

URBANA FIREMEN'S PENSION BOARD OF TRUSTEES
Friday, November 3, 2017

The Firemen's Pension board of Trustees of the City of Urbana, Illinois met at 9:30am, Friday, November 3, 2017, in the second floor Executive Conference Room of the Urbana City Building.

MEMBERS PRESENT: Gerald Sappenfield, President - end of term 4/26/2018
*Elizabeth Hannan, Finance Director – end of term 6/30/2019
Josh Ingold, Firefighter/Secretary – end of term 7/28/2020
Brian Hoff, Firefighter – end of term 7/28/2020
Richard Schnuer, City Appointment – end of term 6/30/2019
**Andrew Rickords – Retired Firefighter

OTHERS PRESENT: James Dobrovolny, Fund Attorney
Ronald Eldridge, Fund Assistant Treasurer
Carla Tucker, Fund Accountant
Kevan Melchiorre, Aaron Sutton, Busey Bank Investments
Todd Schroeder, Fund Actuary

I. CALL TO ORDER

President Gerald Sappenfield called the meeting to order at 9:32am.

II. INVESTMENT BUSINESS

Aaron Sutton and Kevan Melchiorre of First Busey Trust & Investment Co. were present. They distributed the quarterly report and reviewed the pension fund's investment activity through the quarter ended September 30, 2017. The ending value for the portfolio as of that date was \$31,514,806, showing a gain of \$1,493,401 from the previous quarter.

After going over the report quarterly report, Mr. Sutton and Mr. Melchiorre recommended switching from the Fidelity Diversified International Fund to the American Funds Europacific Growth Fund to further diversify the fund, and because of the potential for better performance from the American Funds Europacific. The management fee would be lower for American Funds International, at 42 basis points, compared to 85 basis points for Fidelity Diversified International. Another recommendation to diversify the fund further, was to increase international funds from 10% to 15%. To help accomplish that, Busey recommended adding the Vanguard International Explorer. Mr. Sutton reminded board members that Busey does not make any additional revenue from trades made on the fund. Their fee is based on the value of the account.

After discussion, Mr. Schnuer a motion to change fund policy from a 10% allocation of international stocks to a 15% allocation of international stocks. This would be achieved by taking funds from Fidelity Diversified International and investing them in American Funds Europacific Growth, and in addition, investing in Vanguard International Explorer. This change would take place over a two year period, with 2.5% this year and 2.5% in 2018.

Motion seconded by Ms. Hannan and carried by roll call vote as follows: Sappenfield-aye; Schnuer-aye; Hannan-aye; Ingold-aye; Hoff-aye. [5 – aye; 0 – nay]

Ms. Hannan made a motion to receive and file the investment report. Motion seconded by FF Hoff and carried by voice vote

The fee Busey charges the Urbana Fire Pension Fund is .002 per each dollar invested.

III. ACTUARIAL REPORT

Todd Schroeder, of Lauterbach & Amen, went over the actuarial report for the year ended June 30, 2017. The funding recommendation for that fiscal year was \$1,599,552, which was an increase of just under \$100,000 over the previous year. The actual funding amount by the City was \$942,805. The recommended contribution for the current year is \$1.7 million.

Mr. Schroeder answered questions and concerns from board members.

IV. APPROVAL OF MINUTES

A motion to approve the minutes from the July 28, 2017 meeting was made by Ms. Hannan, seconded by FF/Sec Ingold, and carried by voice vote.

V. APPROVAL OF FINANCIAL REPORT

Mr. Eldridge went over the financial report for the quarter ended September 30, 2017. He said total amounts of cash decreased and will continue to do so over the next two quarters until April, when the fund will receive the first of the property taxes of the upcoming year.

Mr. Eldridge said Colton Thomas received a refund of his contributions, which was \$7,080.00 and Brenda Huoy received \$408.00

Ms. Hannan made a motion to accept the quarterly financial report. Motion seconded by FF/Sec Ingold and carried by voice vote.

VI. PUBLIC COMMENT

There was none.

VII. UNFINISHED BUSINESS

A. Continued discussion of proposed increase in Busey fees

Concerning Busey's request of a management fee increase to .003, an increase to .002, effective August 1, 2017, was approved at the July 28, 2017 meeting, with further discussion about the remaining .001 increase to take place at this meeting.

Mr. Eldridge said the fund is satisfied with Busey's management and the rate is very reasonable compared to other institutions. After discussion, FF Hoff made a motion to increase the Busey management fee from .002 to .003, effective January 1, 2018. Motion seconded by Mr. Schnuer and carried by roll call vote as follows:

Sappenfield-aye; Hannan-aye; Schnuer-aye; Ingold-aye; Hoff-aye. [5 - aye; 0 - nay]

B. Pension physicals

FF/Sec Ingold said there was nothing new to report. Designing a form with tests required by the pension board was discussed. In the past the fund secretary had the authority to order any tests he were thought necessary in addition to those already ordered. FF Hoff spoke about the importance of pension physicals and said he would help FF/Sec Ingold in trying to resolve the issues with the requirements from the city and the pension board billing issues.

*Ms. Hannan left the meeting at 11:21am.

C. Board member training

There was discussion about the training requirements for pension board trustees. Mr. Eldridge told trustees documentation of training is required by the Department of Insurance.

D. Retiree trustee election report and board approval**

FF/Sec Ingold informed the board that an election was held for the open trustee position. Andrew Rickords was the only retiree on the ballot. Twenty-six ballots were cast and counted at a meeting on October 24th. FF/Sec Ingold made a motion to certify the election of Andrew Rickords as a trustee to the board. Motion seconded by Mr. Schnuer and carried by roll call vote as follows: Schnuer - aye; Ingold - aye; Hoff - aye. [3 - aye; 0 - nay]

His term will end April 26, 2018.

E. Election of pension board president**

FF Hoff made a motion to elect Andrew Rickords as president of the Urbana Firemen's Pension Board of Trustees. Motion seconded by FF/Sec Ingold and carried by roll call vote as follows: Schnuer – aye; Ingold – aye; Hoff – aye. [3 – aye; 0 – nay]

VII. **NEW BUSINESS**

F. Labor agreement

The Fire Department and the City settled a labor agreement retroactive to July 1, 2017. The only retirement from July 1, 2017 to current date based on old salary was Andrew Rickords, who retired on July 9, 2017. In accordance with the board's previous policy, the fund owes him the amount of \$136.60 in pension for 22 days in July, and the months of August and September. This amount will be paid to him in October. His pension amount will increase to \$5,091.45 from \$5,041.04.

Mr. Eldridge told the board that President Rickords was the only retired firefighter affected by this labor agreement. FF Hoff made a motion to accept this report. Motion seconded by FF/Sec Ingold and carried by roll call vote as follows: Schnuer – aye; Hoff – aye; Ingold – aye; Rickords – recused. [3 – aye; 0 – nay; 1 – recusal]

G. Pension Benefit Changes during Quarter

1. Clyde Martin passed away July 17, 2017, with no dependents.
2. Andrew Rickords retired July 9, 2017, at age 61, as an engineer with 30 years' experience. He will receive 75% of his salary of \$81,463, including holiday pay. July was prorated at \$3,613.29 and his monthly pension will be \$5,091.45 thereafter. His first raise of 3% will be in August 2018, with a 3% increase each January thereafter.
3. Keith Schafroth retired September 19, 2017 at age 59, as a Lieutenant with 28 years 9 months experience. He will receive 71.88% of \$87,760.82, including holiday pay. September payment was prorated at \$1,927.39, and monthly amount will be \$5,256.51 thereafter, with first 3% raise in October 2018 and 3% increase each January thereafter.
4. Dennis Phillips retired September 30, 2017 as a Lieutenant at age 56, with 28 years' experience. He will receive 70% of \$85,794.22, including holiday pay. Monthly payment beginning October 2017 is \$5,004 and the first 3% raise will be in October 2018 with 3% increase each January thereafter.

C. Adoption of recommended tax levy from actuarial valuation and forward request to Municipality

There was a motion to accept the adoption of the recommended tax levy of \$1,696,284, from the actuarial valuation and forward it to the municipality by Mr. Schnuer. Motion seconded by FF/Sec Ingold and carried by roll call vote as follows: Schnuer-aye; Rickords-aye; Hoff-aye; Ingold-aye. [4 – aye; 0 – nay]

D. Adoption of municipal compliance report and forward to municipality

Mr. Eldridge had the municipal compliance report for the board. A motion to approve the municipal compliance report was made by FF Hoff, seconded by FF/Sec Ingold and carried by voice vote.

E. Schedule next calendar year quarterly meeting dates/ times

The dates for pension board meetings for 2018 are as follows:

Friday, February 2, 2018; Friday, April 27, 2018; Friday, July 27, 2018; Friday, October 26, 2018.

Motion made by FF/Sec Ingold to approve the meeting dates for 2018. Motion seconded by Mr. Schnuer and carried by voice vote.

F. Status of DOI annual report filing

Mr. Eldridge said the report is filed, but the fund will not have the audited report from the City until December.

H. New Hire Cory Roberts

Nothing to report. This will be on agenda for the next meeting.

H. Retirement of Jeff Ballew

Jeff Ballew retired from the City of Champaign fire department effective October 28, 2017, at age 57 with 23 years' experience. Mr. Ballew paid the Urbana Pension fund \$32,710 in April, 2006 and reinstated service time of May 1, 1994 to August 31, 2008 (88 months). The monthly pension amount paid by Urbana to Mr. Ballew is \$524.13 (\$80.53 prorated for October to be included with November check). His first 3% raise will be in November, 2018 and will be \$18.72, and he will receive 3% in January, 2019 and each January thereafter.

Motion made by FF/Sec Ingold to approve the meeting dates for 2018, seconded by Mr. Schnuer and carried by voice vote.

I. Monthly pay stub update for direct deposits

Request by several pensioners to have something that looks more professional for the paystubs and also for the first pension letter sent to pensioner, stating what the monthly pension payment will be. It was also requested to have a list of the current board members included with pension letter. Using Fire Department letterhead for the initial pension letters was suggested.

VIII. **NEXT QUARTERLY MEETING**

After discussion, the date for the next quarterly meeting of the Fire Pension Board of Trustees is set for Friday, February 2 at 9:30am.

IX. **ADJOURNMENT**

Having no further business to discuss, President Rickords adjourned the meeting at 12:01pm.

Prepared by:

Kay Meharry
Recording Secretary

Submitted by:



Josh Ingold
Firefighter/ Fund Secretary