ST. CHARLES POLICE PENSION FUND

211 North Riverside Avenue
St. Charles, Illinois 60174

MEETING MINUTES
Wednesday, December 5, 2012
1:00 p.m. – St. Charles Police Department

1. Vice President Beam called to order the Regular Meeting of the St. Charles Police Pension Board at 1:00 p.m.

2. ROLL CALL

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

Members Absent: Larry Laughlin, President

Guests: Attorney Rick Reimer, Reimer & Associates; and Jon Willhite, UBS

VP Beam noted that Larry Laughlin has submitted his resignation to the Board effective immediately. A notice will be sent to the retirees in order to hold a special election to fill Laughlin's unexpired term. Reimer recommended that all potential trustees be reminded that they must obtain 32 hours of training within the first year of their taking office. After that, trustees are required to obtain a minimum of 16 hours of training every year. Reimer's office will draft this notice.

3. APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the September 6, 2012 regular meeting as presented.
Maker: Drewes
Second: Griesbaum
Voice Vote: 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

4. INVESTMENT ACTIVITIES

Willhite stated that the custodial relationship of Willhite and the Fund was questioned by the City's auditors and an article was printed in the paper reference this issue. Willhite stated that his firm does not have the ability to buy or sell securities. This is done through the actual money managers. Discussion continued. Willhite stated that he is a custodian but not an investment broker; therefore, they are not the custodian who also serves as the investment broker. Minick stated that what GATSBE requires is not exactly what the Fund has, however, what the Fund has is what GATSBE wants provided it is documented, which it is. Minick suggested that the Board may want to look at a 3rd party outside independent trust custodian anyway just as a comparison as to what Willhite and UBS currently do for the Fund. Although this may not satisfy what the auditor has to report, it could satisfy the trustees in showing that there isn't any additional risk or just a minimal risk. Discussion continued. Many of the Board members strongly voiced their concerns that an article such as this was written without discussing it with any of the members for accuracy. Minick stated that his office would research the comparison. He further stated that if there are significant differences between what an outside custodial account, the benefits and protection it would give, versus what the current arrangement is, the Board may still chose to handle the Fund as it currently does despite the risk. Regardless, it is the fiduciary responsibility of the members to

do what is best for the Fund. Minick stated that he hopes to have this comparison completed by the next meeting.

Willhite stated that they would like to perform an asset allocation study on the Fund. This study will help to determine the direction the Fund should be taking. Willhite reported that a symposium will be held on February 4, 2013 reference asset allocation. This symposium is 8 hours and does count towards the 16 hours of trustee training required for the year. Additional information will be forthcoming. At this time the Board paused to complete the asset allocation questionnaire.

Motion: To authorize the expenditure of up to $500 to Tim Sharpe to provide the cash flow report for the strategic asset allocation study.
Maker: Minick
Second: Drewes
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Discussion was held on the possibility of investing in corporate bonds including the pros and cons on this type of investment.

Motion: To look favorably upon an investment manager investing in corporate bonds with a credit rating of no less than an A.
Maker: Drewes
Second: Minick
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

The total portfolio was up 3.79% for the quarter with the Policy Index up 3.09% and Dynamic up 3.24%. SMID Caps was up 6.22%, with the benchmark up 5.57%. Total Large Caps was up 5.90% with its benchmark up 6.35%; Total International was up 6.67% for the quarter and up 14.26% for the year; Fixed Income was up 0.92% for the quarter and up 6.04% since inception. Preferred Securities was up 3.82% for the quarter compared to the benchmark at 3.27% and up 9.58% since inception.

Willhite gave a brief overview of the growth of a dollar analysis, time weighted rates of return, actual vs. target allocation, opportunity gains and losses, market timing and security selection, capture ratio trends, risk vs. reward analysis, performance profile, etc.

Griesbaum inquired as to what the City would be able to do to help out the Fund due to the resignation of Laughlin. This could include, but not limited to, accounting and payroll. After a brief discussion, it was determined that the Board would hold a special emergency meeting on Friday, 12/07/2012 at 8 a.m. to discuss how to move forward with the paying of pension benefits. Members of the City's Finance Department will be in attendance. It was noted that the City does process the Fire Pension payroll.

5. OLD BUSINESS

Fiduciary Insurance –This item will be tabled to the March meeting.

Administrative Rules & Regulations – The Board briefly discussed how individuals would buy-back their military service whether by a lump sum or payment plan.

Motion: To allow individuals to buy-back military service (up to 2 years) by either a lump sum payment or a payment plan of up to 5 years at an interest rate of 6% with a written agreement by the Board.
Maker: Griesbaum
Second: Drewes
Roll Call: Griesbaum – Aye, Drewes – Aye, Minick – Aye, Beam – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Motion: To table the remaining rules and regulations to the next meeting.
Maker: Griesbaum
Second: Drewes
Voice Vote: 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

IRS Issue Update – It was noted that this has been resolved.

Goss & Schubert Contribution Refunds – Beam reported that Jacob Goss has requested a refund of his contributions in the amount of $5017.64 before taxes, final amount $4014.11.

Motion: To approve the refund of pension contribution for Goss in the amount of $4014.11.
Maker: Minick
Second: Drewes
Roll Call: Griesbaum – Aye, Drewes – Aye, Minick – Aye, Beam – Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Beam reported that the refund for Schubert in the amount of $44,386.86 was rolled over into a retirement account at Charles Schwab on 10/11/2012. This refund was approved at the last meeting.

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

Beam presented bills and disbursements in the amount of $6594.40 as listed in Addendum A.

Motion: To approve payment of bills and disbursements in the amount of $6594.40 as listed in Addendum A.
Maker: Minick
Second: Beam
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam - Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

7. APPLICATIONS FOR MEMBERSHIP

Beam reported that Russell Haywood has submitted an application for membership. Ofc. Haywood is a Tier 2 member and was appointment to the St. Charles Police Department on 09/24/2012.

Motion: To admit Russell Haywood as a Tier 2 participant effective 09/24/2012.
Maker: Drewes
Second: Minick
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam - Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

8. APPLICATIONS FOR BENEFITS

Beam reported that Steve Gilbert had submitted himself for a medical examination and it was determined that he is still disabled.

Motion: To continue benefits for Steve Gilbert based upon his medical examination.
Maker: Minick
Second: Griesbaum
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam - Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Beam reported that Scott Kern had submitted himself for a medical examination and it was determined that he is still disabled.

Motion: To continue benefits for Scott Kern based upon his medical examination and subject to further annual medical examinations.
Maker: Griesbaum
Second: Drewes
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam - Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Reimer reported that the administrative review was presented in court on 10/30/2012 and it was determined that there was no basis to reverse the decision. A motion of appeal has been filed, which will take the case to the Second District Appellate Court. Will keep the Board informed of any new developments.

Beam reported that Alexandra Olson is turning 18 on 12/17/2012, at which time her benefits will terminate. As a result, the two remaining beneficiaries, under the age of 18, will then divide the benefit equally between them. Alexandra is eligible to receive a portion of the $3129.64 benefit for December in the amount of $548.80. The remaining balance would then be divided between the two other children. Come January 2013, the two remaining beneficiaries will split the entire $3129.64 equally.

Motion: To terminate the benefits of Alexandra upon reaching the age of 18 with a final payment of $548.80 and to then divide the remainder of the benefits for December between the two remaining children ($1290.42/each). Benefits will continue and $3129.64 to be split between the remaining two children until such time as they reach the age of 18.
Maker: Drewes
Second: Griesbaum
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam - Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

9. NEW BUSINESS

2013 Meeting Dates - The proposed meeting dates for 2013 are as follows: March 6, 2013; June 5, 2013; September 4, 2013 and December 4, 2013. After a brief discussion, it was determined that the meeting would be held beginning at 11:00 a.m.

Motion: To accept the 2013 meeting dates as proposed with a start time of 11:00 a.m.
Maker: Drewes
Second: Minick
Voice Vote: 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

RFP for Services – Reimer reported that the Board is required to send out an RFP for Consulting Services every five years by statute. This RFP will be necessary in 2014. The City has suggested that the Board also go out for an RFP on bookkeeping services as well, but this is not a legal requirement. Discussion continued and it was determined that with the resignation of Larry Laughlin, the Board will meet with the City Finance Department members to see about making benefit payments and to possibly transition the bookkeeping services from there. It was noted that the Finance Department currently oversees the bookkeeping for the St. Charles Fire Pension Board. A special meeting may be necessary to accomplish this.

Suspension vs. Creditable Service Issue – The question has been brought forth on whether or not unpaid suspension time is considered creditable service. Reimer noted that in the past, unpaid suspension time has not been considered creditable service. Discussion continued on suspensions under and over 30 days. Reimer will contact the Department of Insurance for an opinion and report back to the Board.

Jon Willhite left the meeting at 2:50 p.m.

Pension Benefits Review – 2013 COLA's were presented to the Board for review. See Attachment B/B1. Drewes reported that he did review the numbers and has determined that they are correct. The Board paused to review the report.

Motion: To approve the 2013 COLA's as presented in Attachments B/B1.
Maker: Drewes
Second: Minick
Roll Call: Minick – Aye, Drewes – Aye, Griesbaum – Aye, Beam - Aye. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

Beam reported that a QILDRO has been received for Shaw. Discussion was held on the Board's responsibility for this.

10. MATTERS FROM THE PUBLIC

None

ADJOURNMENT

There being no further business, a motion was made by Drewes to adjourn the meeting at 3:05 p.m. Seconded by Minick. Voice Vote. 4 Ayes, 0 Nays, 0 Absent, 1 Vacant. All in favor. Motion carried.

The meeting was adjourned at 3:05 p.m. The next regular meeting is scheduled for 03/06/2013.

Respectfully submitted,

Timothy E Beam
President

Secretary

Voucher Payment Report

Voucher Number	Trustee/ Vendor	Trustee/Vendor Name	Expense Type	Status	Status Due Date	Check Number	Voucher Amount
1232	13	INSPE ASSOCIATES LTD GILBERT EXAM	5013-300	Pay	11/21/2012		$720.00
1233		KERN EXAM	5013-300	Pay	11/21/2012		$1,260.00
						Vendor Total	$1,980.00
1234	93	REIMER & KARLSON LLC INVOICE DATED NOVEMBER 16,2012	5013-400	Pay	12/01/2012		$4,614.40
						Vendor Total	$4,614.40
						Total Voucher Amount	$6,594.40

ATTACHMENT A

ATTACHMENT B

Name	Current Monthly	Increase 3%	Increase 3% original	New Monthly	Effective Date
Beckstrom	2,736.50	$82.10		2,818.60	1/1/2013
Brandenburg, R	3,061.87	$91.86		3,153.73	1/1/2013
Brandenburg, J	1,440.89	$43.23		1,484.12	1/1/2013
DeWolf	4,401.00	$132.03		4,533.03	1/1/2013
Dominik	3,831.84	$114.96		3,946.80	1/1/2013
Ferguson	5,008.25	$150.25		5,158.50	1/1/2013
Jannusch	6,305.80	$189.17		6,494.97	1/1/2013
Kijowski	2,774.62	$83.24		2,857.86	1/1/2013
Kintz	3,439.37	$103.19		3,542.56	1/1/2013
Klinkhamer	7,085.85	$212.58		7,298.43	1/1/2013
McCall	5,666.18	$169.99		5,836.17	1/1/2013
Meiresonne	5,695.91	$170.88		5,866.79	1/1/2013
Parker	5,456.05	$163.68		5,619.73	1/1/2013
Schroder	6,194.84	$185.85		6,380.69	1/1/2013
Smith	5,404.02	$162.12		5,566.14	1/1/2013
Sorg	3,890.90	$116.73		4,007.63	1/1/2013
Summers	3,279.59	$98.39		3,377.98	1/1/2013
Swanson	1,384.25	$41.53		1,425.78	1/1/2013
Taylor	6,073.50	$182.21		6,255.71	1/1/2013
Thomas	5,156.92	$154.71		5,311.63	1/1/2013
Bogolin	3,202.26		$57.87	3,260.13	1/1/2013
Harris	4,716.27		$88.47	4,804.74	1/1/2013
Laughlin	4,159.77		$76.56	4,236.33	1/1/2013
Rogers, Darryl	5,036.35		$106.40	5,142.75	1/1/2013
Rogers, Dwayne	4,077.49		$94.10	4,171.59	1/1/2013
Torroll	3,270.69		$60.20	3,330.89	1/1/2013
Griffin	5,220.29	$156.61		5,376.90	11/1/2013

ATTACHMENT B1

Olson Surviving Children Benefits for January 2013 and after

3129.64 (original total benefit) divide by 2= $1564.82 each for Brieanna and Connor

Alexandra benefits for December 2012

Alexandra turns 18 on December 17, 2012 and benefits terminate

$1043.21 monthly times 12= $12518.52 divide by 365= $34.30 Daily rate

$34.30 Daily rate times 16= $548.80 December final payment

Brieanna benefits for December 2012

$1043.21 plus $247.21 (1/2 benefit not paid to Alexandra in December) = $1290.42

Connor benefits for December 2012

$1043.22 plus 247.20(1/2 benefit not paid to Alexandra in December)=$1290.42

Total December benefits paid equal $3129.64