

ST. CHARLES POLICE PENSION FUND

1515 West Main Street
St. Charles, Illinois 60174

MEETING MINUTES Wednesday, December 6, 2023 11:30 a.m. – St. Charles Police Department

NOTE: These minutes are not a word-for-word transcription of the statements made at the meeting, nor intended to be a comprehensive review of all discussions. They are intended to make an official record of the action taken by the Board and to include some discussion points as understood by the minute taker. They may not reference some of the individual attendee's comments nor the complete comments, if referenced.

MEETING CALLED TO ORDER

President Heike called to order the Regular Meeting of the St. Charles Police Pension Board at 11:30 a.m.

ROLL CALL

Members Present: Steve Heike, President; Ryan Carrigan, Secretary; Bill Hannah, Finance Director; Tim Beam, Vice President; James Keegan, Trustee

Members Absent: None

Others Present: Vince Mancini, Reimer Dobrovolny & LaBardi, PC; John Falduto, Sawyer Falduto; Ed Lavin, Sawyer Falduto (via phone) and Cheryl Shimp, Recording Secretary

APPROVE PREVIOUS MEETING MINUTES

Motion: To approve the minutes of the September 6, 2023 regular meeting as presented.

Maker: Beam

Second: Carrigan

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

The Board went out of order of the agenda at this time.

OLD BUSINESS

Municipal Compliance Report – Hannah presented a draft of the Municipal Compliance Report, which is required by statute to be delivered to the City of St. Charles. The MCR is basically a summary of the annual audit. The Board paused to review the MCR.

Motion: To approve the Municipal Compliance Report as presented.

Maker: Keegan

Second: Carrigan

Roll Call: Keegan – Aye, Carrigan – Aye, Beam – Aye, Hannah – Aye, Heike – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Final Audit Report – Hannah distributed the Auditor's Communication to the Pension Fund Trustees along with the Annual Audit. No discrepancies or problems were found by the auditors. Hannah gave a brief overview of the audit.

Motion: To approve the Final Audit Report as presented
Maker: Hannah
Second: Carrigan
Roll Call: Keegan – Aye, Carrigan – Aye, Beam – Aye, Hannah – Aye, Heike – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

INVESTMENT ACTIVITIES

Falduto distributed the quarterly report. The Schwab Account (Cash Account) began the quarter at \$498,066 and with interest ended the quarter a little over \$500K. Falduto gave an overview of the performance of the indexes year to date noting that the S&P 500 was up 13.1%. Bonds were up 0.0%. Lavin gave an overview of the market including inflation, consumer spending, interest rates, mortgage rates are down but still up over 7% on a 30-year fixed mortgage, etc.

Motion: To approve the Sawyer Falduto report as presented.
Maker: Beam
Second: Carrigan
Roll Call: Keegan – Aye, Carrigan – Aye, Beam – Aye, Hannah – Aye, Heike – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Falduto reported on the returns of the Consolidated Fund to include investment expenses, investment manager expenses, payouts, etc. As of 10/31/2023, the Consolidated Fund had over \$8.962B in assets. It was noted that there are currently 15 agencies that have not consolidated yet, as a result of the lawsuit. The total assets of these funds are a little over \$1B. Since consolidation, the fund is down 4%. The St. Charles Police Pension Fund began the year at \$42.150M and is currently at \$44.438M as of 10/31/2023 with total assets at \$46.245M. Discussion was held on asset allocation of the consolidated fund and investing more aggressively.

Cash Management Policy – No changes required.

ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT

Motion: To approve Addendum A in the amount of \$143,741.22 as presented.
Maker: Beam
Second: Keegan
Roll Call: Keegan – Aye, Carrigan – Aye, Beam – Aye, Hannah – Aye, Heike – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Hannah reported that as of 10/31/2023 with cash and investments, the fund has total assets of \$46,245,715.23. Hannah gave an overview of the fund including performance summary, market value summary, etc. It was noted that since inception, the fund is up 7.14%.

Motion: To accept the Accountant's report as presented.
Maker: Keegan
Second: Carrigan
Roll Call: Keegan – Aye, Carrigan – Aye, Beam – Aye, Hannah – Aye, Heike – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

APPLICATIONS FOR MEMBERSHIP

Heike reported that the Board has not received all the required documentation from the new hires: Patel and Garcia. Table to the March 2024 meeting.

APPLICATIONS FOR BENEFITS

Anyon – Mancini reported that Officer Anyon has the IME's scheduled for the end of December thru mid-January. Potential hearing date in March 2024. Continue to the next meeting.

Woloszyk – Still waiting on medical records. Once the final set of records are received, will be able to schedule the IME examinations with INSPE. Continue to the next meeting.

Schomer – Retirement still deferred. Schomer has approximately 3 years until eligible for retirement. Table to the next meeting.

ATTORNEY'S REPORT

Mancini reported that the Supreme Court has agreed to hear the Consolidated Constitutionality lawsuit case. It is anticipated that a ruling will be sometime the beginning of 2024. If the ruling goes against the plaintiff's, they will be required to turn over their assets to the Consolidated Fund. Will continue to monitor.

Mancini reported that many municipalities are looking to push out the 2040 date, in which the police pension funds must be 90% funded. This may be changed in the spring. Legislation is also floating around allowing officers, after 20 years of service, to start individual investing and not participate in the fund, having their investment under their own control. Currently, nothing has happened and nothing has changed. May know more around spring 2024.

Discussion was held on calculations of retirement salaries. The calculation affects officers retiring wherein a change of rank was realized in the final year of service. Calculation greatly affects an officer demoted wherein the Appellate Court has determined that the calculation shall be pro-rated between the ranks. This conflicts with the Pension Code. The Supreme Court was asked to intervene in this decision and has refused. Funds are going to have to change the way they calculate benefits in these instances. The hope is to get some other court to take a look at the ruling. There is a conflict between jurisdictions, as such, the Supreme Court will not weigh in on this issue.

Mancini reported on a QILDRO case wherein attorneys gave bad advice to an ex-spouse advising them that they would be eligible for death benefits, which was written into the divorce decree around this idea. Unfortunately, an ex-spouse is not eligible for death benefits. The ex-spouse sued and won. Mancini requested that all inquiries pertaining to QILDRO's should be forwarded to their firm.

Mancini recommended that Closed Session minutes should be reviewed at the next meeting. Discussion was held on the possibility of changes to the Tier 2 status, but nothing is happening; health insurance for retirees, again, it may be a bargaining chip for moving the 2040 deadline, but nothing at this time; as mentioned above, the opportunity for officers to stop contributing to the fund after 20 years, again, nothing at this time.

NEW BUSINESS

2024 Meeting Dates – The following are the proposed meeting dates for 2024: March 6, June 5, September 4 and December 4, 2024. All meetings will be held at the St. Charles Police Department at 11:30 a.m.

Motion: To approve the 2024 Meeting dates as presented.
Maker: Hannah
Second: Carrigan
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

2024 COLA's – Hannah presented the 2024 COLA's for review.

Motion: To approve the 2024 COLA's as presented.
Maker: Carrigan
Second: Hannah
Roll Call: Keegan – Aye, Carrigan – Aye, Beam – Aye, Hannah – Aye, Heike – Aye. 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

Executive Session – None.

PUBLIC COMMENTS

None.

ADJOURNMENT

There being no further business to discuss, motion to adjourn by Vice President Beam. Seconded by Trustee Carrigan.

Motion: To adjourn the meeting at 12:23 p.m.
Maker: Beam
Second: Carrigan
Voice Vote: 5 Ayes, 0 Nays, 0 Absent. All in favor. Motion carried.

The meeting was adjourned at 12:23 p.m. The next regular meeting is scheduled for March 6, 2024.

Respectfully submitted,



President



Secretary