



Urbana Police Pension Fund

400 S. Vine
Urbana, Illinois 61801
217(384-2320)
FAX 217(384-2363)

URBANA POLICE PENSION FUND

Board Minutes - Friday, November 7, 2014, 1:00 PM
City Building Conference Room-2nd Floor

Next Pension Meeting: January 23, 2015, 1:00 PM
City Building Conference Room – 2nd Floor

Present: Steve Royal, President (Term expires 5/31/16)
Dave Smysor, Secretary (Term expires 5/14/15)
Earl Hamilton, (Term expires 6/30/15-Mayoral Appointee)
Doug Pipkins, Assistant Secretary (Term expires 5/31/16)

Others

Present:

Patrick Donnelly, Greystone Consulting, a division of Morgan Stanley
Ron Eldridge
Neal Kuester, Auditor from Feller & Kuester CPA, LLP
Duane Maxey, Active Pensioner

Absent:

Jim Dobrovolny, Attorney for the Board

Vacancy:

City of Urbana Comptroller

The meeting was called to order at 1:05 PM by S. Royal. Motion by S. Royal to approve the Minutes of July 17, 2014, seconded by D. Smysor, D. Pipkins (aye), motion carried. (E. Hamilton was not present at the time of the Motion for the Minutes; he arrived later but had no objections to the Minutes.)

Old Business:

Daniel S. Bailey Resignation (DOE: 06/20/02, Date Resigned: 08/08/14). D. Bailey sent a letter to the Pension Board, requesting a refund of his contributions.

The Fund reimbursed him for his pension contributions on 08/15/14, in the amount of \$68,942.88.

New Business:

Public Participation:

Duane Maxey: FOP Contract- Retroactive Pay Increase: D. Maxey stated he is pondering retirement; FOP contract negotiations have been going on 1.5 years and still not settled. Since pensions are based on the final earnings, he would like specific assurance from the Board that when the FOP and City reach a signed agreement, he would like to receive the pay increase (reflected in his base salary) and he would be reimbursed retroactively. The Board discussed and also felt his new final rate of earnings should be reflected on his final salary (negotiated by FOP). D. Maxey stated he is looking for specific exemption from the Board that when those numbers are final, his final rate of earnings will be reimbursed. S. Royal stated that the difference might not be received until the following month, but the Board will make sure it is done as soon as they are able to do so. All members agreed with this S. Royal's statement.

R. Eldridge stated D. Maxey previously inquired about buying back his military service time, but the law is not favorable for the pensioner and it was not to his advantage. D. Maxey did not pursue this.

R. Eldridge inquired with D. Maxey if the City was going to give him back pay; D. Maxey stated he has not had this conversation with the City yet.

The question arose if R. Benschneider's final rate of pay would be affected; his final rate of pay would be affected and reflected on his pension. He would not, however, be considered for retro pay, as retro pay is from the City and not a Board decision. (*R. Benschneider retired 1/18/14*).

Pension Auditor: Neal Kuester, of Feller & Kuester CPA, was introduced to the Board. He submitted his audit of financial statements for the Fund, for the year ending June 30, 2014, reviewing his findings from the audit.

Fees for the Auditor are \$4,500 the first year, a 5 year contract with a \$100 increase each year. The City's auditors are going to do all the work for the City. Bray, Drake has done both Funds in the past, with the City paying the fees. The Board has paid the bill for Neal Kuester.

Motion by D. Smysor that the Fund accept the Audit Report, ending 6/30/14, prepared by N. Kuester. Motion carried w/ votes from D. Pipkins (aye), E. Hamilton (aye) and S. Royal (aye).

New Officers:

Stephanie Bennett (DOB: 121885, DOE 092514)
Oliver Marquez (DOB: 030277, DOE 092514)

D. Smysor stated both these officers have no previous employment in public safety; therefore, they are Tier 2 employees. Physicals were shared w/ Board members, with no problems. Inquiry if Woodlake was used for these physicals; they were not. The City shares their physicals w/ the Fund.

After review, Board members signed the application for Stephanie Bennett and Oliver Marquez, to accept them into the Police Pension Fund.

IPFPA Conference: S. Royal, D. Pipkins, and D. Smysor attended this annual conference. Their attendance fulfills their training requirement.

E. Hamilton stated he's unable to go to the IPPFA conference and needs to fulfill the certification requirement. Discussion regarding on-line training availability; D. Smysor will check into this availability, as well as inquire with J. Dobrovolny and get back w/ E. Hamilton.

Disability Yearly Physicals: D. Smysor stated he utilized Woodlake Medical Management to facilitate 2 of the 3 physicals for disability checks.

S. Scharf: Letter received from D. Robert Bane, Carle, reviewing S. Scharf's condition, in which he states he has a permanent disability on the left shoulder and will be unable to return to work as a police officer.

D. Winn: Examination by Safeworks (via Woodlake), Dr. David Fletcher, which states she has had four surgeries on her wrist, physical therapy, and medication. Based on her limitations, she is unable to perform essential functions of her job as a police officer.

A. Carpenter: Examination by Safeworks (via Woodlake), Dr. David Fletcher in which he states she has incurred permanent loss of her left lower extremity (left knee); permanent job restrictions limits her from being able to perform the essential functions of her job as a police officer.

Based on these reports, a motion, by S. Royal, to accept the disability physicals presented for the following disabled pensioners: S. Scharf, D. Winn, and A. Carpenter. Motion seconded by D. Smysor, motion carried.

Rules & Regulations: J. Dobrovolny wanted to discuss this with the Board but was unable to attend the meeting. He would like the Board to look over the information provided, for discussion, approval at the next quarterly meeting.

Financial Report:

R. Eldridge reviewed his annual finance report and audit for the Fund, for the fiscal year ending June 30, 2013. He highlighted important points from the audit:

- Net Assets (increase 13.5%); in the last 10 years, the Fund balance increased with an annual average increase of 8.1%. Years 2005-2014 were itemized.
- Actuarial Report was prepared by Tim Sharpe.
- Tax Levy Approval was \$2,080,615; the Fund requested \$2,086,255.
- Report to the City & Request for Tax Levy: The Fund will request a decrease of 2.3%; the decrease is due to investment returns from the stock market being higher than anticipated and salary progression was lower than actuarially assumed.
- Investment review of portfolio to include a breakdown of the investment return by investment type, a review of investment return over the last 5 years, and returns on individual equity mutual funds.
- Pensioners benefits were reviewed, to include Tier 1, Tier 2, disability pensions, survivor pensions, the make-up of members receiving benefits and service pensions from 1988 to 2014

Board members applauded R. Eldridge's effort in compiling this annual report, as it's very detailed, provides insight and changes to the Fund, reviewing the year. Motion by D. Smysor to accept the Financial Report; motion carried w/ votes from D. Pipkins (aye), S. Royal (aye), and E. Hamilton (aye).

Investment Presentation: P. Donnelly stated R. Eldridge's report is really good information, the report contains a lot of complex info, drives it into simple facts, with information impacting the Fund; a great summary.

P. Donnelly stated it is important to have someone w/ the City administration on the Board because next year we'll start hearing about GASBY Rules, the City has funded the Pension Fund well.

Discussion regarding capital markets overview, the US economy, US equity markets, global equity markets, and the U.S. bond market.

Tab 2 was a monthly perspective from the Global Investment Committee discussing global risk aversion levels, U.S. equity risk premium high performance, global equity risk premiums elevated, stock earnings, mid-term election and how politics affects equities, Europe & US trend line earnings & credit growth, Japan's market, and recommendations for the future.

Tab 3 discussed the Fund and target allocation, summary of assets by asset class, asset allocation by manager, allocation and performance as of 9/30/14, and the U.S. equity index. Performance by the Fund was reviewed, to include ClearBridge Appreciation Performance, Neuberger Berman-LC Discipline Growth, Madison, and McDonnell Investments. The Board also reviewed the following investments: emerging markets, alternate strategy/REITS/mutual funds,

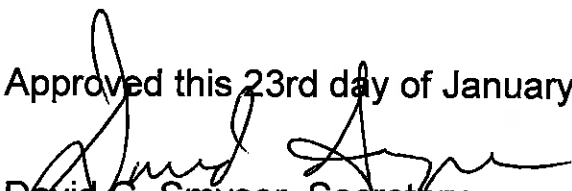
R. Eldridge stated there's \$400,000 in the savings account, with additional funds added in June of 2015. Motion by D. Smysor to move \$400,000 from the savings account to be invested as follows:

\$200,000 into Domestic US Index Fund
\$200,000 into the International Equity Fund.

Target allocations were reviewed, recommending going from a strategic target to a range (35-65%). At the next meeting, P. Donnelly will propose an IPS draft for the Fund's policy, identifying target allocations specifically. The draft will be forwarded to J. Dobrovlny prior to the meeting.

There being no further business before the Board, the meeting adjourned at 2:40 PM.

Respectfully submitted,
Karen R. Snyder
Recording Secretary

Approved this 23rd day of January, 2015.

David G. Smysor, Secretary