

**URBANA FIRE DEPARTMENT PENSION BOARD OF TRUSTEES
MEETING MINUTES April 24, 2015**

The Fire Pension board of Trustees of the City of Urbana, Illinois met at 9:30 am, Friday, April 24, 2015, 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 4/25/17
Mike Dilley, City Appointment – end of term 5/31/17
Elizabeth Hannan, Finance Director

MEMBERS NOT PRESENT:

OTHERS PRESENT: James Dobrovlny, Attorney
Ronald Eldridge, Consultant
Todd Rent, Human Resources Manager
Steve Doggett, Firefighter
Tal Prendergast, Firefighter
Blake Kuhns, Firefighter

OTHERS NOT PRESENT:

CALL TO ORDER

President Sappenfield called the meeting to order at 9:35am.

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, 2015. The ending value for the portfolio as of that date was \$25,826,191, showing a gain of \$580,000 from the previous quarter.

Mr. Sutton and Mr. McAdam recommended a fund change for the money currently being held in the Vanguard Small Cap Index Fund. They recommended putting 5% of the money into the DFA Fund and 1% into the Fidelity Fund. Ms. Hannan made the motion to liquidate the money in the Vanguard Small Cap Fund and investing 5% into the DFA Fund and 1% into the Fidelity Fund. FF/Sec Ashby seconded the motion and it was carried by roll call vote as follows:

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

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

NEW BUSINESS

D. *Retro pay for Dotson and Mullins - FF/Sec Ashby moved that this item in new business be moved to an earlier time in the meeting so the attending firefighters would be able to go back to work. Seconded by Mr. Dilley and carried by voice vote.

Bob Mullins and James Dotson were employed with the Urbana Fire Department and both retired during the time contract negotiations were taking place. The negotiated pay raise was not given to Mullins and Dotson. FF/Sec Ashby stated he had a letter from a local attorney citing Section 4402.50 Retroactive Pay Raises which states that an employee who retired after the effective date of the salary increase is entitled to receive retroactive payment of salary, the new salary becomes final salary and the service pension is computed on the new salary. Mr. Eldridge stated that it has been the pension's policy in the past to issue

retroactive pay in cases like this. It is his opinion that the pension board is not bound by the City's decision in this case, in the event the City decides not to give them the retroactive pay. July 1, 2013 is the beginning date of the current collective bargaining contract. Mr. Eldridge has recalculated the pension payments for Dotson and Mullins which are as follows:

Mr. Dotson retired in December 2013. His monthly pension payment is currently \$3,412.24 per month, and will increase to \$3,462.31 with \$795.41 due to him in pension back pay.

Mr. Mullins retired in July 2013. His monthly pension payment is currently \$5,093.89 per month and will increase to \$5,170.68 per month with \$1,595.17 due to him in pension back pay.

APPROVAL OF MINUTES

A motion was made by Mr. Dilley to approve the minutes for the meeting on Friday, November 6, 2014. The motion was seconded by FF Rickords and carried by voice vote.

The motion to approve the minutes for the meeting on January 23, 2015 was made by Ms. Hannan, seconded by FF/Sec Ashby and carried by voice vote.

QUARTERLY FINANCIAL REPORT

Mr. Eldridge provided the pension board with the financial activity for the last quarter for the checking account and savings account, and for the brokerage accounts including Busey. He also presented a listing of all of the pension payments. The third was a listing of all the investments and cash CD's. He reported that all investments and activity for the quarter are in compliance with state law and the investment policy. The equity investments for the fiscal year, starting July 1, 2014 and ending June 30, 2015, shows an increase of 5.4%.

There were changes in the pension benefits for the last quarter, one being the death of Wes Thuney in December with no pension payments for him starting in January 2015. He had no dependents. The second change was the addition in January of the dependent pension of Rusty Chism. All pensioners received a three percent raise in January, with the exception of the dependents. Dwayne Bishop did not receive an increase because he has not reached age 60.

After discussion a motion was made by Mr. Dilley to accept the Financial Report, seconded by FF Rickords and carried by voice vote.

NEW BUSINESS*

D. *Retro pay for Dotson and Mullins – Continued from earlier in the meeting. Mr. Rent stated that as far as the City is concerned, the matter of retro pay for Dotson and Mullins is under dispute because the issue of retro pay for firefighters who were retired while the negotiations were taking place is currently a disputed contract issue. Mr. Dobrovolny stated that the pension board determines what the final salary is for pension purposes. He feels that unless the contract specifically excludes them, their final pay is based on the contract amount. It is Mr. Dobrovolny's opinion that their final salary should be based on the contract and that they are part of that contract. According to Mr. Rent it was not in the past practice of the City to give retroactive pay to those who retired during contract negotiations. It was the opinion of Ms. Hannan that she would not be able to say one way or the other in this case without more information.

A motion was made by FF/Sec Ashby that based upon the opinion of the board attorney, Mr. Dobrovolny, that the pensions of Bob Mullins and Jim Dotson should be based on the contract starting July 1, 2013 and that they should receive the back pay from that date to the current date and their pensions increased to reflect the contract amount. Mr. Dilley seconded the motion and was carried by roll call vote as follows:

Sappenfield – aye
Dilley – aye
Ashby – aye
Rickords – aye
Hannan – abstain

PUBLIC COMMENT

Public comment was requested and there was none.

OLD BUSINESS

A. Kingren and Maross – Cover letters from Carle are needed. Occupational Medicine at Carle notified FF/Sec Ashby that both the pension fund and the City will be billed for exams.

B. Chism Disability Pension – FF/Sec Ashby said he received a letter from Mr. Rent stating that the City wants to be involved in any hearings that take place concerning the disability pension of Rusty Chism. Mr. Dobrovoly stated that he received a copy of that letter from the City Attorney, and that any time a municipality wants to participate in a matter concerning disability pension it is called a petition to intervene, and it is not a matter of right that they can intervene. The pension board decides whether it is appropriate. Mr. Dobrovoly took the letter as the petition to intervene and asked if Mr. Simon wanted to provide and information to substantiate their right to intervene. Mr. Simon responded that there is outside council handling a worker's comp matter concerning Mr. Chism and that council will contact him with the information. Mr. Dobrovoly asked the board if they wanted to set a date by which they have the information pertaining to the intervention. Wednesday, May 27 at 11:00 was set as the date for the hearing. May 8 was set as the deadline to receive a response from the City and from Mr. Duda no later than May 18.

NEW BUSINESS

Mr. Dobrovoly presented some legislation that could be of interest to the pension board. The first was HB1334, currently in the Rules Committee. It would offset a retiree's pension payment if he or she went back to work for the same agency in a similar position, by the amount of earnings from that position.

HB3762 amends the Illinois Pension Code. In the Downstate Firefighter and Downstate Police Articles, provides that a municipality may, by ordinance, assume local control of the municipality's police or firefighter's pension fund, with the power to change the terms of the plan. In the IMRF Article, provides that a municipality may end its participation in IMRF and create its own municipal pension fund; specifies certain conditions and provides for transfer of certain contributions and liabilities from IMRF to the new municipal pension fund.

HB817 amends the Downstate Firefighter Article of the Illinois Pension Code in a Section concerning disability arising in the line of duty. Provides that a firefighter shall be considered "on duty" and engaged in an "act of duty" while on any assignment approved by the chief of the fire department, including participation in training activities designed to enhance the skills and abilities of the firefighter, whether within or away from the municipality he or she serves as a firefighter, if the assignment is related to the fire protection service of the municipality. It provides that such activity shall continue to be considered an "act of duty" even if performed without compensation. This would expand the definition of active duty.

FF Rickords requested that the names of two firefighters who left the City be added to the minutes, as well as the amount of pension disability, if any, that was paid back to them by the Fire Pension Fund:

Brenda Huoy resigned on October 3, 2014. Her accumulated contributions are \$407.61. She has not requested that amount be paid to her as of this date.

Josh Kramer resigned on July 15, 2014 and requested his contribution of \$1,971.16 be returned to him. He was issued check #5225 for \$1,971.16 on October 7, 2014.

A. Authorization for Audit for FY 14-15 – Mr. Eldridge stated he would like the auditing firm of Feller & Kuester to do the upcoming audit for the fire pension fund. They charged \$4,500 last year and will charge \$4,600 for the upcoming audit. Mr. Eldridge asked for a resolution to use this audit firm for the next audit. Ms. Hannan expressed concerns about issues the City auditors had with Feller & Kuester's audit. They had not implements GASB 67, which they corrected after the City auditors spoke to them. They were also said that receivables for property tax and personal property replacement tax were being booked at the end of the year, which hasn't been an accepted practice for 10 years. Mr. Eldridge responded by saying that he disagreed with Ms. Hannan in her position reference the receivables for taxes and that this position has been acceptable to the current auditor, and 2 previous auditing firms.

FF/Sec Ashby made a motion to authorize the firm of Feller & Kuester to do the 2014-15 audit and Mr. Dilley seconded the motion. It was carried by roll call vote as follows:

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

B. City Funding and corporate personal property replacement tax – Mr. Eldridge stated that based on the actuarial, the fund requested \$1,265,542 from the City in the levy made in December. The City intends to pay \$1,117,736, which is a reduction of \$147,000 from the amount determined by the actuarial. The City plans to use a method to pay the fund that will allow them to pay less the first year, with the payment amount increasing each year to reach the correct amount due to the fund over that period of time.

Ms. Hannan in her memo to the city council dated 11/20/14 indicated that the fire pension fund would receive the amount of \$1,117,736 which would be made up of \$1,026,976 in property tax and \$90,760 in corporate personal property tax. However, the fund has been advised by the City that the corporate personal property tax payments would not begin until January 2015. Because the fund will not receive any corporate personal property tax payments for the months of July 2014 through December 2014, the fund will only receive approximately 50% of the amount promised by the City in their memo, which will mean an approximate \$50,000 shortage this fiscal year. Mr. Dobrovolny questioned the timing of the payment, stating according to statute, when the City receives the funds, they must immediately be paid to the pension funds. Ms. Hannan stated she spoke to one of the City attorneys and he could not find anything referring to the timing of the payments.

After discussion FF/Sec Ashby made a motion that Mr. Dobrovolny follow up with the city attorney to clarify the City's policy on disbursement of pension payments coming from PPRT. If that supplies no satisfactory resolution to the situation, it will be brought to the attention of the Mayor and city council. Mr. Dilley seconded the motion and it was carried by voice vote, with no vote given by Ms. Hannan.

After sending the required information to the Department of Insurance, the fund has heard nothing from them about the upcoming audit.

C. New Hires – this was item A under Old Business.

D. *Mullins and Dotson Retro Pay

The next quarterly meeting of the Fire Pension Board of Trustees is set for Friday, July 31, 2015, at 9:30 am.

ADJOURNMENT – the meeting was adjourned at 12:35pm.

Prepared by,

Kay Meharry

Submitted by,

Mark Ashby

