

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD

Revised Minutes of February 21, 1995

*** Next Board Meeting: Tuesday, May 9, 1995 ***

Present: Elmo Denniston, President
Melvin Schwartz, Vice President
Jim Wuersch, Secretary-Treasurer
Steve Royal, Asst. Secretary-Treasurer
Greg Foster, First Busey Trust & Investments

Others Present: James Dobrovolny, Attorney for the Board
Ron Eldridge, Comptroller

E. Denniston called the meeting to order at 9:15 a.m., on February 21, 1995. Motion by J. Wuersch to approve the Minutes of the last meeting; motion passed unanimously.

Previously Denied Applicants to the Pension Fund - Pending. J. Dobrovolny discussed the bill to resolve the Aurora lawsuit regarding ADA. Almost, without exception, these bills that were pending to be passed by January 10th were scrapped due to a new regimen; J. Dobrovolny foresees that it will be brought up in the future-date unknown. This bill provided that if you had been denied admission to a pension fund (for reasons of physical/mental fitness), you could, by 070195, make reapplication and be admitted, purchasing back as much credible service that you wanted at 6% compounded by 010196.

Discussion ensued; Motion by J. Wuersch to pursue a friendly lawsuit with the previously denied employee/his attorney; motion passed unanimously.

J. Wuersch informed the Board of the following:

1. Pensioner Lonnie Waaler passed away on 020395; his widow survives.
2. Charles Gordon is now retired (effective 012895) and has applied for a retirement pension (based on hourly rate \$28.843-salary \$59,993.44). He received a partial check in January; his first full check was in February (gross monthly payment of \$3,399.63).
3. Dean Yount, previously retired on 080594, and is now age eligible to receive his retirement pension and received a partial check in March 1995 for 18 days (period 3/14-3/31/95), based on his salary of \$37,697.92 (hourly \$18.124). His first full check was in April 1995 in the amount of \$1,696.41.
4. Christina Ingalls was approved unanimously by the Pension Board for admittance into the Pension Fund after a review of her physical and

psychological reports. Her admittance date is retroactive to her date of hire of 122894.

5. Chief Adair has not made a decision; he is going to pursue the City's IMRF plan; he is not going to finish the Pension's physical.

Widow's Entitlement of Pension: E. Denniston has been in contact with Tim Johnson regarding a widow's entitlement to police pension if the marriage took place after the pensioner was receiving a pension. It's likely that this will be brought forward in the Spring session attached with another bill.

Voting: J. Dobrovolny will be providing the Board with a draft of the Board voting/election process at the next pension meeting.

Disability Pensioners: Discussion ensued; E. Denniston and J. Wuersch talked to Dan Walsh and invited him to the Board meeting. J. Dobrovolny suggested a meeting with Dan Walsh, Dana Colbert, and himself regarding this issue.

D. Belcher went over the following investment items:

Quarterly Review: He reviewed the Morningstar analysis, a 1994 review of market returns, monthly returns of 1/94 thru 1/95 of intermediate treasuries, treasury bonds, long-term treasuries.

	<u>Value 12/31/94</u>	<u>Value 2/95</u>
Madison	\$3,779,601	\$3,853,327
CS McKee	3,608,572	3,679,323
Lincoln Value Equity	360,261	408,944
Lincoln Med. Cap. Eq.	178,622	199,614
Lincoln Small Cap. Eq.	183,294	203,415

D. Belcher compared Madison and C.S. McKee, identifying their two different investment styles and how they balance each other in the market cycles. He also went over a cumulative return chart for these companies: CIMG/McKee and Madison from 6/90 thru 12/94.

Lincoln was then reviewed by the Board; motion by J. Wuersch to discontinue monthly contributions to equity, seconded by M. Schwartz; motion carried unanimously.

Investment Bill: D. Belcher stated that an investment bill has been introduced and will keep the Board up-to-date regarding its status.

Investment Policy: D. Belcher went over the following investment policy items with the Board: goals for investment advisor, tracking performance of the investment advisor, bonding by accountant (\$15,000) and Board Members (Statutory protection); signatures for the Funds' checks (2 required); Statement of Coverage as Custodian presented to Fund by Smith Barney (\$50 million/client); Board reports; monetary benefits by Board membership (delineation of one sentence); indexes; measurement of risks/losses; liquidity (delete long-term), permitted investments (from statutes); prohibited transactions outlined; money market funds; local investments in CDs (this will be further discussed at the next Board meeting).

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

Respectfully submitted,

Karen R. Snyder, Recording Secretary

Approved by: James J. Wuersch

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



Tuesday, May 9, 1995, 9:10 AM

Present: Elmo Denniston, President
Melvin Schwartz, Vice President
Jim Wuersch, Secretary
Steve Royal, Asst. Secretary
Greg Foster, Board Member

Others

Present: Dennis Belcher, Smith Barney, Inc.
Jim Dobrovolny, Attorney for the Board
Ron Eldridge, Comptroller

The meeting was called to order by Elmo Denniston. Motion by J. Wuersch, seconded by Mel Schwartz to approve the minutes of the meeting on February 21, 1995.

1. Annual Physicals: J. Wuersch stated that annual physicals for the disability pensioners needs to be scheduled and will follow-up accordingly.
2. D. Haig: J. Wuersch advised the Board that D. Haig will be having his third orthoscopic surgery on his knee (May 19th).
3. Draft of Rules/Regulations of Election Process: J. Dobrovolny requested that Board members review the draft and to call him with any questions/changes.

Following is the presentation by D. Belcher.

4. General Investment Themes: D. Belcher explained that many factors go into assessing an investment company, to include past performance (style), periods, character of return, risk, continuity of personnel, due diligence.
5. Treasury Bonds: Discussion on performance and affects from investment cycles.
6. Madison: Specific investment goals to measure Madison against:
 - a) Do they meet/exceed the intermediate treasury bond index;
and
 - b) comparison from actuarial assumption.

Madison had a strong quarter, since inception, the Fund has


increased in value \$1 million.

7. Performance: Current quarter performance was: McKee 5.05%, Madison 4.63%, Lincoln-Vlue Equity 7.5%, Lincoln Small Capital equity 3.17%, Lincoln Medium Capital Equity 7.58%.
8. Bonding & Insurance: Discussion regarding bonding and insurance for board members and accountant for 10% of the value of the Fund.


D. Belcher stated that there are internal controls in place (i.e. annual audit report).
9. Local Investments: Discussion on investing locally; D. Belcher will amend the proposed literature. Local investments will continue when comparable to U.S. Treasury rates.

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

Respectfully submitted,


Karen R. Snyder
Recording Secretary

Approved this 7th day of June, 1995.


Jim J. Wuersch
Secretary/Treasurer

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



Executive Session - Tuesday, May 9, 1995

Present: Elmo Denniston, President
Melvin Schwartz, Vice President
Jim Wuersch, Secretary
Steve Royal, Asst. Secretary
Greg Foster, Board Member

Others

Present: Dennis Belcher, Smith Barney, Inc.
Jim Dobrovolny, Attorney for the Board
Ron Eldridge, Comptroller

The Board went into executive session to discuss Joe Tharp's application to the Pension Fund.

J. Dobrovolny briefed the Board on the two Aurora cases; one has been dismissed (Rodriguez) and the other is still pending (Holmes).

J. Dobrovolny stated that the legislature has two pension bills that will hopefully be passed this session.

R. Eldridge stated the City will assist Tharp in his repayment by loaning him the funds over a period of time; in turn, he asks that the City be clear of any further obligation.

Lengthy discussion ensued; the resolution of the discussion is that S. Royal, J. Wuersch, and J. Dobrovolny will meet with Tharp; if an agreement can be reached, Tharp's attorney fees would be minimal (paid by him). Said agreement would be kept confidential in a sealed document.

*** End of Executive Session ***

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD

August 24, 1995

Present: Elmo Denniston, President
Melvin Schwartz, Vice President
Jim Wuersch, Secretary-Treasurer
Steve Royal, Asst. Secretary-Treasurer
Greg Foster, Merrill Lynch

Others: James Dobrovoly, Attorney for the Board
Present: Ron Eldridge, Comptroller
Dennis Belcher, Smith Barney

E. Denniston called the meeting to order at 9:06 a.m., on August 24, 1995. Motion by J. Wuersch to approve the Minutes of the last meeting; motion passed unanimously.

Repayment of Monies to Pensioners: J. Wuersch explained to the Board that the City mistakenly deducted monies from lump sum payments to pensioners. This deduction should not have been done because they were not getting credible service time.

This error totals \$3,230.08; the Fund will receive \$2,943.73 (deduction of \$286.35 - Gary Herbert - see below). R. Eldridge indicated that interest was included in the amount owed.

Gary Herbert: Dana Colbert's office has pointed out that an error of overpayment was made to Gary Herbert's monthly check, for a total of \$1,435.20. J. Wuersch has left messages and correspondence for G. Herbert about repayment but no payment schedule has been arranged with him.

Lengthy discussion ensued; J. Dobrovoly stated that the statutes allow the Fund to withhold monies to recoup losses. Motion by J. Wuersch that G. Herbert's repayment from the City of \$286.35 be withheld and credited against what he owes; he would then owe \$1,148.85. He was overpaid for seven months and the Board decided to split the payment over a period of seven months (164.12 for 7 months). Seconded by S. Royal; the motion passed unanimously.

P.O. Candidate: J. Wuersch informed the Board that the City was going to tender a job offer to a police officer candidate. Before J. Wuersch left on vacation, he checked with the Assistant Chief to verify the applicant, as he had set-up the Fund's physical and psychological testing. After reviewing the results of the psychological, the City withdrew their offer; the candidate went to the Fund's physical examination but J. Wuersch was able to cancel the psychological when he

heard that the City would not offer the position to this candidate.

The Fund, therefore, will have to pay for a physical of a candidate that was not hired.

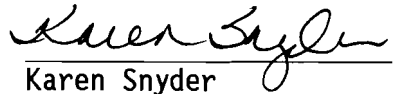
Smith Barney - Dennis Belcher: D. Belcher presented a Quarterly Investment Review for the Board, outlining what has happened in the last quarter in the market, forecasting, asset allocation strategies, comparison of McKee, Madison, and Lincoln Small Equity, Lincoln Medium Cap Equity, review of gross v. net performance.

He also reviewed the Police Pension Fund contributors, outlining the tax levies, employee contributions, and benefit payments.

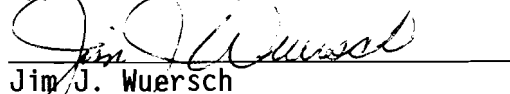
Fund policies, objectives, and guidelines were discussed and reviewed, to include purpose of policy statement, delegation of authority, responsibilities of the Board of Trustees, Investment Managers, Investment Consultant, Custodian, Principles, investment objectives (goals, loss/risk, liquidity, marketability of assets, permitted/prohibited investments, guidelines for cash equivalents, asset allocation, selection of investment managers (performance, review, evaluation, etc.).

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

Respectfully submitted,


Karen Snyder

Approved this 19 day of September, 1995.


Jim J. Wuersch

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



9/20/1995

Administrative Session - Douglas Haig Disability

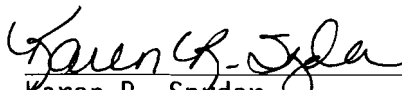
The Police Pension Board went into administrative session, discussing the duty-related disability of Douglas Haig. The hearing was held on July 24 at 9 a.m. The Board considered the following questions regarding the disability.

1. Did the injury cause him to become disabled?
2. Has the disability made it necessary that he retire from the Police Force.

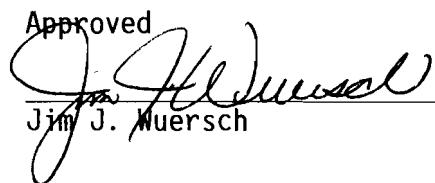
Motion was made by M. Schwartz to grant Douglas Haig a duty-related disability. Motion passed unanimously. Haig's duty-related disability is effective July 25, 1995.

The administrative session was closed.

Respectfully submitted,



Karen R. Snyder
Recording Secretary

Approved


Jim J. Muersch

9/20/95

Date

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION FUND

November 9, 1995

Notice of Next Meeting - March 5, 1995, 9 AM, City Bldg

Present: Elmo Denniston, President
Melvin Schwartz, Vice President
Jim Wuersch, Secretary/Treasurer
Ron Eldridge, Comptroller
Dennis Belcher, Smith Barney
William Vescio, C S McKee

Absent: Jim Dobrovoly, Attorney for the Board
Greg Foster, Board Member
Steve Royal, Assistant Secretary Treasurer

Elmo Denniston called the meeting to order. Motion by J. Wuersch to approve the Minutes of the last meeting of August 24, 1995; motion passed.

Old Business:

1. Gary Herbert: Gary Herbert is on a repayment plan, paying on a monthly basis. As he was overpaid for seven months, his repayment will be over a period of seven months (164.12 for 7 months).
2. PO Candidate: J. Wuersch explained at the last meeting that a physical was conducted by Carle and a psychological cancelled due to the City not tendering an offer to the candidate. As of yet, J. Wuersch has not received a bill from Carle Clinic.

New Business:

3. PO New Employees: Michael Morrissey and Oscar Gamble's files were presented to the Board; J. Wuersch noted that there was nothing negatively noted from the psychological and physical. Motion by J. Wuersch and passed that these two individuals be accepted into the Fund.
4. Changes in the Pension Statute-Transferring from One Fund to Another Fund: J. Wuersch will inquire with J. Dobrovoly regarding the ability to buy back time from another Fund into their current Fund.

Presentation by William Vescio, C.S. McKee:

5. Investment Considerations: W. Vescio reviewed the third quarter of 1995 from an economic perspective, outlining economic growth, inflation, employment, and monetary policy. He also went over their fixed income strategy regarding duration, maturity structure, and sector.
6. Portfolio Structure: As of 123194, the market value of the portfolio was \$3,620,001. As of 093095, the market value is \$4,016,238 consisting of 95% fixed income and 5% liquid reserves.
7. W. Vescio also discussed information relative to the first three quarters of 1995: maturity structure, fixed income strategy and structural decisions, year-to-date cash flow summary, portfolio (summary and holdings).
8. Personnel: McKee had a change in personnel in that Jim Stark was asked to leave by Joseph Bonomo, as Bonomo felt they had a difference in opinion as to the way a business should be run. Stark has been replaced by Malcolm G. Nimick who has been named the Vice President and Portfolio Manager.

The Board discussed this change in management and stressed the importance to W. Vescio that the Board should be advised of any change in personnel. W. Vescio understood and additionally stated he will add the Board members to their list of monthly newsletter recipients.

Presentation by Dennis Belcher, Smith Barney:

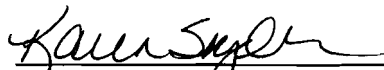
D. Belcher presented a quarterly review, for the period ending September 1995, outlining rates of return, market review (summary, outlook), strategy allocation for assets (total equities 11.6%, fixed income 88.4%).

9. Advisors: D. Belcher discussed their investment advisors: Madison, C.S. McKee comparing their portfolio characteristics, maturity. Also included in the discussion was Lincoln - Value Equity, Medium & Small Capital Equity,
10. C.S. McKee: D. Belcher outlined a section specifically on C.S. McKee, to include their investment guidelines and goals, risk volatility, risk/return analysis, review of rate of return, and followed it up with a annual review questionnaire.
11. Allocation Strategy: D. Belcher urged the Board to consider shifting 5% out of the value fund (\$45,000) into the medium capitalization growth fund. The fund would then have the following allocation:
 - 45% in value equity
 - 31% in medium capital
 - 24% in small capital.

By this shift, medium capital would then have approximately \$342,000. Discussion ensued; motion by M. Schwartz to move \$45,000 from the value to medium capital equity. J. Wuersch seconded motion; motion carried.

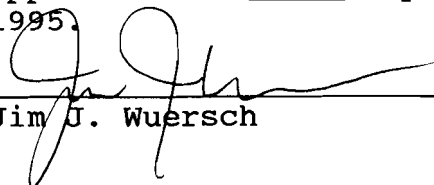
There being no further business before the Board, the meeting was adjourned.

Respectfully submitted,



Karen Snyder

Approved this 24 day of December,
1995.



Jim J. Wuersch