

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



Jim Wuersch, Secretary

URBANA POLICE PENSION FUND

Monday, February 26, 1990, Urbana City Building

Board Elmo Denniston, President
Present: Robert judd, Vice-President
Jim Wuersch, Secretary
Steve Royal, Asst, Secretary
Melvin Schwartz

Others Jim Dobrovolny, Attorney for the Pension Board
Present: Ron Eldridge, Comptroller, City of Urbana
Dennis Belcher, Shearson, Lehman, Hutton

E. Denniston called the meeting to order at 2:30 p.m.

The Agreement with Shearson, Lehman, Hutton was signed by the Board members.

D. Belcher reviewed the Investment Advisor Review, which he prepared for our search of an investment advisor. He went over the criteria that the Investment Advisor is required to meet, explaining the process that is undertaken when searching for an investment advisor.

Process of Selecting Advisors: The Risk Return Analysis Chart plotted the investment advisors that manage fixed income (148 qualified out of 600). The next chart reduced the list of 148 candidates by selecting advisors whose philosophy used mostly government, or government agency, bonds with a minimum account size of \$2 million (25 qualified candidates-Busey was rated #22). The next cut were candidates that exceeded the returns of the Shearson Lehman Government Bond Index and their performance data was comprised of the returns of the bonds and cash. Their performance of bonds and cash eliminated the list to 9 finalists, plus Busey. Those remaining organizations were requested to supply copies of their current literature and a recent ADV Part II, as filed with the SEC.

Appendix III contained the Investment Advisor Questionnaire. D. Belcher reviewed their questionnaire, background, and talked to representatives of these organizations. He rated them on the changes in the amount of money in the organization, continuity of staff, if the business had been sold, understanding of how they ran their bond portfolios, and checked their references and inquired with other consultants. Following their interview, the final cut was made; the finalists were The Chicago Corporation, Chambers Investment Management Group (CIMG), C. S. McKee Investment Managers, Madison Investment Advisors. First Busey Trust and Investment Co. was added in consideration, at the Board's request.

Following are brief comments made on the advisors:

The Chicago Corporation:

1. Their aim is of a brokerage firm.
2. They are on the Chicago Board of Trade.
3. They have been around a long time.
4. They are actively involved in the Illinois Police Pension Fund.

Weaknesses: 1) They have a mechanical approach to the market.
 2) Their size.

Chambers Investment Management Group (CIMG):

1. Small firm with three key people.
2. They are responsive to clients.
3. Clients are very pleased.

Weaknesses: 1) They buy 20-30 year bonds (going further out in maturity).
 2) Their approach to the market is more intuitive compared to what other advisors are looking at. They do not have in place a rigorous policy.

C.S. McKee Investment Managers:

1. They only concentrate on money management, which is estimated at \$1.2 billion.
2. Change in ownership: United asset Management.
3. Their salary is based on their investment performance. They will buy GNMA's.
4. They manage retirement funds for a large number of municipal retirement plans throughout Pennsylvania.

Madison Investment Advisors:

1. They have the best track record of the four.
2. They have a good rate of return.
3. They purchase corporate bonds.
4. Their investment philosophy is estimated that 80% of their investment decision is driven by their Fixed Income Model and 20% of their decision process is subjective.
5. Size of the company-medium.

First Busey Trust and Investment Co.:

1. There's a basic conflict between Busey's investment approach and the intent of the Fund, as set out in the Policy Statement.
2. Busey's primary concern is risk avoidance; they are giving up a lot of return to achieve that lower risk.
3. Their department has 600 clients with widely varying investment objectives, all under the investment direction of a single individual. The Fund is their sole government-only account.
4. Their investment philosophy is based upon the Markowitz Model which does not deal with fixed income only accounts, leaving the Fund's investments based on an intuitive management style.

The companies fees were discussed and the comparison of fixed income managers

were discussed, noting the variations of returns. Madison was noted as not having a down quarter over a five year period; however, their commendable returns were slightly inflated because of corporate bonds.

The 7 Year Risk/Return Analysis Chart was reviewed for the above-referenced companies, as well as their quarter-by-quarter performance. The rates of return for the past five years show that Madison and CIMG have stayed in relatively the same position, Chicago Corp. went up, McKee went down.

The 3 Year Risk/Return Analysis chart was reviewed; Madison and CIMG were about the same, McKee, and Chicago Corp. had sub-par years. The Fixed Income Manager Evaluation of Up and Down Market Analysis was discussed.

D. Belcher stated that Chicago Corp. and McKee are tied for being the best managers in time of falling interest rates; Madison is the worst during this time. In times of rising interest rates and falling bond prices, Madison is the best, with CIMG second. He stated that the Board has to figure what is most important and rank the list by these factors; all the companies are very competent. He further suggested that two firms be selected.

The Board members decided, at this point, to state what their preferences were and the following was noted: R. Judd (Chicago Corp./Madison)

S. Royal, M. Schwartz (Madison/CIMG).

Further discussion; D. Belcher stated that CIMG has the lowest ratio of dollars per person; Chicago Corp. is costlier. J. Dobrovoly was sent a copy of the contracts of the four companies; and he stated that he did not see any problems with the contracts, with the exception that by statute they become a fiduciary and that they acknowledge and accept that responsibility. J. Wuersch stated that customer services is an appealing factor to him. D. Belcher stated his viewpoint of bad combinations in companies (Madison/Chicago and CIMG/McKee).

J. Wuersch stated that his vote would be with Madison/CIMG also. M. Schwartz moved that the Board select the following investment managers: 1) Madison Investment Advisors and 2) Chambers Investment Management Group (CIMG); S. Royal seconded motion, subject to us getting the Contract altered with the following changes: a) no penalty, b) term, and c) acknowledging the fiduciary responsibility. J. Dobrovoly stated that these terms could probably be negotiated in the contract. Motion carried 5-0.

Discussion regarding converting to the new investment advisors; D. Belcher will assign their position to them. Discussion of funds available for investment; the CDs will have to mature. The following motions were made:

- 1) Authorizing to sign the appropriate forms subject to review by J. Dobrovoly.
- 2) Check on custodianship, safety of the funds held in a trust company.
- 3) To have Shearson act as a custodian, in conformance with the Policy Statement.

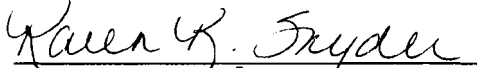
The motions were made by M. Schwartz, seconded by J. Wuersch, and carried 5-0.

J. Dobrovolny will send a copy of the Contracts to the Department of Insurance.

Resignation: R. Judd announced that he was resigning from the Board.


There being no further business before the Board, the meeting adjourned at 4:40 p.m.

Respectfully submitted,



Karen R. Snyder
Recording Secretary

Approved this 21st day of March, 1990.



Jim J. Wuersch, Secretary

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



Jim Wuersch, Secretary

URBANA POLICE PENSION FUND
Tuesday, 05/22/90, City Conference Room

Present: Elmo Denniston, President
Jim Wuersch, Secretary
Steve Royal, Assistant Secretary
Melvin Schwartz
Marla Becker

Ron Eldridge, Comptroller
Jim Dobrovolny, Attorney for the Pension Board
Dennis Belcher, Shearson Lehman Hutton

The meeting was called to order at 1:17 p.m.

1. Financial Position of Banks and Savings and Loans w/ Investments of \$100,000. D. Belcher distributed a report to the Board regarding the Fund's financial position with institutions that we have investments of \$100,000 or more. The following institutions were on the list: Mutual Savings Bank, Champion S&L, American Savings Bank, Gibson Federal, Bank of Illinois, Busey Bank, Champaign National, and Citibank of S.D.

Gibson and Champion were discussed. R. Eldridge will try to get a letter from FSLIC and these two institutions regarding full insurance coverage for our funds.

2. Monthly Statement. D. Belcher reported that CIMG and Madison have been fully set-up and that the securities have been distributed and invested.

R. Eldridge inquired how these two companies have determined the term of the investments they are investing in; i.e. in 20 years we may not have the amounts available; and how does the buyer know how much that he can purchase. The Fund currently receives money from tax levies and officer contributions. In 1988/89, payments are checking the stability pattern; we have a 2 to 1 coverage ratio. R. Eldridge does not see a problem now; however, if lump sums are taken out for those that leave, he questioned if such a situation would create a problem. D. Belcher said that this would be monitored by him to prevent such a situation.

3. Money Market Investments: R. Eldridge inquired about insurance provisions for the investments. D. Belcher stated that they are government funds and has the guarantee of the U.S. Government.

4. Maturing CD's: J. Wuersch recommended that the maturing CD's be cashed. R. Eldridge will make sure that they are cashed; J. Wuersch will give these funds to Shearson for investment purposes.

M. Schwartz motioned to transfer excess cash, negotiable savings, and loan securities (includes investments and CD's); S. Royal seconded motion. Motion passed 5-0.

5. June 14, 1990-Springfield: Four to five investment bills are being lobbied. E. Denniston indicated that he sent a letter regarding his support of the bills. It was suggested that R. Eldridge send a letter to get the laws updated.
6. Busey Investments/Close-Out: J. Wuersch is in the process of closing these accounts. G. Paine and J. Wuersch were in agreement that the money be deposited in the money market account and extended it for 30 days for a fee of \$100. K. Snyder will draft a letter for J. Wuersch to sign terminating our account at Busey, effective June 30, 1990.
7. Department of Insurance: J. Dobrovolny sent a letter to them stating that we have complied with their requests. We have not heard anything from them. The disabled pensioners have been contacted and almost all of them have completed their examination with Occupational Therapy, Carle Clinic. Checks will be conducted on these personnel once a year. J. Dobrovolny will send a letter to Dwight Anderson regarding the physicals conducted.
8. Divorce Settlements: A Pensioner has a divorce agreement stating that his ex-wife is to receive a portion of his pension check. E. Denniston stated that he felt that we should not have to issue her a check unless it is court ordered. Because the agreement did not specify a time frame and other essentials, J. Dobrovolny will send the pensioner a letter about the agreement. Until further instruction, one check will be issued.
9. Jim Teague Pension Balance: J. Teague was on disability and then returned to work. J. Dobrovolny advised that his contributions exist that were there at his original date of hire right on through after he returned to the Police Department.

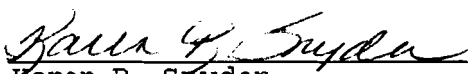
R. Eldridge would like to examine the reports generated by his office regarding contributions for each officer. He will rectify this situation, per J. Dobrovolny's instructions.

10. Elections: The appointed members, Melvin Schwartz and Marla Becker, will run the election for President. J. Dobrovolny will start the election of the retired members.

There being no further business, the meeting adjourned at 2:45 p.m.

Respectfully submitted,

URBANA POLICE PENSION FUND


Karen R. Snyder
Recording Secretary

Approved this 31st day of May, 1990.


Jim Wuersch, Secretary

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



Jim Wuersch. Secretary

URBANA POLICE PENSION FUND

Tuesday, 09/18/90, 10:00 a.m.
City of Urbana Council Chambers

Board Elmo Denniston, President
Present: Jim Wuersch, Secretary
Steve Royal, Asst. Secretary
Melvin Schwartz
Marla Becker

Others Jim Dobrovolny, Attorney for the Pension Board
Present: Ron Eldridge, Comptroller, City of Urbana
Dennis Belcher, Shearson, Lehman, Hutton

The meeting was called to order by E. Denniston at 10:10 a.m.

1. Investments and CDs.
2. Pension Law Changes.

D. Belcher distributed a Portfolio Appraisals for the Fund, for CIMG, Madison, description of Certificates of Deposit sorted by maturity and by the issuer. These documents were discussed, as well as how these investors will react to the economy's future.

Discussion on investing locally. R. Eldridge stated that he feels the Fund should not invest locally, at this time, until we hear additional information regarding insurance limitations.

D. Belcher questioned R. Eldridge about the security of Champion Federal and inquired if any action should be taken at this time re: withdrawing funds. R. Eldridge stated that they have many facilities and that it would probably be okay to leave funds the way they are.

R. Eldridge stated that the Fund will receive tax money in the future; discussion of funds available for investment. D. Belcher will narrow a list of investments to a final selection so that the information will be together so that the Board can move on it when the law is passed.

Pension law changes were discussed. The legislature will be discussing custodian issues; they will possibly be effective in November 90 or April/June 91. J. Dobrovolny responded to Dwight Anderson's letter (Dept. of Insurance).

Motion by J. Wuersch, seconded by M. Schwartz, for Shearson to hold the funds, including all monies that are coming in, until the Board can determine on this new form of investment. Motion passed 5-0. D. Belcher will provide a final written response on investments at the end of the month.

3. Audit Report.

The auditors will present and discuss the Audit Report at the next meeting.

4. Downstate Pension Meeting.

There will be a conference in Alton, November 7, 1990 on the **Judicial Review of Pension Decisions: A Judge's Perspective**. J. Dobrovolny recommends Board attendance.

*There will be a local meeting on September 28, 1990 in Rantoul at the Moose Lodge; J. Dobrovolny will be speaking on light-duty.

5. Ofc. Jim Teague's Disability.

Ofc. Jim Teague has filed for a duty-related mental disability. J. Dobrovolny received a letter from Dr. Traugott; and has three doctors lined up and they are: Dr. Janich in Chicago, Dr. Reed in Westmount, and Dr. Chapman in Elcomington. J. Dobrovolny will send them a letter regarding information we need. J. Teague will be instructed to schedule his appointments at the end of the week; and the Fund will be responsible for his travel costs.

There will be no rate change if his disability is approved; he would have had to be working for the Department at least five years.

J. Dobrovolny stated that he cannot act as the prosecuting attorney and Board advisor if there is a Hearing.

6. New Police Officers:

A. **Leonard Grizzard:** His application was submitted and Dr. Whitehill's letter reviewed; and he was admitted by the Board.

B. **Willard Michael Miller.** This probationary officer will begin on 10/10/90; his admittance will be considered when application is made.

7. Financial Statement: M. Schwartz stated that he has never seen a financial statement of the Fund with income and expenses. He would like to review a quarterly statement. J. Wuersch will make arrangements for this and present a statement at the next meeting.

8. IPPEA: Motion by S. Royal to renew our membership in this Association. Motion seconded by E. Denniston and passed 5-0.

9. Next meeting is Thursday, December 6, 1990, at 10:00 a.m.

There being no further business before the Board, the meeting adjourned at 11:10 a.m.

Respectfully submitted,

Karen R. Snyder
Karen R. Snyder
Recording Secretary

Approved this 10th day of October, 1990.

Jim Wuersch
Jim Wuersch, Secretary

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD

Minutes of 12/06/90

Members Present: Elmo Denniston, President
Mel Schwartz, Vice President
Jim Wuersch, Secretary/Treasurer
Steve Royal, Asst. Secretary
Marla Becker, Board Member

Others Present: Dennis Belcher, Shearson Lehman Hutton
James Dobrovoly, Attorney for Board
Ron Eldridge, City Comptroller

The meeting was called to order at 9 a.m; the minutes of September 18, 1990, were approved by M. Schwartz, motion carried 5-0.

Update: Stock market investments will be picked at the legislative session on January 8, 1991.

The problem with the state law is the S. Africa prohibition, which is difficult to read, impossible to understand. D. Belcher talked to Dwight Anderson, who referred him to Bud Marks. He is working on clarifications on this issue.

In addition, the following failed to reach an agreement: 3% compounding made under insurance proposals were not dealt with. These questions, along with the law changes, will be dealt with 010891 session.

Investment Managers: J. Dobrovoly inquired if we may need to reevaluate our current investment advisors since our advisors are specialists in bonds. D. Belcher stated that our current advisors are not suitable to handle stocks for us; and we will need to look into other advisors for the stock side of investment. Madison would like to take advantage of purchasing corporate bonds. Stock managers will cost around 2% annually of the portfolio.

Market Value Accounting: Discussion of market value accounting. M. Becker stated that the purpose of this accounting is to buy and sell to make a profit, unless it is a trading security; then,

it is an amortized cost. M. Becker stated that this is currently being looked into; and it may move to marking everything to market because they think it will more accurately reflect the condition of the entity. M. Becker stated that she doesn't necessarily feel this is right.

Local Investment CDs and Treasury Bills: Discussion of current investments maturing; no CDs will be maturing until 6/91.

Current CD rates were reported (7.67-8% simple rate) by R. Eldridge. There are currently nine institutions that have an office in Urbana. American, Champion, and Heartland are not as strong as the other institutions he mentioned. R. Eldridge doesn't have a problem investing in these three institutions. D. Belcher stated that, according to the investment policy, a maximum of 10% shall be distributed in local CDs. It is the intent of the Board to have 10% of the money locally, not necessarily domiciled, but having an office in Urbana. R. Eldridge stated that the financial institutions play a major role in the infrastructure of the City of Urbana; they are major participants and they should be recognized by putting a small portion of money in these institutions. Also, we are getting a higher rate on CDs than treasury bills.

J. Wuersch questioned if there was a minimum amount of investment to get this return. R. Eldridge stated that he thinks this will be the rate we will be getting if it is a couple of thousand, but he inquired about a \$90,000 rate for CDs. J. Wuersch asked if we could not invest \$25-\$50,000 and keep money available for other investments; discussion ensued.

National (7.5) Marine (7.55), Central IL (8), First Federal (7.65), and Busey are the other institutions we don't have investments in. Since we have our checking account at Busey, the other three will be looked at. D. Belcher stated that, according to the investment policy, the local CDs have to be reasonable rates in comparison to the national market (simple rate). R. Eldridge stated that if we are defining reasonable, the CDs locally will be lower about .25% below the national CD rate. R. Eldridge stated that the City's position is that they feel strongly that we should have our money locally (in Urbana). He feels that rates are difficult to compare.

Discussion ensued and it was decided that R. Eldridge and J. Wuersch should both be involved in investing locally. If the local rates are not competitive, the situation should be reevaluated.

R. Eldridge stated that he feels that we should invest in five institutions (\$450,000), as follows: Marine, American Savings and Loan, First Federal, National Bank of Urbana, and Central Illinois Bank; and he removed Heartland and Busey. M. Schwartz motioned to invest \$90,000 in Central Illinois Bank and American Savings if their rates are as stated today. Investments are to

be made by J. Wuersch and R. Eldridge. The other financial institutions: First Federal, Marine, and Bank of Urbana could be approached to see what their rates would be; however, in the mean time, the balance of the \$650,00 should be invested in treasury bonds. The other institutions should be approached for the next meeting for their current rates to be invested. J. Wuersch seconded motion; motion carried unanimously.

S. Royal stated that he figures we will have over \$800,000 invested locally, which will result in over 10% invested locally.

Additional tax monies will be received in May.

Local Issuers: Current Ratios of Safety: R. Eldridge stated the local institutions are all ranked about 7%; they are extremely strong, with the exception of two: Heartland (we do not have a CD with them) and Champion. Champion is not getting any worse; they are looking to reorganize; they will not go under. If time allows, they will probably work their way out. We currently have two CDs with them; if they reorganize, they will let us take our money out. R. Eldridge does not feel any action is necessary at this time; whether they work their way out or reorganize. Olympic has moved out of this area; the office in Champaign has been closed. D. Belcher stated that the government is in control of Columbia and City Federal; both of those two are solvent. We will have an early redemption of those CDs. Looking back, it is good that action was taken earlier this year.

Discussion of the \$100,000 per participant and Section 457 plans. R. Eldridge stated that, for our purposes, it's each individual vested member up to \$100,000.

CD Rate for Busey Account: R. Eldridge will call Busey to get the 30 day CD rate on our checking account, which is adjusted at the beginning of each month. M. Schwartz inquired why we have checking and money market accounts and R. Eldridge told him that Busey indicated we cannot write checks from the money market account.

Report by Dennis Belcher: As of November 30, 1990, it is up \$37,000 in the last two months. CIMG expects rates to work back up as we get in the first part of the year; they have been too conservative in the last 30 days.

Madison has significantly lower returns in the third quarter but in the last two months, their account is up \$95,000. As rates have come down, they are coming out better than CIMG.

Both of the accounts have the same amount of money within \$1,000 or so (\$2.698 v. \$2.66 million). Madison is going to shift the average from 6 year to 5 year investments.

About a month and a half ago, John Kelly, of Shearson, visited Madison. His impressions of Madisons' offices were that they are highly competent people, facilities were well-organized and attractive, records are highly computerized and up-to-date; personnel were highly confident in their overall investment discipline.

Madison has bought 10 yr. treasuries and they have made a lot of money; CIMG has been rolling over 30 day treasuries.

Disability Pension: J. Teague has made application for a disability pension; two doctors letters were received and we are awaiting the third letter.

J. Dobrovolny stated that, originally, he felt that the Board may need two attorneys. He has talked to others representing Boards about this and now feels that as long as he is an advisor, we can continue as we have done in the past.

With the specific reference to the type of disability Ofc. Teague is seeking, the Police Pension Fund is putting on a conference on January 25, 1991 on Psychiatric Disabilities. J. Wuersch stated that he would like to move on this disability as quickly as possible, hopefully, by Christmas.

Election Report by J. Dobrovolny: Elmo Dennniston has been reelected as the Board representative for the retired members of the Fund.

Report on Expenditures: A report on expenditures of the Fund was distributed. M. Schwartz also would like to see income, where it came from, and the current balance.

Informational Item:
Gary Herbert retired on August 21, 1990.

There being no further business before the Board, the meeting adjourned at 11:30 a.m.

Respectfully submitted,

Karen R. Snyder
Karen R. Snyder
Recording Secretary

Approved by: Jim Wuersch
Jim Wuersch

Dated: January 17, 1991

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD Minutes of 12/24/90

Members Present: Elmo Denniston, President
Mel Schwartz, Vice President
Jim Wuersch, Secretary/Treasurer
Steve Royal, Asst. Secretary

Member Absent: Marla Becker, Board Member

Others Present: Dennis Belcher, Shearson Lehman Hutton
James Dobrovolny, Attorney for Board
Ron Eldridge, City Comptroller

The meeting was called to order at 11:23 a.m. in the conference room at the City of Urbana Building.

1. Certificates of Deposit: Local CDs were discussed. J. Wuersch stated that the local CD rates dropped. Because of this decline, the rate in Urbana did not comply with the Board's policies; consequently, no investments were made and the funds were mailed back to D. Belcher.
2. Investing in Urbana Facilities: R. Eldridge expressed his concern that the Board should invest in Urbana facilities. He discussed the current local rates: Central Illinois Bank (7.61 effective yield), Heartland (7.85 simple interest), American (7.86 simple interest); Marine (7.1), Bank of Urbana (7.19) and First Federal's (7.25) rates were lower.

R. Eldridge requested a change in policy be made to state that if the institution maintains a branch or office in Urbana, that the Board invest locally. Discussion of keeping 10% of the Fund invested in local institutions.

D. Belcher stated that on January 8, 1991, the law may change and we would be able to invest \$1.75 million in stock and questioned where the funds would be retrieved from if liquidity is tied up.

D. Belcher reported Shearson's rates: 1 year Treasury Bills (7.02) and CDs (7.5).

M. Schwartz stated that the rates are competitive and questioned if the Board wanted to tie up the funds in local CDs or invest in the stock market option when it is available. He further stated that the Fund's goal is to make a profit, and not to patronize the local firms.

Discussion ensued; motion by M. Schwartz to invest \$90,000 in two CDs at the highest rate available from the following banks: American, Bank of Urbana, Central Illinois Bank, First Federal, Marine Bank, and Heartland Savings. Motion was seconded by S. Royal and carried.

3. Styles in Stock Management: D. Belcher distributed information on the restrictions and limitations on various stock management styles. He discussed the state law regarding blue chips and the S. African provision.

D. Belcher gave a history of the last 60 years and the benefits from investing in stocks. He stated that stocks, over time, produce higher rates of return than bonds and discussed the information that he distributed: the rate of return chart, S&P index returns, quarterly return, and investment styles. He expressed his concern to move as rapidly as possible if the law goes into effect.

D. Belcher stated that only 25% of the total fund can be invested in stocks and the Fund must use a registered investor. Shearson has examined stock managers records and has about 2 dozen managers to pick from; their investment styles were discussed.

D. Belcher stated that in these sluggish times, he suggests the Board go with two different management styles: growth and value manager.

R. Eldridge feels that investing in the stock market is the "way to go"; however, he is reluctant to be the first Fund to invest in stocks. D. Belcher sated that he has been talking to Dwight Anderson and Bud Marks re: clarification of the new law. The Department of Insurance will be sponsoring a joint conference with the Finance Officers Association as soon as the law is passed. J. Wuersch stated that he has no problems with participating as soon as the bill is passed.

The Board will wait to see if this law is passed and will then look at the stock managers to make a selection.

[Note: Please note that the Board has been advised that the law didn't pass and will have to be reintroduced.]

There being no further business, the meeting adjourned at 1:00 p.m.

Respectfully submitted,

Approved this 11th day of
January, 1991.

Karen R. Snyder
Karen R. Snyder
Recording Secretary

Jim J. Wuersch January 17, 1991
Jim J. Wuersch
Secretary

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD Special Hearing of 12/24/90

Members Present: Elmo Denniston, President
Mel Schwartz, Vice President
Jim Wuersch, Secretary/Treasurer
Steve Royal, Asst. Secretary
Marla Becker, Board Member

Others Present: James Dobrovolny, Attorney for Board
James Teague
Dan Walsh, Attorney for J. Teague
Court Reporter

President Denniston called the special hearing, regarding the disability application of James Teague, to order at 9:20 a.m.

J. Dobrovolny introduced himself as the Board's attorney, assisting in the Board with evidentiary matters and introduced Dan Walsh, the attorney for James Teague.

James Teague filed an application for disability; and the following were introduced as evidence:

Exhibit 1 Letter from Robert E. Chapman, M.D.
1300 Franklin Avenue, Suite 360
Normal, IL 61761

Exhibit 2 Letter from Clifton Rhead, M.D.
Suite 548
20 N. Wacker Dr.
Chicago, IL 60606

Exhibit 3 Letter from James Janik, Psy.D.
5256 W. Warner
Chicago, IL 60641

Exhibit 4 Letter from Dr. Thomas Hale, dated 071090, to
Chief Troeger

Exhibit 5 Progress Notes on James Teague dated 081490,
081690, and 082190.

Exhibit 6 Copy of Agreement with the City of Urbana and
James Teague.

James Teague testified that upon his return to the Urbana Police Department, things were different. He stated that police work had changed, it wasn't as he remembered; attitudes were different; the Department was short of personnel; the work load was unbelievable; laws had changed; and reiterated various incidents that bothered him.

He described his frustrations, problems dealing with stress, problems sleeping, nightmares about the job, which he didn't experience during his first tour of duty.

He stated that his back still bothered him when he returned to work from his disability; but he wanted to come back to police work because that is all he ever wanted to be and that is what he was trained to be. He had thoughts of reinjuring his back; but he tried to be careful; he would use sick days because his back would bother him.

D. Walsh stated that there is no way that J. Teague can function as a police officer at this time. He has lost the ability to control his temper without medication. He does not see anything in the near future that might change him.

J. Dobrovolny stated that it was his understanding that J. Teague was currently working as a meter enforcement officer. D. Walsh stated that a compromise was reached between J. Teague and the City that would allow him to work at the police officer salary. This contract will end as soon as the Board makes a decision regarding his disability, or April 30, 1991, whichever comes first. During his time as a meter enforcement officer, J. Teague does not do any police officer functions. Under the contract, J. Teague would not be able to exercise Chapter 70 benefits if he became injured as a meter enforcement officer.

He indicated that he is taking Prozac and was prescribed Mellaril. The medication helps him to not think about bad thoughts and feelings. He has no side effects from the medication. M. Schwartz inquired if J. Teague will continue treatment; J. Teague replied that he would not. J. Teague stated that he had no problem with the three doctors he was sent to for a psychiatric evaluation.

D. Walsh stated that in the five doctor reports nothing suggests that treatment will enable J. Teague to return to work as a police officer.

The hearing concluded at 10:07 a.m.; thereafter, the Board went into an executive session. J. Dobrovolny indicated to D. Walsh that he would be informed of the outcome orally today and a formal written response would be forwarded to him.

J. Dobrovolny discussed the issues the Board has to decide on:

1. Is J. Teague disabled?
2. If he is disabled, is it a duty or non duty disability?
This would have to be a specific act, and not a culmination of events. The police officer filing for a duty-related disability would have to take a special risk that makes him/her different from a regular citizen.
3. When would he begin to receive his pension?

Discussion ensued, cases reviewed by J. Dobrovolny. His legal advice was that J. Teague is disabled. As law dictates, his disability is a non-duty disability.

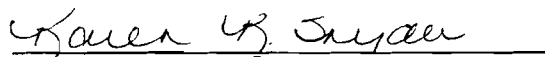
Question arose when disability payments would start, since J. Teague has been on a "light duty" status as a meter enforcement officer. J. Wuersch will check to see if any monetary consideration was made for the time he was not paid.

A unanimous vote of 5-0 that J. Teague was disabled; a vote of 4-1 was that this was not a duty-related disability.

J. Teague will be paid for the period from the date of filing his application until he began his duties as a meter enforcement officer.

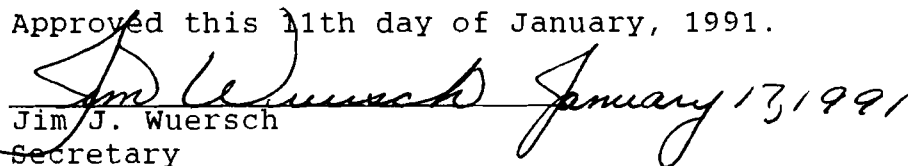
[J. Teague's last day of pay, by the City of Urbana, was 12/28/90. His pension payments will be effective 12/29/90.]

Respectfully submitted,



Karen R. Snyder
Recording Secretary

Approved this 11th day of January, 1991.



Jim J. Wuersch
Secretary