

# URBANA POLICE PENSION FUND

308 SOUTH VINE STREET  
URBANA, ILLINOIS 61801



Wednesday, February 24, 1993, 10 a.m.  
Minutes of the Urbana Police Pension Fund

Present: Elmo Denniston, President  
Melvin Schwartz  
Jim Wuersch, Secretary  
Steve Royal, Assistant Secretary  
Jack Dianis

Ron Eldridge, Comptroller  
Dennis Belcher, Shearson Lehman  
Michael Schlageter, Vice-President of Madison Investment Advisor in  
Principal

President Denniston called the meeting to order and welcomed the new Board member, Jack Dianis. R. Eldridge stated that J. Dianis used to audit this Fund about 10 years ago; he has since left public accounting and returned to the area.

D. Belcher introduced M. Schlageter; M. Schlageter is present for the meeting v. John McClure, who would normally be present, is out-of-state for family matters and further stated that Madison clearly has an attentiveness to their clients. He distributed the following reports: Historical Performance, Year-End Report, and 1992 Supplemental Information. Discussion of long-short term bonds, noting that Madison did average to better than average regarding bonds. Their view on managing bonds is to buy low and sell high. The current portfolio positioning is an average maturity of 3% with cash a little less than 30%, all in treasury securities. D. Belcher stated that we have a \$1.1-1.2 million in cash/cash equivalents. Cash is paying about 3%; the bond market is paying less than 6% for 10 years (3% more a year=1.5% more every 6 months, which is 7/10 of 1% per quarter, which is not a lot). Therefore, from a portfolio manager's standpoint, decisions are often offensive to make money and sometimes defensive to preserve capital so that you have funds to invest in the future.

M. Schlageter reviewed 1992 Supplemental Information, which shows the activity of the 10-Year Treasury Bond. As managers, they are trying to be patient; the bond market feels today what the stock market did in 1987. The dilemma that we face now in treasury bonds (as of 2/23/93) 3 months (2.98%), 6 months (3.1%), 1 year (3.22%), 2 years (3.83%), 3 years (4.28%), 5 years (5.07%). In a low interest rate environment, bonds are more volatile. It is unknown what is going to happen to the market because of the new administration; they are skeptical and are going to remain conservative. Madison's inclination is that rates will go up.

S. Royal inquired about three year bonds that have been purchased in the past;

there's no real way to go back and look at historical data to determine the market now. D. Belcher stated that we are at a very high risk juncture within the interest rate markets and Madison has elected that it is prudent to wait through the market. The sign that they are looking for is to look at economic data to determine where they think rates will go. If they felt that rates couldn't go higher than 7.75% on a 30 year treasury because we are muddling through and yet it can't go below 6.75% because of the deficit, within this environment if rates sold off at 7.25% that is considered neutral. If commodity prices start to turn down, they may be more positive. Right now, the market is the risk v. what you can make, a risk adjusted return.

Comparisons to inflation in the bond market were discussed. Since mid-1990, we have made a 6-6.5% rate of return. Madison doesn't see inflation as being a big problem in the next year (reality v. perception).

D. Belcher stated that in the last four years, the money Madison handled \$344 million to \$1.1 billion (over triple), the number of clients Madison has went from 150 to 330 (over double) and further asked what changes has Madison made to handle this growth? M. Schlageter stated that there are two issues: the management of the portfolio issue and the performance issue. As far as growth, growth is not a problem in the way Madison is managed; there is a group that sits and makes decisions (i.e. 3 or 4 year purchase); they have added to their staff two people (from 4-6 people) in addition to administrative personnel. Madison likes to sit down and meet with their clientele to discuss the portfolio. D. Belcher stated that the decision makers in Madison has gone from 14 to 16 and asked at what point are they going to limit the key, decision makers. M. Schlgeter stated that they don't envision any more decision makers if they manage \$330 billion; democracy doesn't work in the investment business. Madison's goal is to do what they are hired to do; they are looking for a senior person with 20 years of experience and responsive to their clients.

D. Belcher discussed the numeric score of Madison as an investment manager: February 1990 (4.45), January 1991 (4.50), February 1992 (4.55); this indicates that Madison has successfully grown internally and handling their growth very well.

R. Eldridge thanked M. Schlageter for his attendance and feels that Madison is where they should be.

Audit Report: R. Eldridge distributed the Audit Report for the Years ended June 30, 1992 and 1991. This is the annual report, required by the State, conducted by the City's auditors. A review is done of the accounting controls and procedures; they found no discrepancies of the Police Pension Fund. The total net worth of the fund is approximately \$8.2 million, up \$690,000 from last year. The major factor in the income was the gain on the sale of investments, which made the return of 9.2%. D. Belcher stated that the problem with this is that when you use the book cost method, you count the realized gains and losses, but you don't count the change in the market value, so it is a figure that is subject to distortion. D. Belcher stated that he has a problem with the book cost method v. the market value; he feels that the market value is more conservative. J. Dianis discussed both methods and another method, replacement cost.

R. Eldridge referred to page 11, which includes the market value and stated that over a long period of time, everything should be examined. Property tax

contribution was \$398,000, which is approximately 29.4% of a police officer's salary (the percentage recommended by the State of Illinois Department of Insurance).

Seventy-five per cent of the portfolio was in investment of U.S. government obligations, 14% in the Shearson money market fund, 8% in certificates of deposit (6% of Urbana), and 3% was in the checking and savings account. The unfunded liability, that is being caught up, was affected by four pensions in 1991. Net investment earnings return without the gain is 6.8%, and with the gain is 9.1%. R. Eldridge stated that the Fire Pension has traditionally performed better than Police and may be attributed to police having a higher turnover (policemen withdraw funds) and firemen have a little more time to look into investments.

R. Eldridge distributed his local CD update. Heartland has been bought out (by a company from Mattoon) and went from an E rating to a B+. R. Eldridge would like to increase the amount invested in First of America up to \$95,000 and would like to roll over the CDs at Heartland (matures 042793) and First Federal (matures 050693), given the same criteria as before (contacting D. Belcher and J. Wuersch). R. Eldridge stated that he thinks we can get 4.25% for a one year CD. Those banks that have \$99,000 are paying the interest out monthly. We have approximately a 3 month cash supply, plus contributions, currently. R. Eldridge stated that he would like to roll it over; he will contact J. Wuersch a few days before it rolls over. Motion by R. Eldridge regarding the maturity of Heartland and First Federal, he would like to get a quote and roll those over providing that the rate is competitive and funds are available. Seconded by J. Wuersch, none opposed. R. Eldridge further stated that if the rate is not competitive, then they are cashed out. M. Schwartz further stated that whenever funds are available for R. Eldridge to increase the deposit at First of America, providing the rates are competitive; motion withdrawn by M. Schwartz.

J. Wuersch stated that he has a disability application that may be forwarded in the near future. R. Eldridge stated that he appreciates the support; the Mayor is really stressing "Buy Urbana". J. Wuersch further stated the limitation of overtime and other budgetary constraints. D. Belcher stated that local CDs are limited to a maximum of 10% of the Fund and that they are competitive rates.

Financial Report - D. Colbert's Report: E. Denniston questioned the last paragraph in D. Colbert's letter dated December 18, 1992. J. Dianis and R. Eldridge clarified the paragraph. R. Eldridge strongly feels that D. Colbert's office does a good job.

American With Disabilities Act: E. Denniston gave some background on a pending case and is uncertain of the results.

Illinois Public Pensions: R. Eldridge stated that he can give E. Denniston a copy of this; E. Denniston stated that if R. Eldridge sees anything that may be of interest, to send him a copy; R. Eldridge currently forwards a copy to J. Wuersch but will also include a copy to E. Denniston.

Beneficiaries: E. Denniston discussed the problem of remarriage after retirement and if something would happen to him, his wife would not receive his retirement benefits; M. Schwartz feels that this Board should really look into pushing to change this and that J. Dobrovoly would be the one to assist in this regard. D. Belcher stated that a bill has been introduced regarding this; however, it did

not go through. E. Denniston attempted to discuss this with Senator Weaver; but Senator Weaver didn't want to discuss this; R. Eldridge stated that a letter from the Board regarding their position on this may help. J. Wuersch stated to E. Denniston that if he would do a rough draft, he would get a letter out.

Tax and Pension Refunds: R. Eldridge stated that he talked to D. Colbert regarding this and since we don't defer, we don't have any tax benefits, so we are fine the way we are.

Illinois Police Pension: The conference is in September in Rockford for anyone that would like to attend.

Pensioner Update: Mrs. Stephens is in very bad shape; she has pneumonia and is in a continuing care situation.

Microfilming of Old Records: J. Wuersch stated that he hasn't had time to take care of this.

Ofc. Dennemann: We have had an officer that has been out for some time; he did apply for a disability and anticipates a disability hearing in the near future.

Presentation by Dennis Belcher: D. Belcher congratulated the Board about a couple of decisions they made. He spoke to Lou Chambers and Lou had to merge his business with another firm; his client base got to a point that he couldn't stay in business for himself. D. Belcher stated that the Board's action and anticipation of this earlier than later made it easier.

State Treasurer's custody has been transferred from Bank One to First of America; the transition was horrible; checkbooks were sent out for money market accounts, which they are not authorized to do. The State seemed to assume that everyone was forced to move the custody of the bonds just because they had an agreement with the State of Illinois; the only problem was that the State doesn't have the ability/authority to transfer the bond positions automatically, so there's a huge confusion of some have and some haven't. This board's decision of it's not broke, let's not fix it any earlier than we have to fix it is a good one.

The investment bill didn't come through the legislative session late Fall; it's unknown when it will be passed. R. Eldridge stated that what they are now thinking is to take the Department of Insurance out of some of the legal compliance monitoring, thereby putting the responsibility on the Board. The Board must show that they are complying with the laws. He's uncertain where that will go.

Confederation Life Investment: D. Belcher stated than an error had occurred, on the part of Shearson. The application was mailed to their home office in Toronto Canada v. Atlanta. In the intervening amount of time, D. Belcher went back and figured what the value should have been (an \$1,800 discrepancy); this discrepancy has been forwarded to Confederation Life. D. Belcher stated his apologies and that the error was properly corrected.

Exhibit #3: At the end of December, it had a value of \$101,126 and at the end of January, it had a value of \$102,516.

Mutual Fund: S. Royal inquired as to the breakdown of the portfolio. C. S.

McKee has better numbers than Madison in the last couple of quarters; as of yesterday, they began to shorten the average maturity of the portfolio from six years to five years. They are moving in the same direction as Madison.

Quarterly Chart: Performance of the bond accounts were discussed, in relation to what the index has done and the relationship to each other. McKee has gained ground over Madison in the last six months; they have had a nice run. D. Belcher stated that he feels the combination of the two makes a lot of sense. E. Denniston stated that he has noticed that McKee was really gaining ground. D. Belcher stated that Madison is doing okay, he would have liked them to make more money; McKee is more aggressive and more correct; he feels there is a wisdom in having two different fixed income managers with different investment styles. He generates figures after expenses; Madison generates reports before expenses. D. Belcher's fee is 5/8 of a percent per year.

Stock Risks: D. Belcher stated that at the last Board meeting stocks were authorized and risk is discussed in D. Belcher's correspondence with the Board. He stated that there's insufficient time to fully discuss the risk; he stated that the reason he is in favor of adding investments in stock to retirement programs because, over the long-term, it increases the total return of the fund. It is the easiest way, over the next 10 years, to get the return higher; at the same time, you do increase the risk; and the question is if the risk is worth doing: Is the Board comfortable with it?

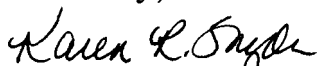
D. Belcher went over risk definitions, their applicability, and comparisons. He feels that if you look over a portfolio, the portfolio manager will consider the individual stocks that are in a portfolio. Examination of a company's sales, earnings, assets, net worth, long-term debt, year of founding are examples of what is examined when assessing risk.

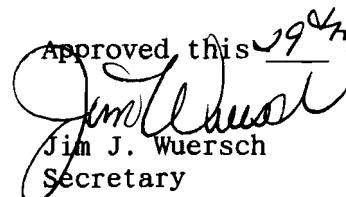
Common stocks from 1925 and small company stocks were tracked. In reviewing the long span of history, you find a business cycle, recover/recession. Political changes occur but are considered "normal". He showed the comparison between long-term government bonds v. stock. There's more risk in small company stocks; what you do know is that occurrences will happen in the future, that are unexpected. (R. Eldridge departed the meeting. He stated that he agreed with D. Belcher before he left the meeting.) Risk is controlled through diversification of stock. What we are trying to do is to have consistency and competency of returns; and the first rule is diversification (requirement that a portfolio have at least 8-10 stocks in different industries). How risk is handled on a day-to-day basis is another factor to consider (risk control through ratings).

The Pension Fund is dealing with a maximum of 10% of investment. This discussion will be continued at the next meeting. D. Belcher requested that the Board pay attention to page 18 and write in by #11 "100% bonds" and at #10, "90% bonds". What this is saying is that a portfolio that is 10% stocks and 90% bonds has lower risk and higher return than a portfolio that is all bonds.

There being no further items before the Fund, the meeting adjourned.

Sincerely,

  
Karen R. Snyder  
Recording Secretary

Approved this 19<sup>th</sup> day of March, 1993.  
  
Jim J. Wuersch  
Secretary

# URBANA POLICE PENSION FUND

308 SOUTH VINE STREET  
URBANA, ILLINOIS 61801



## URBANA POLICE PENSION FUND

Disability Hearing July 21, 1993, at 1:30 PM.  
Urbana City Council Chambers  
Urbana City Building, 400 S. Vine Street, Urbana, Illinois.

The executive session of the Urbana Police Pension Fund was called to order by President Elmo Denniston regarding the duty-related disability hearing of Michael Dennemann (age 46). All Board members were present, including James Dobrovolny, the Board's attorney.

J. Dobrovolny stated that the Board to consider several issues; they are as follows:

1. The statute provides that "If a Police Officer, as a result of sickness, accident, or injury incurred in, or resulting from performance of an active duty, is found to be physically or mentally disabled for service in the Police Department, so as to render necessary his/her suspension or retirement from police service, the police officer shall be entitled to disability retirement benefit pension attached to his rank".

2. The Board should decide if he is disabled.

[J. Dobrovolny reviewed the evidence submitted and stated that all the doctors stated that M. Dennemann is disabled.]

3. If the Board deems that he is disabled, is he disabled to such a degree that it renders necessary his suspension/retirement from the police service?

[J. Dobrovolny stated that almost every doctor in each instance stated that he could not go back to being a patrolman.]

4. Is the injury duty or non-duty related?

[J. Dobrovolny stated that the materials submitted by his attorney, Larry Johnson, appears that if you are out there wearing your uniform you are entitled to receiving a disability. As in the past, the police officer would have to be doing some type of job that John Q. Citizen wouldn't assume.]

An example would be a police officer taking a report in the station, as he sat down in his chair, he hit the front edge of the chair, fell on his back. He was found to have a non-duty related disability because John Q. Citizen takes or

prepares reports.

The case Mr. Johnson cited was a supreme court case Johnson v. Retirement Board. A police officer is directing traffic, is summoned to a corner across the street to assist with some type of traffic accident. As he crosses the street, he slips and falls, lands funny, bursts the bicep tendon in his arm. Despite surgery, he never regained use of that arm. The supreme court, in a split decision 5-4, responded that John Q. Citizen doesn't respond to traffic reports. It's not the act itself of walking across the street that's the issue, its to what capacity was he's going across the street. He was crossing the street as Mr. Police Officer going to assist.

In the other case, Wagner twisted his right knee while getting out of a car, five years later he hurts his left knee while escorting a resisting prisoner up a flight of steps. A year after that, he's trying to serve a Notice to Appear on someone, and falls through a rotted porch plank and re-injures the same knee; the third time within that year he's responding to some type of disturbance, steps in a culvert, twists his leg and finishes tearing the cartilage. He also had osteoarthritis. The board found that it was the osteoarthritis that's making him disabled, and he should get a non-duty disability, as it is a condition common for a man his age. The appellate court didn't agree with that, that all the medical testimony indicated that the reason he's disabled is due to all the injuries he had to his knee; as such, he should get a duty-disability, citing the Johnson case, that he hurt it three times in police duty. Language from the Johnson case stated that many times the officer may be doing common things but if that he is trying to accomplish what John Q. Citizen wouldn't normally be doing.

Dobrovolny stated that in the evidence the Board has heard, a citizen wouldn't be responding to a domestic dispute. The elements of the three issues is evidenced that it is duty-related.

M. Schwartz stated that as far as he's concerned it's a cut and dry situation; he feels that it was definitely a duty-related injury. Ofc. Johnston testified that he saw Ofc. Dennemann go down and Dennemann stated that he hurt his knee.

J. Dobrovolny stated that if the Board deems that he is disabled, he would be paid from May of 1993 (date of application) forward. J. Wuersch will verify with the City what his last compensation days covered. J. Dobrovolny stated whatever the latest date: last compensation or disability application filing, would be the effective date of his disability. The purpose of this is so he's not double-compensated.

J. Wuersch inquired about the knee replacement issue. J. Dobrovolny stated that if M. Dennemann decides to get a knee replacement and he does it before age 50, the Board can have him take a physical. Based on the physical, if he's able to perform the duties of a police officer again, the Board can certify him fit for duty and the Department can decide if they want to take him back; they are under no obligation to take him. If he has the surgery after age 50, the Board can't force him to take another physical. The board can't compel him to have the surgery.

J. Dobrovolny stated when Dennemann reaches 55, he will have to decide if he should defer to a regular retirement pension so that he can receive the 3% that is compounded annually to his pension, as disabilities don't compound.

J. Dianis inquired if there adequate procedures were in place in which the Board could check out injuries timely enough to verify that it's duty related. J. Dobrovolny stated that the Board is at the mercy of officer who makes the application; the officer's documentation would be the first report, witnesses, performance of job after the injury. S. Royal stated that personnel are strongly encouraged to fill out a duty-injury forms whenever even minimal incidents occur. Shift supervisors also encourage their personnel to fill a duty injury form out if they hear the officer was hurt.


J. Wuersch motioned to come out of the closed administrative session; motion carried unanimously.

Open Session: M. Schwartz moved that the Board approve the duty-related disability for Michael Dennemann, effective the date after the date covered by the City settlement/pay or the date of application, whichever is later. Seconded by J. Wuersch; motion carried unanimously.

Respectfully submitted,

Karen R. Snyder, Recording Secretary

Approved this 19 day of August 1993.

  
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Jim J. Wuersch  
Board Secretary



# URBANA POLICE PENSION FUND

308 SOUTH VINE STREET  
URBANA, ILLINOIS 61801



## URBANA POLICE PENSION FUND Minutes of August 24, 1993

Present: Elmo Denniston, President  
Jim Wuersch, Secretary  
Steve Royal, Asst. Secretary  
John Dianis, Member  
Melvin Schwartz, Member

Others: Dennis Belcher, Shearson Lehman  
J. Dobrovolny, Attorney for the Fund  
Ron Eldridge, Comptroller

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E. Denniston called the meeting to order on August 24, 1993, at 9:43 a.m. All Board members were present.

1. Pension Physicals and Psychological Examinations: J. Wuersch stated that he and J. Dobrovolny met with Dr. File of Occupational Medicine at Carle. They discussed what the Fund wanted from the physicals, comparison with what the City is doing, discussed female cancer, back and knee injuries, etc. A physical was worked out for the Fund, a copy of which was distributed for the Board's review.

Dr. Champion, a psychologist, (of Mahomet) currently does the City psychologicals; however, the Police Department referred him to Personnel.

J. Wuersch and J. Dobrovolny found that he was very competent, energetic, accommodating. The Fund will not be administering the same psychological that the City does. For the Fund, Dr. Champion will be MMPI-2, as well as some diagnostic history of people who tend to be more injury prone, subject to pain, etc. Dr. Champion was very interested with the pension group. J. Dobrovolny stated that he will be a resource in disability matters but the way the statute reads now, if we have a psychological or psychiatric disability request, we will have to have a medical doctor for those issues. J. Wuersch stated that we are currently using a psychiatrist for J. Teague's disability.

J. Dobrovolny discussed with the doctors conformance with the ADA Act. The Police Pension Fund Association has taken the position that we conduct separate physicals. The Department of Insurance is in the process of putting together a policy that the Fund will have to have their own separate physicals. When they audit, they will expect to see the documentation in the person's file.

2. Levy: The tax levy was discussed. R. Eldridge stated that City is interested that the Pension Funds be sound; they want to be sure that the money that needs to be there for the retirements be there. The Department of Insurance checks the Fund to insure that it is sound. J. Dobrovolny stated that the reason why the legislation exists is because the Funds weren't fully funded to begin with; however, he is aware that the City of Urbana has done a good job of levying the amount. R. Eldridge also stated that due to changes in the law, municipalities may have to pick up more of a liability than they were aware.

Discussion ensued regarding the Department of Insurance and the municipal league.

3. Approval of Minutes - 07/21/93: Special disability hearing for the disability of Michael Dennemann was approved by motion of J. Wuersch, seconded by M. Schwartz, motion carried.
4. C.D.s: D. Belcher brought it to the Board's attention that the Policy Statement Guidelines re: CDs, provide they may be local, with the rate of return being competitive, fully-insured, limited to 10% of the total assets. The policy guidelines does not empower any one to make the decisions between meetings. There are two options: Full board approval or a subset of the Board (Board Secretary and City Treasurer). R. Eldridge may be in a position to proceed on a CD; however, it is not clear on whether the Board authorizes this to be done.

R. Eldridge stated that what he normally does is get the approval to get a rate, then calls Dennis, then they agree if it is a fair, comparable rate, then we renew it.

Discussion ensued and a decision will be made by the Board Secretary, with counsel from the City Treasurer and D. Belcher. D. Belcher will revise and supply a copy of the policy to R. Eldridge.

5. Risk Portion: D. Belcher discussed investments and equities. He stated that the equity market represents one way of increasing returns; as the potential of returns is increased, the risk the Fund is exposed is increased. The study that D. Belcher distributed examines the different elements and definitions of risk to see if the Board felt that it is still a reasonable area of investment in the pursuit of higher investment returns.

D. Belcher stated that the City and the Pension Fund will benefit through the equity market. By increasing the potential for return, the Fund would be exposed to risk. D. Belcher went over definitions of "risk". Risks discussed: bankruptcy, risks caused by events (World War II, Pearl Harbour, changes in the business cycle, etc.), how to control risk (diversification across companies and industry groups).

D. Belcher discussed Confederation Life and their investment philosophy (how they control "risk"). They are always fully invested. Charts were introduced to the Board regarding the past 14 years of stock v. bonds. D. Belcher stated that the longer the time span (5, 10, 20 year periods) the returns from stock become more consistent. In order to maximize returns

and maximize risk, investment managers invest between 60% stock 40% bonds and 30% stock and 70% bonds.

6. C.S. McKee: Over the last 12 months, the account is up to 13.03 net net, treasury bond index has performed at 13.02. D. Belcher stated that the reason is that bonds have continued to fall and that the average maturity of the portfolio is 14.5 years.

7. Madison: The total account is up to \$4 million; net gain of \$895,000 over the three year period. D. Belcher discussed that the average maturity of this portfolio v. McKee is the difference in years; Madison is 2.2 years v. McKee of 14.5 years, which is what accounts for the difference in returns.

D. Belcher has communicated with Madison at length; there have been no personnel changes, with the exception of hiring one person. D. Belcher has looked at the Due Diligence Scorecard of 4.3, which is quite high.

8. New Personnel: J. Wuersch stated that a total of five new officers will be starting in the next few months.


9. Actual Names of New Members. R. Eldridge stated that the new officers and the date they are accepted in the fund, as well as resignation pay-offs should be noted in the Minutes. The two personnel that have left is Reuben Ybarra and Carol Lombardi. R. Ybarra has been paid off; we are awaiting a letter from C. Lombardi regarding her withdrawal of funds.

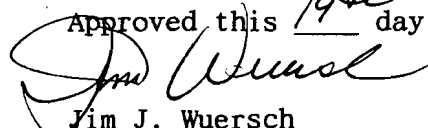
Sylvia Peck was approved by the Board; Jim Beasley has made application to the Fund but hasn't been tested.

10. Psychologicals and Physical Testing: We are no longer sharing physicals and psychologicals with the City.

There being no further business before the Board, the meeting was adjourned.

Respectfully submitted,

  
Karen R. Snyder

Approved this 19<sup>th</sup> day of October, 1993.  
  
Jim J. Wuersch

# URBANA POLICE PENSION FUND

308 SOUTH VINE STREET  
URBANA, ILLINOIS 61801



November 2, 1993, 1300 hrs., City Bldg. Conference Room

Present: Elmo Denniston, President  
Jim Wuersch, Secretary  
Steve Royal, Asst. Secretary  
Melvin Schwartz  
Jack Dianis

Jim Dobrovolny, Attorney for the Board  
Ron Eldridge, City Comptroller  
Dennis Belcher

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The meeting was called to order by E. Denniston and the Board approved the Minutes from the Pension meeting of August 24, 1993.

1. Fund Performance: D. Belcher discussed actuarial assumptions. C. S. McKee is doing quite well, a net gain of \$635,000; in the last quarter, the fund is up \$121,000 (3.07% return per quarter); year-to-date they are at 10.32% (13% compounded), with an average maturity 7-9 years. Madison has an average maturity of 1.5 years, with a percentage of 1.61 due to their short-term, conservative investments, they are doing okay.

Stock funds, South African Free Funds, and the Department of Insurance were discussed.

2. Indexes: D. Belcher stated there are fixed income indexes (corporate bonds, treasury bonds, mortgage index) and discussed their returns. Corporate bonds carry a higher credit risk, higher returns. Treasuries and their maturity dates were discussed. Varying the average maturity of the index you are using, there's a tremendous difference in the rates of return for a given change of interest rates. D. Belcher's job is to make sure the index that is selected is appropriate for that particular investment adviser (Madison - intermediate - shorter average maturity in their portfolio; McKee - treasury bonds - somewhat longer maturity).

Indexes are used as a gauge of what approximately should be happening, they are readily available for Board meetings but they are not the only part of the evaluation. A chart was presented and discussed that shows the performance of the two managers, as well as the actuarial assumptions.

3. Policy Changes: Language changes resulting from the last Pension Board meeting on responsibility of local CDs was disseminated. Revision was made; motion to approve when revision is made.

4. Local CDs: R. Eldridge stated that BankOne, Mutual Savings Bank has to be contacted re: their rates. Local CD investments were discussed.
5. New Officers: The following new police officers were accepted into the Pension Fund: Jim Beasley, Sylvia Peck, Carlos Guerro, Derek Hagen.
6. Disability Inquiry: J. Wuersch received a telephone call from M. Dennemann inquiring what type of employment could he do so that his disability is not affected. J. Dobrovolny stated that the Board is not to prejudge what types of jobs that someone on disability can be employed.  
  
Marriage of Widows, Status of Pensioners: Widows remarrying was discussed; currently the Pension Fund is disseminated to 3-4 persons. J. Dobrovolny stated that once the Board is aware that a widow has remarried, the Board should investigate the status and verify the status of the widows. J. Wuersch will do some research on some of the widows and the long-term pensioners before the next meeting and will advise the Board his findings.  
  
Inquiry was made as to how current their withholding forms are; J. Wuersch stated they fill them out when they go on pension; a suggestion was made that we need new forms for their file.
7. Manual of Operations (Rules & Regulations) for Board Members: J. Dobrovolny will research this and will report his findings to the Board.
8. Upcoming Disability Hearing: The Board will be contacted regarding a disability hearing to be heard within the next 30 days for Lt. Sue Welch.
9. Convention. E. Denniston and S. Royal attended the convention in October.
10. CIMG: D. Belcher stated that the funds have been split between the two accounts.

There being no further business to discuss, the meeting was adjourned.

Respectfully submitted,

*Karen R. Snyder*  
Karen R. Snyder  
Recording Secretary

Approved: December 29, 1993  
*Jim J. Wuersch*  
Jim J. Wuersch  
Treasurer

# URBANA POLICE PENSION FUND

308 SOUTH VINE STREET  
URBANA, ILLINOIS 61801



Disability Hearing of SUSAN L. WELCH  
December 21, 1993

Administrative Session: J. Dobrovolny stated that under the presumption that the Board decides that Susan L. Welch is entitled to a duty-related disability, if she ever receives the one year salary that she's looking for from the City, at that point in time, it is his opinion that the Pension Fund's payments to her would abate until that's paid. In addition, dependant on the type of workmen's comp that she might successfully receive, it too might abate during the payment of those payments, depending on how it is paid out (i.e. avoidance of double payment). Discussion ensued regarding workmen's comp, application of disability, statute interpretation, etc.

J. Dobrovolny stated that the Board has to decide two questions: a) Has she suffered an injury that it is necessary that she be suspended/retired from police duty and b) was this injury duty-related. J. Dianis stated that what is lacking in the documentation is the original physical when the officer was hired by the City, to see if there was any history of a back injury. J. Dobrovolny stated that this information hasn't been introduced into evidence, therefore, it can't be considered for this session. He further stated that if she had some type of condition when she came on that was reflected in that first physical, if that condition is aggravated by a duty, non-duty, they are still entitled to collect their pension.

J. Dobrovolny stated an example of an officer that had a neck injury in a scrape, they did the surgery, and the person affected complete recovery and they had some evidence that the strength in the hand was greater after the surgery than before. Then, other aches and pains started and they found out that he had chronic degenerate disc disease in his spine and so they gave the person a non-duty disability and he's claiming it should be a duty disability. The board's position is that the person recovered completely from what happened, it was only actually a result of that, that they now saw other problems that the person would have had regardless. His contention is that that injury aggravated his other symptomology.

J. Dobrovolny stated that if you aggravate the condition and have it on duty, you can claim a duty-related disability.

J. Wuersch stated that S. Welch was one of his recruits when he was a training officer and he doesn't recall in any of the time that he has known her that she has had any injuries or any complaint of pain that's similar to this.

J. Dobrovolny stated that the Board needs to vote on whether she's injured to a degree that necessitates her suspension or retirement from duty and whether or not it's duty-related.

J. Dianis stated that he was real surprised that one of the doctors didn't go along with the others; he didn't see anything "concrete" in what he said, it was just kind of a feeling that she was still okay. J. Wuersch stated that the Board used two doctors this time that we had not used before. When the doctor in Bloomington was used, S. Welch came back from that doctor and she felt that there was a real personality problem between her and him and she's a very easy person to get along with; he upset her quite a bit and J. Wuersch was very surprised by his letter and contacted J. Dobrovolny after he got it because it was so different from the other two reports that he had received. It was decided that she be sent to Dr. Fletcher (Board physician for the Decatur Board) that had been recommended to us by the Board's psychiatrist (Dr. Campion) and when the appointment was made, she had never had a work capacity evaluation done and J. Wuersch requested that this be done. Dr. Fletcher's report came in very clearly, resembling the other two doctors reports. E. Denniston stated that he found Dr. Fletcher's report very thorough detailing the tests run, results; J. Wuersch stated that he was very happy with Dr. Fletcher also and will probably use his services again.

Motion by M. Schwartz that the Board approve Susan Welch's disability; seconded by J. Wuersch; motion carried unanimously.

Motion by J. Wuersch that we grant a duty-related disability pension; Melvin Schwartz seconded motion; motion carried unanimously.

Motion by J. Dianis to tie the payment of the disability in with any disclaimers of abating our Pension in case of further legal or workmens comp action that she pursues. Seconded by J. Wuersch; motion carried unanimously.

J. Dobrovolny stated that he will draft a Certificate of Payment (statutory requirement that needs to be in the Pension file) and a short written opinion as to the Board's findings so that it may be of some use to her with the City, along with our qualifications concerning possible abatement should she receive any future payments.

S. Royal inquired as to when her first check will begin; J. Dobrovolny stated that it will relate from the last date that she gets paid by the City. J. Dobrovolny further stated that had she not come back to light duty, as she did, it would be calculated from the date of her application (October 15, 1993).

There being no further business before the Board, this session was closed.

Respectfully submitted,

*Karen R. Snyder*  
Karen R. Snyder  
Recording Secretary

Approved this 29 day of December, 1993.

*Jim J. Wuersch*  
Jim J. Wuersch  
Treasurer