

URBANA FIRE DEPARTMENT PENSION BOARD OF TRUSTEES MEETING MINUTES
April 25, 2014

The Fire Pension board of Trustees of the City of Urbana, Illinois met at 9:30 am, Friday, April 25, 2014, in the second floor Executive Conference Room of the Urbana City Building.

MEMBERS PRESENT: Gerald Sappenfield - President - end of term 4/26/16
 Mark Ashby, Firefighter/Secretary - end of term 4/26/15
 Andrew Rickords – Firefighter - end of term 4/26/14
 Mike Dilley, City Appointment - end of term 5/31/17

MEMBERS NOT PRESENT:

OTHERS PRESENT: Ronald Eldridge, Consultant
 James Dobrovolny, Attorney

INVESTMENT BUSINESS

Mr. Aaron Sutton and Mr. Scott McAdam of First Busey Trust & Investment Co. were present. They distributed the quarterly report and reviewed the Pension's Investment activity through the quarter ending March 31, 2014. The ending value for the portfolio as of that date was \$23,418,672. Mr. Sutton and Mr. McAdam advised that the Pension Board consider investing a little more into emerging markets.

The Busey advisors recommended that the board consider investing a little, \$25,000 or more into emerging markets for a more diversification. After discussion, FF/Sec Ashby made a motion to transfer up to a maximum of \$45,000 so that Busey can buy a \$50,000 bond to keep the cash fully deployed. The motion was seconded by FF Rickords and carried by roll call vote as follows:

Sappenfield: aye
Ashby: aye
Dilley: aye
Rickords: aye

The fee Busey charges the Urbana Fire Pension Fund is .0005 per each dollar invested.

APPROVAL OF MINUTES

A motion to approve the minutes of the Fire Pension Board of Trustees meeting of January 25, 2014 was made by FF/Sec Ashby. The motion was seconded by Mr. Dilley and carried by voice vote.

QUARTERLY FINANCIAL REPORT

Mr. Eldridge presented report showing disbursements made in the quarter ending March 31, 2014. There were no unusual activities in the Busey & money market accounts. There was a change in pension payments because of the death of Bob Pettyjohn. After discussion FF Rickords made a motion to accept the report. The motion was seconded by FF/Sec Ashby and carried by voice vote.

PUBLIC COMMENT

There was no public comment.

OLD BUSINESS

- A. **Woodlake Medical Management** – Discussion about what services Woodlake provides and what is expected of the pension board in relation to the applicant. Mr. Dobrovolny stated that there was no contract requiring to the pension board to use Woodlake for every case. He will provide documentation to the board concerning the services Woodlake will provide.
- B. Mr. Dilley discussed the terms of the board members. He would like to continue to serve on the board and wondered what he had to do in order to stay. Mr. Dobrovolny stated that Mr. Dilley could remain on the board until someone else is appointed. He can also approach the Mayor to

let her know he would like to continue to be on the pension board.

- C. The term of FF Rickords expired on April 26, 2014. An election will be scheduled for his position in the near future.

NEW BUSINESS

- A. New Hires Tim Maross and Bobby Kingren** – Carle has not provided all of the necessary records to the pension board. FF Rickords will work with Sec/FF Ashby to obtain the records. A motion to accept the new hires into the pension fund and to and follow up on the medical records was made by Sec/FF Ashby, seconded by Mr. Dilley and carried by roll call vote as follows:

Ashby: aye
Sappenfield: aye
Dilley: aye
Rickords: no

- B. Audit services for the year ended June 2014** – Mr. Eldridge suggested that the fire and police pension boards should each engage its own pension auditor. In the past the pension boards have used the same auditors as the City, but are not obligated to do so. He said it is important to do so because it would allow the pension boards to select an auditor of their choice, He said timing is also important because the Department of Insurance expects their report by the end of September. In the past the pension boards have had everything to the auditors by the third week of July and the auditors would have the reports back to the boards by the end of August. He thinks the auditor would cost more than \$6,000.00. He suggests one of the local firms to do the audit services and that the decision should be made in the very near future.

A motion to give authorization to the president and secretary of the fire pension fund to engage an auditor for the fund for the year ending June 30, 2014, with the assistance of Mr. Eldridge was made by FF Rickords and seconded by Sec/FF Ashby and carried by roll call vote:

Sappenfield: aye
Dilley: aye
Ashby: aye
Rickords: aye

- C. Special meeting regarding and accounting and audit services for fire pension fund** – President Sappenfield discussed an email he received from Rich Hentschel the day before. Mr. Eldridge said a decision would have to be made concerning who would make the decisions for the finances and investments for the pension fund: would it be the pension board and its designees under the law or would it be the City through the comptroller? Mr. Dobrovolny stated that it was clear in his opinion that the pension board has the exclusive power to manage and control the fund. By what he read, the treasurer would be the custodian of the fund but he has to do what the fund directs him to do with the money in the fund. The City cannot control and dictate what is done with the pension funds. The comptroller should be a signatory for the pension fund accounts because he has to move money in the funds as he is directed to do by the fund trustees, but he is not responsible for handling the financial matters and affairs of the pension funds. The pension fund boards are responsible for those matters. It is also up to the pension board, not the City, to send out RFP's for third party administrator for pension benefits.

As of yet, Mr. Hentschel has not signed the signatory cards for the accounts of either pension funds. According to Sec/FF Ashby, Mr. Hentschel recommended the pension fund should hire a third party firm as an outside administrator to deal with the daily operation of the fund including the investments.

Mr. Dobrovolny cited a case, Morris vs. Harper, in which a pension board voted to pay a benefit and the treasurer disagreed about the amount adjusted it to a lesser amount. In the case, it was noted that the trustees, not the treasurer, have the authority to administer the pension fund and to order pension payments. He quoted Section 3-128 of the Illinois Pension Code, "A board of 5 members shall constitute a board of trustees to administer the pension fund and to designate the beneficiaries thereof." The duties and powers of the trustees are to control and manage the

pension fund and the treasurer is authorized only to follow the direction of the trustees as far as paying out or holding money.

Sec/FF Ashby has asked Mr. Dobrovolny to send a letter to advise Mr. Hentschel and Mr. Simon clarifying Mr. Eldridge's role on the pension board, his position has been authorized by the board and that is what they want. The letter will be official and will be entered in the minutes for the next meeting.

- D. Compensation of accountant – Mr. Eldridge suggested paying Carla Tucker an additional \$50.00 per month because her duties in relation to the pension board have increased. A motion to increase Ms. Tucker's pay by \$50.00 per month for doing the accounting services for the fire pension board was made by Sec/FF Ashby, seconded by FF Rickords and carried by roll call vote:

Sappenfield: aye

Dilley: aye

Ashby: aye

Rickords: aye

- E. President Sappenfield said he spoke with Mr. Hentschel about the importance of his attendance at the pension meetings so he would be aware of the functions of the pension board. There was discussion about the role of the board and the fact that is a public body and that everything is done correctly.

There was discussion about trying to schedule a special meeting of both the police pension board and the fire pension board with Mr. Hentschel. Mr. Dobrovolny will talk to the police pension board about the possibility. Mr. Sappenfield will contact Mr. Hentschel to let him know a meeting will be scheduled.

NEXT QUARTER'S MEETING

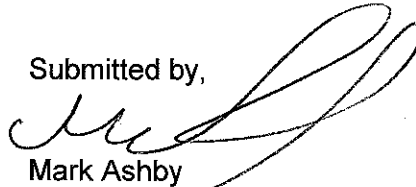
The next quarterly meeting of the Fire Pension Board will be in July. No date set at this time.

ADJOURNMENT – President Sappenfield adjourned the meeting at 11:25 am.

Prepared by,

Kay Meharry

Submitted by,



Mark Ashby