



Urbana Police Pension Fund

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

URBANA POLICE PENSION FUND MINUTES Friday, October 21, 2011

**** Next Board Meeting: Friday, January 27, 2012, @ 1:00 PM ****
**** City Building - Police Conference Room ****

Present: Steve Royal, President (Term expires 5/8/12)
Dave Smysor, Secretary (Term expires 5/14/13)
Doug Pipkins, Assistant Secretary (Term expires 5/8/12)
Ron Eldridge, Treasurer (Term expires 5/1/13-Mayoral Appointee)
Earl Hamilton, (Term expires 6/30/13-Mayoral Appointee)

Others

Present: Patrick Donnelly, Smith Barney

Absent: Jim Dobrovolny, Attorney for the Board

The meeting was called to order at 10:10 AM.

New Board Member: Welcome Earl Hamilton-Mayoral Appointee; his term expires June 30, 2013.

Minutes 7/29/11 Amendment. A correction was made regarding the investment at the last meeting. Correction noted of \$250,000 to PIMCO Fund, \$250,000 to Permanent Portfolio (McDonnell).

Motion by Steve Royal to accept the Minutes w/ change, R. Eldridge seconded and carried by voice vote.

IPPPFA Conference – Attendees to the Conference were D. Smysor, S. Royal, D. Pipkins. The annual conference was held at Lake Geneva, WI. Attendees fulfilled training mandate.

- Board Member Coverage: Steve Royal questioned R. Eldridge regarding insurance coverage for Board members. R. Eldridge stated there is a fiduciary umbrella and a bond on the Board if someone sues one of the board members. The City pays for this coverage.

R. Eldridge gave an example if Ofc X doesn't think that we should spend money on a tape recorder, sues the president of the board; liability insurance would cover this (although there's a deductible), but it would pay for attorney fees. The state law protects board members stating they cannot be sued individually, but they can sue the board as a whole. R. Eldridge will send the board members a copy of the liability insurance. He further stated unless the Board has done some gross misconduct, a person can only sue the Board as a whole and liability insurance would cover.

- Law Firm Services Tracking Portfolio Companies: Information offering a free program involving tracking court cases moving thru the system. If the SEC sues a company and they get a settlement of that, anyone that might've had stock in the pension fund, affects pension investments. If the investor is entitled to the proceeds, they serve as a screening service, sending the Fund anything that affects the portfolio.

Inquiry with P. Donnelly, if Smith-Barney does something similar. P. Donnelly stated he's aware there's law firms tracks these court cases, however, the firm needs to have a certain number of participants for that litigation to take place. These firms come and present it to other boards. J. Dobrovolny has been to some of those meetings. P. Donnelly is not sure if they will file for the Fund and do it for free. D. Smysor said the 'free portion' was them tracking and doling out the information to the parties involved and funnel the info to the Fund, so they would be looking out for the Fund's best interest. If they can become the lead plaintiff, P. Donnelly doesn't see there would be any harm to be a part of this; but would defer the question to J. Dobrovolny; the Fund would have to give them access to statements so they can be tracked.

Ron E said the Board has talked to J. Dobrovolny about this in the past, so these law firms would get them signed up for their services.

S. Royal said he talked to D. Belcher about this before and D. Belcher's opinion was it was a waste of time. P. Donnelly stated now that the Fund has grown, it might be a better time to re-visit this. R. Eldridge stated most of our investments have been mutual funds and the managers of those funds go out and take care of this. This will be discussed at the next Board meeting.

Buy-Back of Service: Lieutenant Robert "Bob" Fitzgerald worked for Chicago PD for 12 years and followed the new state law allowing Chicago to open the transfer of service, recognizing the window of opportunity was a very short period. During this time, R. Fitzgerald informed Chicago PD he wanted to transfer his service, as well as informed D. Smysor, fulfilling the statute obligation. R. Fitzgerald received word from Chicago PD, accepting his application, to buy back as much of his time as he can. R. Eldridge has talked to R. Fitzgerald and informed him it would be very expensive. R. Eldridge stated it's not

really fair to the individual because the member has to buy into the Fund, while Chicago has been making money on his interest. R. Fitzgerald has to make our Fund whole; he has to bring himself up-to-date in our Fund and it's a large amount of money, additional info will follow.

Annual Disability Physicals: Annual disability physicals for Deann Winn Maurer and Amber Carpenter were discussed. The law requires pensioners who are below age 50 to prove to us they are disabled and unable to return to work. Their last physicals were in August 2010. D. Smysor will get them scheduled at Safeworks, although he stated neither of them is going to get better and it's an expense to the board, Smysor wondered if a Dr. could review the chart to make a finding. S. Royal stated a Dr won't sign-off if they don't do the physical. R. Eldridge will e-mail J. Dobrovolny to see if there's any other options that the Dr said, that the condition is not going to change; if he says no options, then he'll let Smysor know.

S. Royal asked if we needed to get the bill payment approved, if we send them to Safeworks. R. Eldridge does not feel we need to review every bill that comes through prior to payment.

Treasurer's Report: Eldridge would like Karen to put the Treasurers report on the agenda.

R. Eldridge stated the Police funding level, as of June 30, 2011, was 61.7%. He stated there's enough assets right now to cover the difference in the future by amortizing over the next 40 years. In comparison to other downstate cities: CPD is at 63.1 % and the downstate average, from the Department of Insurance, is 56.2%; Urbana is in the ballpark w/ comparable cities.

Auditors Report: It was a great year; net worth was increased by 3.4 million, resulting in two good years, in a row, of good investments.

Property Tax Levy – Tim Sharp was asked by R. Eldridge to a levy assessment, based on exactly the same assumptions, same law we had in the past (last year's levy) , as well as different assumptions shown by Sharp and reviewed them with the Board. R. Eldridge stated \$1,986,454 is what the City was asked to levy and that's what they will levy.

New Board Member-Earl Hamilton: D. Smysor advised E. Hamilton he had to fulfill 32 hours training in the first 18 months; IPPFA has different trainings for new members on the Board at different places in the state. D. Smysor will keep him advised of the trainings available.

Presentation by Patrick Donnelly: P. Donnelly stated the reports provided by R. Eldridge are good, useful info, showing the impact on the Fund, paints a clear picture.

P. Donnelly reviewed the Fund's performance and the market. In addition:

- Mutual Funds: R. Eldridge stated the State of IL will tell you, you can own these funds (you can own Pimco funds), but it doesn't mean if you read the law that they necessarily conform to the law. The Fund has stopped adding investments to their Fund in the summer and left it in cash. Inquiry with R. Eldridge if he inquired with the Department of Insurance if owning them was fine and he was told these funds were fine, but he wanted to make sure everyone is aware, if they read the State Law, that it depends on how it's interpreted. They didn't say the portfolio was ok, they were allowing these types of methods and alternatives as long as they were a mutual fund. The law is based on stock, but the Department of Insurance is allowing this. P. Donnelly believes this, as well, and contacted them. R. Eldridge stated it would be nice to put this out, but the Department of Insurance hasn't put anything out.
- Fees: Fees on Pimco is 84. Fees are more expensive if dealing w/ them directly. (compared to 1.25). P. Donnelly is confident they are buying high yielding stocks and the Fund should hold steady. Monies were not added to this Fund; R. Eldridge and S. Royal were advised. McDonnell will attend the meeting in January, to go over costs.

Motion by S. Royal to give P. Donnelly the ability, between now and the end of the year, to pull up to half a million dollars from various vendors and turn it over to Clearbridge. Motion was seconded by D. Smysor.

Roll call: S. Royal (yes), D. Pipkins (yes), D. Smysor (yes), Earl Hamilton (yes), R. Eldridge (yes). Motion carried unanimously.

There being no further business before the Board, the meeting adjourned was adjourned by S. Royal at 11:55; motion to adjourn seconded, motion passed.

Respectfully submitted, Approved this 19th day of January, 2012


Karen Snyder
Recording Secretary.


Dave Smysor
Secretary