

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION FUND
March 5, 1996

*** Notice of Next Meeting - May 28, 1996, 9 AM ***

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

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

E. Denniston called the meeting to order. Motion by J. Wuersch to approve the minutes of the last meeting November 9, 1995; motion passed unanimously.

Carlos Guerrero-Resignation: C. Guerrero resigned effective January 29, 1996; his contributions totaled \$6,891.04. He has requested reimbursement from the Police Pension Fund.

Payroll: J. Wuersch and D. Belcher will meet regarding the March 96 payroll.

Actuarial Report: The State is no longer providing an actuarial report. R. Eldridge recommended having an actuarial report conducted and estimates the cost to be approximately \$2,000. In addition, another package could be purchased that would do a portfolio cash flow analysis. R. Eldridge suggested finding a firm experienced in police and fire pensions and to talk to them about prices (perhaps combining with the fire pension); he further stated he would be available to help in this endeavor, which he would like done in the next 60-90 days.

R. Eldridge, J. Dobrovolny, and D. Belcher will look into what the report would entail, obtain three proposals. G. Foster and D. Belcher were in agreement that they would like a representative to attend the Board meeting and discuss the report.

Motion by G. Foster that a committee of three retain an actuary to prepare a report within the next 60-90 days; the report would have multiple option proposals and a presentation would be made to the Board. Motion seconded by S. Royal and passed unanimously.

Bloomington Fund Letter: R. Eldridge will call in response to their letter; J. Dobrovolny advises that they provide a copy of their annual report under FOIA.

Department of Insurance: R. Eldridge stated that the Department of Insurance is supposed to conduct an audit every three years; the last one, however, was conducted in 1987. As they didn't really request what they needed up-front, R. Eldridge will write them a nice letter after the audit and make recommendations on future audits.

City of Urbana - Audit Report: R. Eldridge reviewed the City's audit report.

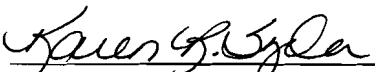
Investment Manager: In the audit report, a comparison was made between the police and fire pension and their investments. Lengthy discussion regarding usage of investment managers and the differences between the funds.

Quarterly Investment Review: D. Belcher made a presentation to the Board, for the quarter ending 12/95. Presentation included the effect of cash in portfolios, 1995 market review, strategy for asset allocation, returns v. goals, asset allocation, analysis of advisors: C.S. McKee, Madison, and Lincoln, review of portfolio strategies, and risk and return of varying maturities.

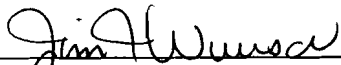
There being no further business before the Board, the meeting adjourned.

Respectfully submitted,

Approved this 13 day of May, 1996.



Karen R. Snyder
Recording Secretary



Jim J. Wuersch
Secretary Treasurer

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION FUND BOARD MINUTES - May 28, 1996

Present: Elmo Denniston, President
Melvin Schwartz, Vice President
Jim Wuersch, Secretary
Greg Foster

Others Present: Ron Eldridge, Comptroller
Dennis Belcher, Smith Barney, Inc.

Absent: Steve Royal, Asst. Secretary
Jim Dobrovolny

E. Denniston called the meeting to order at 9:20. Minutes of the last meeting (March 5, 1996) were approved; motion by G. Foster, seconded by J. Wuersch.

Michael W. Kessel: J. Wuersch distributed M. Kessel's psychological and physician's report. Motion passed unanimously for approval of M. Kessel, effective 041196.

Laura Phillips: L. Phillips' application to the Fund was missing from the file (cited by auditor). Her physician's report was distributed and application signed, effective 101589.

Department of Insurance Examination: Discussed findings from the audit.

*Board Appointments: Mel Schwartz's term is extended to 5/31/98.

[R. Eldridge will advise the Dept. of Insurance of this in a letter to them.]

*Treasurer/Custodian: R. Eldridge has not been able to get a letter from the bank re: comptroller as principal signature.

[Bank will sent letter to R. Eldridge and will forward to Dept. of Insurance.]

*Custody of Brokerage Firms: D. Belcher had a meeting with Tom Jones of the Department of Insurance re: trading practices, custodial fees. D. Belcher presented alternatives

to the Board, discussion ensued regarding alternatives, ramifications, State hearing & costs. The Board will inquire as to J. Dobrovolny's estimation of costs.

Motion by M. Schwartz that the response to the Department of Insurance be to "Strengthen the appearance of propriety by instructing the managers that no bonds are to be purchased through Smith Barney rather than the best execution instructions that the managers currently have." Motion passed unanimously; R. Eldridge will rough out a comment to the Dept. of Insurance.

J. Wuersch suggested the following as a response to the Dept. of Insurance "We have instructed the managers that no bonds should be purchased from Smith Barney, rather than the best execution instructions the managers currently have. We felt that the current practices have caused no problems but in an effort of cooperation, we have made this change to express this compliance.

*Re: 5, 6, 8, and 9 of Dept. of Insurance: Motion by M. Schwartz that the retirement annuity checks be corrected immediately regarding overpayment. Motion passed [note: E. Denniston did not participate in this vote.]

R. Eldridge will request a letter of clarification from the Dept. of Insurance and nothing will be done until the Board hears from them.

*7 of Dept. of Insurance: Bobby Spanglo's overpayment will be made prior to July 1, after contact has been made re: withholding.

*Gary Herbert: The Board acted on this under J. Dobrovolny's advisement. This will be referred to J. Dobrovolny; he will have to rule on this after conversing with J. Wuersch and E. Denniston.

*D. Colbert: M. Schwartz voiced his concern about the accountants errors. R. Eldridge met with the accountant in July; G. Foster requests that the accounting firm provide a written response to the Dept. of Insurance's letter. J. Wuersch will make sure all pension changes are made, with the exception of G. Herbert.

*Pension Increases: J. Wuersch will advise the Board of pension increases; the accountant we currently have has supplied this and he will forward to the Board.

*Inclusion in Minutes: Other items to be included in the Minutes are tax levies, board expenses, appointment of trustees.

J. Wuersch will write a letter to D. Colbert and take it in

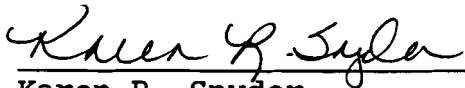
person to him to discuss concerns.

Actuarial Statement: D. Belcher went over the Actuarial Statement. R. Eldridge talked to Mr. Tepper and will get back with the Board in 30 days; the Board will then meet with the actuary.

Smith Barney Report: D. Belcher reviewed the report he provided to the Board, to include past performance of 30 investment managers, Book Cost v. Market Value, 1996 First Quarter performance, Performance of Funds, asset allocation, C. S. McKee, maturity comparison with McKee and Madison, returns v. goals, Lincoln Value performance.

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

Respectfully submitted,



Karen R. Snyder
Recording Secretary

Approved on this 15th day of July, 1996:


Jim Wuersch

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION FUND BOARD MINUTES - July 24, 1996

*** NEXT PENSION MEETING - AUGUST 21, 1996, 9:00 ***
Urbana Civic Center

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

Others Present: Ron Eldridge, Comptroller
Dennis Belcher, Smith Barney, Inc.
Jim Dobrovolny

Absent: Greg Foster

E. Denniston called the meeting to order at 9:07.

Jim Dobrovolny stated that notices of the meeting were sent to affected pensioners, as a result of the Department of Insurance audit. Included in the notices, were copies of the audit report. Board action was taken at the May 28, 1996 meeting to not seek any refunds owed to the Pension Fund.

Pensioners had questions, concerns that were answered.

J. Wuersch stated to alleviate future errors of this kind, a system has been set-up in which the Department of Insurance will check our accountant's figures.

M. Schwartz stated that it is the accountant's responsibility to figure pensions; the accountant should be responsible for amounts overpaid. The correct figures shall be effective immediately.

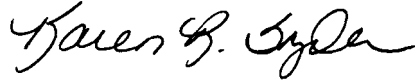
R. Eldridge stated apologies, on behalf of the City.

Motion by J. Wuersch to correct the pensioners' amounts, as reflected by the Illinois Department of Insurance audit; seconded by M. Schwartz, motion passed unanimously.

New Officer - Ricky Stroh: R. Stroh's medical and psychological were submitted to the Board. Board members, with the exception of G. Foster, signed their approval of R. Stroh to the pension fund.

There being no further business before the Board, the meeting adjourned at 9:30 a.m.

Respectfully submitted,



Karen R. Snyder
Recording Secretary

Approved this 13th day of August,
1996.



Jim Wuersch
Secretary

c: E. Denniston File
G. Hewikin File
B. Spanglo File
Leo Ingold File
Donald Webber File
Gary Herbert File
R. Stroh File

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD
August 21, 1996

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

Others

Present: Dennis Belcher, Smith Barney
James Dobrovolny, Attorney for Board
Ron Eldridge, Comptroller

The meeting was called to order by President Denniston.

Motion to revise the minutes of May 28, 1996 was made by M. Schwartz. His term expires May 31, 1997, v. May 31, 1998. G. Foster's term expires May 31, 1998. Motion seconded by J. Wuersch and carried unanimously.

Motion by M. Schwartz to approve the minutes of July 24, 1996, seconded by S. Royal; motion carried unanimously.

Meeting with D. Colbert, Accountant: J. Wuersch met with D. Colbert regarding the Department of Insurance's audit report, specifically the miscalculation of pensions.

Prior to the meeting, J. Wuersch reviewed the 1987 audit report; there was no discrepancy noted for any of the pensions [1987 audit available at the Board meeting].

J. Wuersch discussed with D. Colbert the mistakes in pension calculations, liability issue with his firm. D. Colbert took exception because the pensions figured were when E. Krueger was the Pension Secretary [with the exception of G. Herbert and B. Spanglo]. Under the direction of E. Krueger, D. Colbert's office merely did accounting and investment work for the Board. D. Colbert stated that his firm should not be accountable for pensions that they did not figure. D. Colbert was willing to reimburse the Fund for the error that occurred on G. Herbert's pension. E. Krueger's term ended approximately 85/86.

J. Wuersch will find out when E. Krueger's term expired and will also contact W. Curry, the Board secretary that followed E. Krueger.

Disability Pension Conversion: Advised that this has been taken care of; issue of tax free pensions wanting to convert earlier discussed.

Pension Convention: J. Wuersch announced the Pension Convention dates: October 9-12, 1996.

Auditors Letter: J. Dobrovolny received a letter from the Department of Insurance stating they took exception with the Board's response regarding overpayment and G. Herbert's effective retirement date.

J. Dobrovolny stated that he talked to Tom Jones [Dept. of Insurance] with the following response:

1. **Overpayment of Individuals** - J. Dobrovolny told him that this is the first time this issue ever came up. He advised T. Jones that notices of a hearing was sent to those affected, a formal hearing conducted. J. Dobrovolny will respond with a letter to the Dept. of Insurance, with inclusion of the Minutes.
2. **Gary Herbert** - Discussion of G. Herbert's effective retirement date. J. Wuersch stated that the Board acted in good faith; if the Dept. of Insurance cites the Board, then the board will have to spend a lot of money in attorney fees and it might just be better to pay G. Herbert. E. Dobrovolny responded by stating that the Dept. of Insurance may back off. S. Royal stated that we paid those underpaid; if G. Herbert has been underpaid, the Board should pay him.

Discussion of eligibility and the ramifications if the Board goes along with the Dept. of Insurance. M. Schwartz and G. Foster felt the board should give the person a package when they, retire advising them of the rules and regulations. Discussion of inclusion in the City's exit interview.

Motion by M. Schwartz that the Board's original motion stand; motion carried unanimously. J. Dobrovolny will drafter a letter to T. Jones.

Actuary Report: R. Eldridge has requested a detailed explanation from Art Tepper regarding the actuary report. The City and the Board will have to figure out budgeting for the future.

Motion by J. Wuersch to accept the report, with detailed supplements pending, provided by Art Tepper. Said report has been forwarded to the City Treasurer. Motion carried unanimously.

Presentation by D. Belcher: D. Belcher reviewed a draft of a letter to the Dept. of Insurance regarding investment advisors, which states Smith Barney is acting as a custodian v. broker. This is already occurring and the investment advisors have been sent copies regarding such.

D. Belcher also went over cost savings for the Board, which included consultant fees, board expenses (Secretary, Recording Secretary, attorney fees, investment advisors, accountant).

Investments: Motion by G. Foster to transfer small capital to international equity. Motion seconded by S. Royal and carried.

Motion by J. Wuersch to transfer an additional \$60,000 from Madison to the international equity; motion passed unanimously.

Policy Statement - Bribery: D. Belcher provided a policy statement regarding gifts, gratuities. This will be discussed at the next Board meeting.

Long and Short Term Bonds: Bonds and their relation to the market were discussed with the Board.

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

Respectfully submitted, Approved this 16th day of September, 1996

Karen R. Snyder
Karen R. Snyder
Recording Secretary

Jim Wuersch
Jim Wuersch
Secretary

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD
October 18, 1996

**** Next Board Meeting ****
Wed, 12/11/96, 1:15 PM - Urbana Civic Center

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

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

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

Minutes from the meeting on August 21, 1996 were approved unanimously.

Actuarial : The Board reviewed reports prepared by Timothy W. Sharpe and Art Tepfer. Discussion of why the City hired a second actuary after participating in the hiring of Tepfer. Following are questions discussed involving the actuarial reports:

1. Is there any way that this jump in contributions could have been foreseen?
2. Would the State calculated contribution have jumped in a similar manner?
3. Does the Evanston case require that the City fund the \$903,047 or is a lesser amount acceptable?
4. Are similar surprises happening with other Funds?

R. Eldridge proposed a figure of \$621,000 for the levy. Last year's levy was \$350,000. Discussion of what levy the Board would request; it was decided to request the amount given by the Actuary hired jointly by the Pension Board and the City, as opposed to the actuary employed by the City.

Motion by S. Royal requesting a tax levy of \$903,000 for the City, seconded by J. Wuersch. Motion passed unanimously.

Investment Report: D. Belcher reviewed the investment report with the Board.

Motion by S. Royal to move \$95,000 from the Valu Equity Fund to the Lincoln Capital Fund. Motion seconded by M. Schwartz, motion passed unanimously.

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

Respectfully submitted, Approved this 12th day of November, 1996



Karen R. Snyder
Recording Secretary



Jim Wuersch
Secretary

URBANA POLICE PENSION FUND

308 SOUTH VINE STREET
URBANA, ILLINOIS 61801



URBANA POLICE PENSION BOARD
December 11, 1996

***** DISABILITY HEARING - FEBRUARY 12, 1997 *****
Urbana Civic Center, 1 PM

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

Others Present: Dennis Belcher, Smith Barney
James Dobrovolny, Attorney for Board
Ron Eldridge, Comptroller
John McClure, Madison Investment

The meeting was called to order by President Denniston at 1:15 PM.

Motion to approve the minutes of October 18, 1996, was made by S. Royal, seconded by J. Wuersch.

Disability Hearing - Lt. Parker: J. Wuersch advised the Board that a disability hearing for Philip Parker will be held sometime in January. Board members will be advised.

Presentation by Smith Barney and Madison: The following were discussed, focusing on whether the fund should lengthen the maturity structure of the investment portfolio as a means of increasing returns. This discussion included city levies, rates of return for C.S. McKee (3.68 YTD) and Madison (4.7 YTD), maturity structure of bonds (long v. short term).

D. Belcher discussed the Investment Portfolio, to include investment objectives, lengthened maturities, longer maturities (higher yields), 5 and 20 year bonds, demands of taxpayer, acceptable risk levels, intermediate government bonds, and market analysis.

R. Eldridge stated that the length of maturities should be a longer term bond with better return.


D. Belcher presented options for the Board:


1. 50/50 1/2 mil split,
2. Replace Madison with a second longer term advisor.
3. Take the portfolio and turn to a term of 10, 20 years.
4. No change.

The Board decided to make a decision in the near future about the investment portfolio as to whether to lengthen the portfolio.

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

Respectfully submitted, Approved this 31st day of December, 1996


Karen R. Snyder
Recording Secretary


Jim Wuersch
Secretary