



Urbana Police Pension Fund

400 S. Vine
Urbana, Illinois 6180
217(384-2320)
FAX 217(384-2363)

URBANA POLICE PENSION FUND MINUTES

Friday, January 27, 2012, 1 PM

**** Next Board Meeting: Friday, April 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 5/31/13-Mayoral
Appointee)
Earl Hamilton, (Term expires 5/31/13-Mayoral Appointee)

Others
Present: Patrick Donnelly, Morgan Stanley Smith/ Barney
Jim Dobrovolny, Attorney for the Board

The meeting was called to order at 1:10 PM by S. Royal.

Old Business:

Minutes: Correction to the Minutes of 10/21/11. R. Eldridge stated the property tax levy (pg 3 of the Minutes) should be \$1,986,454. Pending this correction, Motion by S. Royal to accept the Minutes, D. Smysor seconded motion; motion passed.

Lt. Robert (Bob) Fitzgerald: D. Smysor stated R. Eldridge has the figures on R. Fitzgerald's buy-back of time from Chicago PD. R. Fitzgerald took advantage of the opportunity of the law (Section 5) to allow individuals who contributed to the Chicago PD Pension Fund to buy back their service time.

R. Fitzgerald has talked to Scott Brand at the Department of Insurance and although he should be receiving more funds from the Chicago PD Pension, he

wants to move forward to transfer his funds from there to Urbana Police Pension Fund. (The City of Chicago only paid about 25% of the amount to the Chicago PD Pension Fund.) The Chicago PD Fund's stance is they didn't receive the Funds that they were supposed to receive, so Chicago is only going to give us what they received.)

R. Eldridge received a letter from Chicago PD Pension Fund, stating R. Fitzgerald's portion, if withdrawn, would total \$165,527, which they will remit. R. Eldridge calculated in order for him to buy back all of his time, R. Fitzgerald's (11+ years of service) would have to pay \$334,916. The law does not clearly state he can buy a percentage, but when R. Eldridge talked to the City of Chicago Pension Fund, they stated others transferring out are doing the same thing; in talking to the Department of Insurance (Scott Brand), he stated they don't have a problem using a percentage. Using the amount Chicago is going to remit, he will be able to buy back 5 years and 5 months. D. Smysor stated R. Fitzgerald was required to pay back his portion before they would, in turn, send that amount to us. R. Fitzgerald had to pay back almost \$112,000 to Chicago because he previously withdrew his funds. Chicago PD Fund is only paying about \$50,000, to make up the \$165,000. R. Eldridge stated in reading the law, it infers they only have to pay what they have, as opposed to what they should. If R. Fitzgerald was to buy back his time back and leave it in there, he could then draw on Chicago PD's Pension Fund; he has chosen to leave their Fund. R. Eldridge stated this contribution in Urbana's Police Pension Fund will move his date of hire from January 29, 1998 to August 29, 1992 (5 years, 5 months).

The Chicago Police Pension Fund is going to mail the check on January 31, 2011, to our Fund. Motion by R. Eldridge, upon receipt of this check, our Fund is going to transfer 5 years, 5 months of credible service for R. Fitzgerald, to our Fund (\$165,527), moving his date of hire from January 29, 1998, to August 29, 1992. Motion carried: S. Royal (aye); D. Smysor (aye), D. Pipkins (aye), and E. Hamilton (aye).

R. Eldridge stated if something should happen that there is a change of differing legal opinion (Chicago paying the full pension reimbursement v. half the amount they are paying, the Board can also go back and change, correct this; if anything, it would be in R. Fitzgerald's favor.

J. Dobrovolny was forwarded the document from R. Eldridge and my look further into this w/ IPPFA or if he hears anything, he will advise the Board.

Class Action Lawsuits: Attorneys filing litigations class action suits for those companies in which the Pension Fund has investments were discussed. J. Dobrovolny stated there is a limit of times someone can be a lead plaintiff in a time period, so these firms need additional plaintiffs to use. There are some firms that have a cost relationship, based on the size of your fund, but at the IPPFA conference there were other firms with no up-front costs involved, nor continuing obligations if the Fund decides to opt in; they make their money from the outcome. The Fund would need to sign up with the firm and give them a list of their investments. R. Eldridge questioned what the Fund would receive; if it makes any difference if you are a plaintiff or if you are not. The Court makes an award and from that, the attorneys get paid. Whenever there's litigation, the Fund would receive word about the litigation if you own stock. R. Eldridge inquired if there's any negatives about signing up; P. Donnelly stated he saw no problem with this, it would be nice to know someone is looking out for the Fund, pursuing this; this is one way to keep the corporations honest; he feels it would be beneficial for the Fund to pursue. J. Dobrovolny thinks it's something to look into and he will get names of firms for the Fund and it will be discussed further.

Disability Physicals: D. Winn & A. Carpenter are scheduled for their annual disability physicals w/ Safeworks on 020112; their physicals cost \$1,400 each. In the past, for these two individuals, Safeworks reports have stated these conditions are not something they will recover from, but only get worse in the future.

State law views all disabilities as temporary; discussion if the disability is one in which the person cannot recover to be fit for duty that the costs are an expense for the Fund. Discussion if sent to their personal Dr. and their physician stating they are unable to perform the duties of a police officer, if that was a possibility and the Fund would pay for it annually. D. Smysor will follow-up w/ A. Carpenter, but recalled D. Winn has not seen her primary physician about her disability. A potential can occur when you have a disabled pensioner that questions why disabled officer A needs to be sent to a specialist, but disabled officer B needs only a letter from their regular physician. No changes will be done for 2012, as it costs \$750 w/ Safeworks to cancel an appointment.

R. Eldridge stated there's only one officer that returned from their disability. Most of the time the disabled person and the City doesn't want them to return. The law is pretty clear that physicals shall be annual.

New Business:

A/C Anthony Cobb: A. Cobb will be the Chief of Champaign PD. He has over 19 years of service w/ the Urbana Police Pension Fund (DOE 090292) Due to his military service (West Point), he would like to buyback time towards his pension service (6 months to get him past the 20 years of service in March 2012). The buyback of six months will result in his DOE being changed to 030292 (or thereafter for pension purposed, depending on his separation date from the City).

At age 50, A. Cobb can begin drawing on his pension. For 6 months of service to the Fund, it would cost \$14,166. Upon receipt of these Funds, R. Eldridge made a motion to approve this action; seconded by D. Smysor, and motion carried by voice vote by S. Royal, D. Pipkins, and E. Hamilton.

Treasurer's Report: No report, nothing unusual to report.

Terms for Office: S. Royal and D. Pipkins both expire in May 2012. Motion by S. Royal to conduct the first stage of the retiree and active membership election, inquiring if there is interest in the position. If there's no competition and based on prior Board action, there will be no election because they are running unopposed. If there is interest, J. Dobrovolny will continue the process. Motion seconded by D. Pipkins; motion passed unanimously to proceed with this process.

State Legislature Update: J. Dobrovolny reviewed some information he received regarding pension reform to include IMRF, school pensions, etc. that's currently under discussion.

COLAs: S. Royal inquired when an individual retiree reaches 55 and you get that first increase, then 3% every year thereafter, if that is compounded or based on your base. R. Eldridge advised the first one is not compounded, but after that it is 3% for each year, month by month down to 12 months, it's the percentage of when you first went out, for regular retirees. For disability pensioners, when they reach 60, they also get a 3% annual, that's not compounded. No changes for widows.

Membership Dues – IPPFA: Motion by D. Smysor to pay the membership dues of \$775 to the IPPFA. Based on the educational requirements mandated, S. Royal seconded motion, motion passed unanimously by voice vote by D. Pipkins, R. Eldridge, and E. Hamilton.

P. Donnelly Presentation: Reviewed 2011, effect on the fund, and the fund's performance.

- Investment Policy Changes: P. Donnelly reviewed the changes made to the Investment Policy.

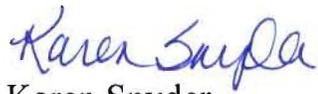
R. Eldridge stated he was ready to make a motion to approve the policy. S. Royal made a motion to accept the updated Investment Policy, with corrections they went over. P. Donnelly will get a final draft and sign, as soon as practical. Motion by D. Pipkins to second motion; motion passed unanimously by voice vote by D. Smysor, R. Eldridge, and E. Hamilton.

As of 12/31/12, P. Donnelly moved over to Greystone Consulting, which is a separate corporation, partly owned by Morgan Stanley Smith Barney. P. Donnelly is one of 43 consultants around the country. No material change to the Fund, as far as resources, this team has a tech and resource analysts available. Investments are expanded, research people, these expanded capabilities will be beneficial to the Fund.

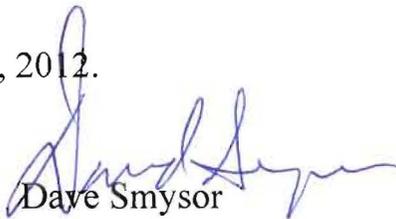
There being no further business before the Board, the meeting adjourned was adjourned by S. Royal at 1500, motion to adjourn seconded, motion passed unanimously.

Respectfully submitted,

Approved this 2nd day of April, 2012.



Karen Snyder
Recording Secretary.



Dave Smysor
Secretary