

**URBANA FIRE PENSION BOARD OF TRUSTEES**  
**Friday, April 28, 2017**

The Fire Pension board of Trustees of the City of Urbana, Illinois met at 9:30am, Friday, April 28, 2017, in the second floor Executive Conference Room of the Urbana City Building.

MEMBERS PRESENT: Gerald Sappenfield, President - end of term 4/26/18  
Mark Ashby, Firefighter/Secretary - end of term 4/26/18 (*arrived 9:37am*)  
Elizabeth Hannan, Finance Director  
Andrew Rickords, Firefighter - end of term 4/26/17 (*arrived 10:29am*)  
Mike Dilley, City Appointment – end of term 5/31/17

OTHERS PRESENT: James Dobrovolny, Fund Attorney  
Ronald Eldridge, Fund Consultant

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**I. CALL TO ORDER**

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

**II. INVESTMENT BUSINESS**

Aaron Sutton and Kevan Melchiorre of First Busey Trust & Investment Co. were present. They distributed the quarterly report and reviewed the pension fund's investment activity through the quarter ending March 31, 2017. The ending value for the portfolio as of that date was \$29,192,168, showing a gain of \$1,169,931 from the previous quarter.

After discussion FF/Sec Mark Ashby made a motion to receive and file the investment report. Motion seconded by Finance Director Elizabeth Hannan and carried by voice vote.

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

**III. APPROVAL OF MINUTES**

A motion to approve the minutes from the January 6, 2017 meeting was made by Ms. Hannan, seconded by FF/Sec Ashby, and carried by voice vote.

**IV. QUARTERLY FINANCIAL REPORT**

Ron Eldridge, Fund Consultant, went over the financial report for the quarter ending March 31, 2017. He stated that there were no unusual activities in the fund for the quarter. A CD was purchased for \$63,000 and matures in January 2022. Two government bonds matured at \$58,000 and \$190,000 and four corporate bonds matured.

In January all regular pensioners received a 3% increase. All disability pensioners who were 60 years of age received a 3% increase of their original pensions, with the exception of Duane Bishop who is not yet 60.

Rod Eichorn received regular pension, after 28 years of service, effective on February 22, 2017. His pension is \$5,140.26 per month and he will receive a 12% increase in March 2021.

Joel Neal received regular pension, after 26 years of service. His pension is \$4,876.92 and his first increase will be 3% in April 2018.

Amy Richardson will receive a pension of \$3,083.89 beginning in April. Her date of resignation was March 11, 2011 with a salary of 72,800 after 20 years 4 months of service and her first increase will be 15% in May 2022.

Mr. Eldridge gave an update on the taxability of the pension of Rusty Chism's widow. He contacted several agencies and received different opinions from them. He advised that she get together with her tax attorney, file her taxes as nontaxable, and include the opinions Mr. Eldridge received from the agencies. Taxes are currently being withheld from her pension benefit. Hopefully the IRS will render an opinion on this matter.

Mr. Eldridge discussed the report from the fund actuary showing a ten year projection of the funding level from the City. He said the amount the actuary calculated the City should contribute in 2017 was \$1,599,552. The actual amount to be contributed by the City is \$942,805, which means this year they are funding at a rate of 59%. The actuary said the amount contributed by the City to the fund in the last three years is almost \$1.1 million less than the he had calculated it should be. The current unfunded liability is \$12 million, and the actuary calculated that if the City continues to fund at the minimum amount required by law, the unfunded liability will be \$16 million in 2027. The actuary's report stated the minimum required funding method is not recommended because it defers contributions to the future and is recommended for short-term budgetary relief only. It was recommended that the fund and the City work out a long term strategy over the next three to five years that will achieve reliable long-term funding. Meeting with the mayor to discuss long term funding and having the fund actuary present a report to the City Council were discussed.

FF/Sec Ashby made a motion to accept the quarterly financial report. Motion seconded by Mike Dilley and carried by voice vote.

V. **PUBLIC COMMENT**

There was none.

VI. **OLD BUSINESS**

A. **Pension physicals**

FF Rickords said he, FF/Sec Ashby and Rhonda Collins met with representatives from Carle and discussed requirements for the physicals. The Carle doctor wants two separate exams and two billings: one for the City and one for the fire pension board requirements.

B. **McDuffy response regarding retro pension**

The response from Jeff McDuffy concerning his pension was distributed to pension board members. Mr. McDuffy accepted the decision of the pension board but reserved the right to reapply on his original request if anything changes in the future.

Ms. Hannan made a motion to receive and file the letter from Jeff McDuffy. Motion was seconded by FF Rickords and carried by voice vote.

C. **Retro pension benefits – Mullins and Dodson**

Mr. Eldridge confirmed that Bob Mullins and Jim Dodson did pay pension contributions for the increased pension they received, even though they did not receive retro pay from the city when the contract with the City was settled after their retirement. Mr. Eldridge said that the pension contribution they would have paid for their retro pay had they received it, was deducted from their pension benefit.

VII. **NEW BUSINESS**

A. **Pension Benefit Changes**

These changes are included in the Financial Report. Ms. Hannan made a motion to note the benefit changes listed in the quarterly report. Motion seconded by FF Rickords and carried by voice vote.

B. **Appointment of auditor for 2017 financial report**

Mr. Eldridge suggested that the pension fund use the same auditor as the City uses, which is Baker Tilly Virchow and Krause, LLC. FF/Sec Ashby made a motion to use

Baker Tilly Virchow and Krause as the fire pension fund auditor. Motion seconded by FF Rickords and carried by voice vote.

**C. Authorization to access Edward Jones account**

Ms. Hannan stated that the policy of Edward Jones allows only pension trustees to access the account. Because Ronald Eldridge is not a trustee, he cannot have access to the Edward Jones account. Ms. Hannan said she would need two trustees to be signers on the account in addition to herself. FF Rickords said he would sign, because he will be temporary Secretary for the fund when FF/Sec Ashby's gives up the position of fund secretary. Gerald Sappenfield, as fund president also signed. The three signers for the Edward Jones account are FF Andrew Rickords, President Gerald Sappenfield and Finance Director Elizabeth Hannan.

**D. Pension Board response to DOI audit exam report**

President Sappenfield distributed the audit exam report he received from the Department of Insurance (DOI). The response to the audit was sent back to the DOI in January and Fund Attorney Jim Dobrovolny stated there was nothing more to do except receive and file the audit report. Motion to receive and file the audit report from DOI was made by Finance Director Elizabeth Hannan, seconded by FF Ashby and carried by voice vote.

**E. Board member training status**

All members must be current on required training and are responsible for keeping track of the necessary training.

**F. Board Member Terms**

Mike Dilley announced that once his term ends he will not reapply to serve on the pension board.

FF/Sec Mark Ashby said he is also giving up his position on the board, but knows others who might be interested.

Gerald Sappenfield announced his eventual retirement from the board.

Ms. Hannan made a motion to conduct elections as needed for two elected positions on the pension board. Motion seconded by FF Rickords and carried by voice vote.

**VIII. NEXT QUARTERLY MEETING**

After discussion the date for the next quarterly meeting of the Fire Pension Board is set for Friday, July 28, 2017.

**IX. ADJOURNMENT**

Having no further business to discuss, President Sappenfield adjourned the meeting at 11:15am.

Prepared by:

  
Kay McHenry  
Recording Secretary

Submitted by:

  
Mark Ashby  
Firefighter/ Fund Secretary