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Motion: To advise the Investment Consultant, Jon Willhite, to terminate the Board's relationship with Cambridge and place the proceeds of this termination into the SDPR a S&P 500 Index Fund.
Maker: Drewes
Second: Laughlin
Roll Call: Drewes – Aye, Beam – Aye, Minick – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

5. OLD BUSINESS

Fiduciary Insurance – this item will be tabled to the next meeting.

Review of Executive Session Minutes – First minutes to review are the Executive Session Minutes from the 09/08/2010 meeting.

Motion: To find that the September 8, 2010 Executive Session minutes remain confidential due to pending litigation and further resolve that all Executive Session minutes preceding 09/08/2010 be made available upon request.
Maker: Drewes
Second: Laughlin
Roll Call: Drewes – Aye, Beam – Aye, Minick – Aye, Laughlin – Aye. 5 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Administrative Review – Reimer stated that the members, who were individually named, were dismissed from the Administrative Review with prejudice. A briefing schedule was distributed to all members. Reimer noted that the Board is not required to attend the hearing, which is scheduled for July 26, but may attend if they chose. Discussion continued on the aspects of the review. Reimer stated that he is anticipating that a motion to extend is forthcoming.

IPAC Training – Beam reported that the Department is still trying to schedule IPAC Training, which may occur sometime around the September Board meeting. The training will be scheduled for 2-days. Beam will continue to monitor and notify everyone when the training is finalized.

Reimer noted that the Trustees still need to complete the Open Meetings Act (OMA) training. This training may be completed on line through the Illinois Attorney General's Office. Training must be completed by the end of the year.

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

Receipt of Invoice #F49643 from the Illinois Department of Insurance in the amount of \$5227.36 for public pension fund compliance fees. Laughlin presented bills and disbursements in the amount of \$11,119.64 as listed in Addendum A.

Motion: To approve payment of bills and disbursements in the amount of \$11,119.64 as listed in Addendum A and amend to include the DOI invoice of \$5227.36.
Maker: Beam
Second: Minick
Roll Call: Drewes – Aye, Aye, Beam – Aye, Minick – Aye, Laughlin – Abstain. 3 Ayes, 1 Abstain, 0 Nays, 0 Absent, 1 Vacant. Motion carried.

7. APPLICATIONS FOR MEMBERSHIP

None. The Department is looking to hire in the near future.

8. APPLICATIONS FOR BENEFITS

None. Possible request forthcoming from Griffon. There are still some outstanding refunds, however, no requests for refunds have been received to date. Beam is still trying to make contact with some of the recipients. Beam will attempt to make contact with all individuals.

9. NEW BUSINESS

Tax Levy – Minick stated that the actuarial for the fund will be determined as part of the City's audit, which should be completed by the end of August. This number, therefore, should be available for the September meeting. Reimer stated that if a pension fund doesn't use the DOI's actuarial and they chose to use the city's or their own, they must file this actuarial report with the DOI within nine (9) months of close of the fiscal year. If this is not done within this timeframe, the fund may be fined up to \$100 a day (40 ILCS 5/1A-111).

Elections – Trustee elections were held with the following results: 27 Votes – Larry Laughlin with one (1) write-in candidate that was ineligible; 28 Votes – Tim Beam. A special election was also held to replace Mike Schubert with the following results: 19 Votes – Mike Griesbaum; 5 Votes – Scott Kerr; and 3 Votes – Tom Shaw. Reimer stated that in the future, the Board can save some time that if no members come forward for the election and only one (1) person is running, they can win the election by acclamation. This way the Board doesn't have to go through the process of sending out ballots. Discussion continued about write-in candidates, individuals who are elected but have no desire to serve, etc. Although acclamations are authorized by the rules and regulations, nomination forms should still be sent out.

Motion: To certify the election of Larry Laughlin for the term of 05/01/2012 until 04/30/2014; Tim Beam for the term of 05/01/2012 through 04/30/2014; and Michael Griesbaum for the unexpired term ending 04/30/2013.

Maker: Beam

Second: Minick

Voice Vote: 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Election of Board Officers – Election Ballots will be retained for 30 days.

Motion: To destroy the election ballots after 30 days.

Maker: Laughlin

Second: Beam

Voice Vote: 4 Ayes, 0 Nays, 0 Absent, 1 Vacant.

The following nomination for officers was recommended: Larry Laughlin for President of the St. Charles Police Pension Fund, Tim Beam for Vice President, Michael Griesbaum for Secretary and Chris Minick for Assistant Secretary.

Motion: To adopt the Board of Officers of the St. Charles Police Pension Fund as indicated.

Maker: Laughlin

Second: Drewes

Voice Vote: 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

IRS Issue – Laughlin reported that the Board has received notice reference a 2010 withholding issue. The Board received notice from the IRS in April stating that they received \$138,539.96 for federal income tax withheld. The IRS has indicated that the Board withheld a total of \$215,758 on all forms 1099R, W2's and W2G's. The fund does not issue W2's and W2G's. Laughlin responded, certified mail, and submitted copies of the 1099R tax report. An initial response was received indicating they would look into the matter further and on May 25, 2012 another notice was sent indicating the fund owed \$77,218.04. Lauterbach and Amen completed the taxes for that year and all data has been submitted to them for review. The fund has until July 11, 2012 to respond. Will continue to monitor the situation.

10. OTHER BUSINESS

Military Buy-Back - Laughlin reported receipt of a request to buy-back military time from Steven Hoffman. Hoffman bought back two (2) years of creditable service at a cost of \$46,909.00 in a lump sum payment. A letter confirming his creditable service adjustment will be forthcoming.

Darin Lee has also requested to buy-back his military service. He has opted to make monthly payments of \$250.00 starting on May 18, 2012. Unfortunately, this did not occur since his request wasn't approved by that time. The amount of \$8574.88 will be paid prior to his retirement. Discussion was held on installment payments. Reimer will draft an agreement, noted that officers have up to five (5) years to pay and it is up to the Board whether or not they charge interest. Lauterbach and Amen will work up a schedule of payments and forward to Reimer for a draft agreement. Recommended motion: To authorize Darin Lee's request to purchase 2-years of military creditable service on an installment basis for up to 5 years at a rate of 6% and subject to the execution of a written agreement. Discussion continued of significance of this reference the actuarial numbers, principle and interest, should interest be charged, down payment, pre-payment, lump sum payment, timeframe for repayment, etc. Will table this issue to the September 5

meeting. A copy of the draft agreement will be made available at the next meeting for the member's review.

Reimer stated that the FAMCO contract needs signatures. It has been approved by his office.

Reimer inquired if the Board was interested in a draft of Administrative Rules & Regulations for pension boards. A draft may be made available for review at the next meeting. Part of these new rules includes a new section for public comments, which is to be part of the minutes. This item will need to be included on the agenda. The Board will then need to determine where on the agenda it should be listed and how much time will be allotted. A military buy-back policy would also be part of this document.

Discussion was held on the FAMCO contract. Some changes need to be made as far as signatures. Reimer's office will make the changes and forward updated contract back to the Board.

Motion: To adopt the FAMCO contract as amended and to authorize the members to execute the contract once it is updated.
Maker: Drewes
Second: Minick
Roll Call: Drewes – Aye, Minick – Aye, Beam – Aye, Laughlin – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

ADJOURNMENT

There being no further business, a motion was made by Drewes to adjourn the meeting at 2:10 p.m. Seconded by Beam. Voice Vote. All in favor. Motion carried.

The meeting was adjourned at 2:10 p.m.

Respectfully submitted,



President



Secretary

*ADDENDUM A TO
MINUTES 6/6/12*

Voucher Report

Voucher Number	Trustee/Vendor	Trustee/Vendor Name	Expense Type	Status	Due Date	Check Number	Void & Cancel Voucher Amount	Voucher Amount
1212	1	CHERYL SHIMP DTD MAY 31, 2012	5013-500	Paid	06/05/2012	5137		\$125.00
Voucher Total Paid								\$125.00
1214	20	SANDRA LAUGHLIN CLERK FEE MARCH, APRIL, MAY 2012 75 HRS@22.50=\$1687.50	5013-200	Paid	06/05/2012	5138		\$1,687.50
Voucher Total Paid								\$1,687.50
1213	30	LARRY LAUGHLIN TELEPHONE 207.54, COMPUTER EQUIP 97.91, POSTAGE 45.00, OFC SUPPLIES 8.77 = \$359.22, PRINTER 129.59, TONER 197.63=\$686.44	5017-600	Paid	06/05/2012	5139		\$686.44
Voucher Total Paid								\$686.44
1216	32	LAUTERBACH & AMEN, LLP 2010 TAX RETURNS	5013-200	Paid	06/05/2012	5140		\$350.00
1217		NOVEMBER 2011 SERVICES	5013-200	Paid	06/05/2012	5141		\$915.00
1218		DECEMBER 2011 SERVICES	5013-200	Paid	06/05/2012	5142		\$915.00
1219		JANUARY 2012 SERVICES	5013-200	Paid	06/05/2012	5143		\$915.00
1220		FEBRUARY 2012 SERVICES	5013-200	Paid	06/05/2012	5144		\$915.00
1222		MARCH 2012 SERVICES	5013-200	Paid	06/05/2012	5145		\$915.00
1223		APRIL 2012 SERVICES	5013-200	Paid	06/05/2012	5146		\$915.00
Voucher Total Paid								\$5,840.00
1211	81	RICHARD J REIMER & ASSOCIATES L.L.C. INVOICE 15573 DTD 4-11-2012	5013-400	Paid	06/05/2012	5147		\$2,780.70
Voucher Total Paid								\$2,780.70
Total Voucher Amount Paid								\$11,119.64