

URBANA POLICE PENSION FUND

February 10, 1999

NEXT MEETING : MAY 18, 1999, 9:30 a.m.

Present: Elmo Denniston, President
Jim Wuersch, Secretary
Steve Royal, Asst. Secretary
Ron Eldridge, City Comptroller
Greg Foster, Board Member

Others Present:

Dennis Belcher, Smith Barney
Joseph Bonomo (Senior Vice President) & Joe Buongiorno (Vice President) of C.S. McKee
Jim Dobrovlny, Attorney for the Board

E. Denniston called the meeting to order @ 9:45 a.m. Change in the minutes of the last meeting should read "Approved the 19th day of February" v. the 10th day of February. Motion by S. Royal, seconded by J. Wuersch to approve the Minutes of November 20, 1998, incorporating this change. Motion passed unanimously.

Personnel's Annual Letter to All City Employees: S. Royal discussed the City's letter regarding salary, benefits, pension, etc. His letter stated the City paid \$18,000 in pension for last year. Discussion regarding the percentage paid for each employee of Pension (more than 9%), catch-up contributions, unfunded liability, realistic breakdown, etc. R. Eldridge will further explain this on the next annual letter. J. Wuersch and S. Royal will draft a letter re: clarification on the letter next year; they will then forward to E. Denniston for review. E. Denniston will then forward to B. Walden.

Annual Dues for IPFA: E. Denniston stated an increase in annual dues from \$600, to \$650. Discussion on renewing dues. J. Wuersch stated he has at least one more term to fulfill before he retires; IPFA holds informative conferences, especially for new Board members. S. Royal and R. Eldridge stated their updates are valuable, with an informative newsletter. Motion by G. Foster to continue the Membership. J. Wuersch seconded; motion carried unanimously.

Conversion of Pension – Non-Duty Related Disability to a Retirement Pension: Discussion regarding conversion of pension from non-duty disability to a retirement pension, at the same rate (50%). Raises would accrue at 55 v. 60 years of age. J. Dobrovlny will follow-up with J. Wuersch.

Marriage After Retirement: E. Denniston stated this still hasn't been addressed by IPFA: If a pensioner marries after retirement, the widow would not receive any benefits upon death of the pensioner.

Quarterly Report: Presentation by D. Belcher, to include the market (4th quarter and year-to-date); the economy, the stock market, U.S. Bond Market, Overseas Market; Fund Profile & Performance (ending 12/31/98) for C.S. McKee, Madison, Laurel Capital, Lincoln National Life; Asset Allocation; etc.

The Fund currently has 35% of monies they made. D. Belecher said the Board has two choices: technically squeeze meanings of the law, or as a fiduciary use the 35% as a risk control device. Staying with this philosophy, on June 30th, action needs to be taken on the 35% of whatever the Fund is (withdraw money or add money). R. Eldridge stated he thinks the latter is what the law intended.

Presentation by C.S. McKee: Background & bios on J. Buongiorno and J. Bonomo. Presentation included economic perspective, fixed income strategy, portfolio structure, cash flow & investment performance, portfolio characteristics, portfolio summary as of December 31, 1998. In addition, discussion on comparisons of annual returns, risk/return analysis for 92-98, investment advisor review, annual review questionnaire.

S. Royal inquired about Y2K and its affects on the Fund. McKee insures there's no problem and are in compliance (audited by holding company). A confirmation letter will be forwarded re: compliance. Discussion about affects of Y2K on markets; D. Belcher stated companies are being pressured to become Y2K.

Synopsis by D. Belcher: Discussion on Madison, Laurel, Lincoln National.

Policy Statement: This will be reviewed and discussed in the future.

Other Business: Motion by J. Wuersch to move money from the money market to Laurel (fulfill obligation to Laurel), split half of the remainder, with the exception of \$350,000, with the Bond managers.

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

Reviewed this 26th day of April, 1999, by Jim Wuersch, Secretary.

Respectfully submitted, *JW*

Karen Snyder

Karen Snyder, Recording Secretary

URBANA POLICE PENSION FUND

May 18, 1999

NEXT MEETING : AUGUST 19, 1999, 9:30 a.m.

City Building Conference Room

Present: Elmo Denniston, President
Jim Wuersch, Secretary
Ron Eldridge, City Comptroller
Greg Foster, Board Member

Others Present:
Dennis Belcher, Smith Barney
Jim Dobrovolny, Attorney for the Board

Member Absent:
S. Royal, Asst. Secretary

E. Denniston called the meeting to order @ 9:35 a.m.

J. Wuersch stated the following officers have resigned and have been reimbursed:

| <u>Officer</u> | <u>Resigned</u> | <u>Refund of Contributions</u> |
|----------------|-----------------|--------------------------------|
| Leslie Cox | 032099 | \$ 1,672.68 |
| David Shaffer | 081498 | \$13,215.99 |
| *John Insalata | 041899 | \$ 2,278.63 |

*Insalata has not received his contributions; refund will be made when his last check from the City is issued (at the end of May).

Two new Police Officers petitioned into the Fund:

| <u>Officer</u> | <u>Date of Hire</u> |
|----------------|---------------------|
| Joel Sanders | 031199 |
| Tim McNaught* | 032599 |

*McNaught has a liver enzyme within normal range.

The Board approved the officers unanimously.

Financial Statement: E. Denniston inquired about quarterly reports from Dana Colbert's office. (Reports are enclosed with Minutes.)

Election of Retired Pensioner: J. Dobrovolny is working on the election.

Pensioner Questions: The following were discussed:

Connie Eckerty – She is entitled to whatever her husband was receiving at the time of his death. No changes can be made after his death, as D. Eckerty didn't opt to do so.

James Teague – Questioned if he can convert disability to retirement pension. Per J. Dobrovolny, his payment is based on his salary at the date of his disability. J.

Dobrovolny will advise J. Wuersch if this would be interpreted as his first or second disability filing.

Presentation by Dennis Belcher:

Statement of Investment Policy: D. Belcher presented the policy. The Board reviewed it and the following was discussed more thoroughly:

Page 7, #8 Fidelity bonding will be maintained in an amount of \$1,000,000 covering all Board Members.

(R. Eldridge will provide policy and proof of indemnity to the Board.)

Page 10, Permitted Investments

For now, R. Eldridge stated no local investing will be done with area banks. He stated, in the future, he hopes a 7 year CD can be purchased with an 8-9% return.

Page 12, Local Investments

Wording changed from 'Secretary' to 'Treasurer' and from 'City Treasurer' to 'Board Secretary'.

Page 12, Asset Allocation Guidelines

The intent is to have a risk control device. The last paragraph of this section was changed to read,

"The board shall periodically review the allocation of equities to the total fund ~~to insure that the overall fund is in conformity with Statute~~ based on the 6/30 year end report to insure the overall Fund conforms to statute.

Madison: Discussion of the Madison Report, for the period ending March 31, 1999. Motion by J. Wuersch to move the excess cash (to be determined by R. Eldridge and J. Wuersch) to the fixed income portfolio. Motion passed unanimously.

Investment Review: Presentation by D. Belcher, for the period ending March 31, 1999.

Cash Balance: J. Wuersch stated we currently have a cash balance of \$816,948.14 in the money market account. Property taxes will be distributed next month. R. Eldridge and J. Wuersch will talk discuss how much the Fund will be getting from property taxes.

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

Respectfully submitted,



Karen Snyder, Recording Secretary

Enc.



Urbana Police Department

Eddie B. Adair
Chief of Police

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217(384-2320)
FAX 217(384-2363)

URBANA POLICE PENSION BOARD

August 19, 1999

****Next Meeting – Friday, November 19, 1999, 9:30 AM****

Present: Elmo Denniston, President
Jim Wuersch, Secretary
Steve Royal, Assistant Secretary
Ron Eldridge, Comptroller
Greg Foster

Others

Present: Dennis Belcher, Smith Barney
Jim Dobrovoly, Attorney for the Board

The meeting was called to order by President Denniston at 9:40 AM. Motion to approve the minutes of May 19, 1999, passed unanimously.

J. Wuersch reported the following:

Jason Norton: New Police Officer, Jason Norton's application was reviewed. The Board approved the admission of Norton to the Fund. Norton started employment on June 24, 1999.

Annual Disability Physician Appointments: J. Wuersch informed the Board two pensioners, Susan Welch and John Koziol, are living out-of-state. (Welch in Idaho, Koziol in Colorado). Both pensioners will not be returning to Illinois in the near future; discussion on how to proceed on annual disability check-ups. J. Dobrovoly stated he would not recommend sending them to their current physician. J. Wuersch will check into this and will discuss his plans at the next Board meeting.

Pensioner Election: J. Dobrovoly is in the process of sending ballots to pensioners.

[Note: Election was held and ballots opened, tallied on October 21, 1999. Elmo Denniston was re-elected as Trustee of the Board for the Urbana Police Pension Fund.]

Presentation by Dennis Belcher:

Investment Review for the period ending June 1999, to include long-term government bond yields 1971-1998, cumulative total returns from government bonds (period ended March 31, 1999), bond yields before and after inflation (1970-1999), market valuation levels, large cap US stocks, S&P 500's 5 year risk/return profile, Value Indices, Cap Weighted v. Equal Weighted, equities,

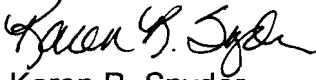
economic sector returns, capital market overview (second quarter 1999), performances of Funds' Investments (CS McKee, Madison, Laurel Capital, Lincoln National).

Funds Transfer: Motion by R. Eldridge to transfer \$600,000 to Madison and \$300,000 to Lincoln International. Motion carried unanimously.

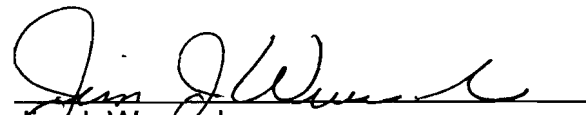
Board discussion regarding Policy Statement, Manager advising fee v. consulting fee language.

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

Respectfully submitted,


Karen R. Snyder
Recording Secretary

Reviewed this 4th day of November, 1999.


Jim J. Wuersch
Board Secretary

Encl: Financial Report

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URBANA POLICE PENSION FUND

November 19, ~~2000~~/1999

**** NEXT MEETING FEBRUARY 18, 2000 @ 9:30 a.m.****
(Police Department Conference Room – 2nd Floor, City Building)

Present: Elmo Denniston, President
Jim Wuersch, Secretary
Steve Royal, Assistant Secretary
Ron Eldridge, Member-at-Large
Jim Dobrovolny, Attorney for the Board
Dennis Belcher, Salomon Smith Barney

Absent: Greg Foster, Vice President

President Denniston called the meeting to order at 9:30 a.m. Motion by J. Wuersch to approve the minutes of the last pension meeting (08/19/99); motion passed by those present.

Election Results: Jim Dobrovolny stated an election of the pensioners was held on October 21, 1999. Elmo Denniston was elected to represent the pensioners for a term of two years from the Spring term.

J. Dobrovolny stated there will be an election of active members in the Spring of 2000 (2 members).

Update on Membership of the Pension Fund: J. Wuersch updated the Board regarding active police membership.

Robert Benschneider: R. Benschneider made application to the Police Pension Fund. J. Wuersch stated one abnormality was noted in Benschneider's physical (right ear has a hearing loss). After discussion, the Board approved Benschneider unanimously. Motion by J. Wuersch, seconded by S. Royal to accept R. Benschneider to the Fund.

Randal Fouts: Active member, R. Fouts, applied for a non-duty related police pension. Two of three medical reports have been submitted related to a sports injury to his right knee. Once all the reports are received, a disability hearing shall be held (February 2, 2000).

Caroline Clark: C. Clark (widow of John Clark) is now under a conservator in California. This information was a result of J. Wuersch receiving her returned monthly pension checks (since 3/99) and numerous attempts in trying to locate Clark. Her checks will be forwarded to her conservator.

Auditor's Report: R. Eldridge submitted the annual financial report and audit for the Pension Fund, highlighting the points brought out in the audit conducted by Bray, Drake, Guthrie, and Richardson. The report gave the Fund a 'clean opinion'; no significant weaknesses in the internal accounting controls, as well as discussing the growth of net assets, City's contribution, portfolio breakdown, investment return, future benefit increases, and affects on the Fund membership.

Department of Insurance: R. Eldridge stated the Auditor's report was sent electronically to the Dept. of Insurance.

Real Estate Taxes: R. Eldridge stated the City should be receiving the second installment of real estate taxes from the County. Discussion on what to do with funds received; motion by R. Eldridge that R. Eldridge and J. Wuersch determine if there's money to invest. Motion by S. Royal, seconded by J. Wuersch that if there's money to invest, they will forward the money to D. Belcher, who will invest the funds in Madison and the International Fund (50% in each). Motions passed.

Management Fees: J. Dobrovolny questioned D. Belcher regarding full disclosure of fees earned, stating if the Fund ever gets audited, D. Belcher will have to provide how much money is received by his company. D. Belcher stated the formula is very complicated; J. Wuersch stated he doesn't think it's a road the Board needs to go down, at this point. Should an audit occur. D. Belcher stated he would be able to provide full disclosure. He further stated it is less expensive for the Fund to go through his company than the method the Dept. of Insurance recommends.

Pension Portability: Transfer of pension was discussed by the Board.

Tape Recorder: Motion by S. Royal to purchase a recorder for Pension Board minutes. Motion seconded by R. Eldridge; J. Wuersch will look into said purchase.

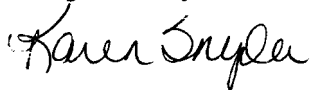
Presentation by Dennis Belcher:

Day Trading: D. Belcher discussed the problems of day trading.

Investment Review for the Period Ending September 1999: D. Belcher gave an overview of the U.S. economy, stock market, Capital Market overview, bond market, portfolio performance, asset allocation, and performance of the Funds.

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

Respectfully submitted,



Karen Snyder
Recording Secretary

Approved this 25th day of January, 2000.



Jim Wuersch
Secretary to the Board