

URBANA FIRE DEPARTMENT PENSION BOARD OF TRUSTEES MEETING MINUTES
November 6, 2014

The Fire Pension board of Trustees of the City of Urbana, Illinois met at 9:30 am, Thursday, November 6, 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 4/26/17
Mike Dilley, City Appointment - end of term 5/31/17

MEMBERS NOT PRESENT:

OTHERS PRESENT: Ronald Eldridge, Consultant
James Dobrovlny, Attorney
Carla Tucker, Programmer, Internet Technology
Elizabeth Hannan, Finance Director
Mike Monson, Chief of Staff
Neil Kuester, CPA

CALL TO ORDER

President Sappenfield called the meeting to order at 9:30am.

NEW BUSINESS

A. *Acceptance of audit report for June 30, 2014

Mr. Ron Eldridge introduced Neil Kuester, who is a CPA with the firm Feller & Kuester. Feller & Kuester did the audit for the year ending June 30, 2014 for the Urbana Fireman's pension fund. Before discussion about the audit report began, there were questions about who pays the fund bills. Mr. Eldridge suggested that the pension fund pay the audit bill, since the fund engaged the auditors. He added that if the City desired to reimburse the fund, that would be welcome. There was a discussion concerning internal control given the small number of persons that handle the financial transactions for the fund. Mr. Eldridge indicated that internal control mainly is derived from the fact that two signatories are required to withdraw any monies from any bank. Authorized signatories are Gerald Sappenfield, Mark Ashby, and Ron Eldridge. Mr. Eldridge answered a question concerning the duties of Carla Tucker by stating that Carla Tucker writes the checks and makes the bank transfer for pension payroll as well as processing the W2 and W4 forms. Mr. Eldridge writes checks for other expenses.

Mr. Kuester reported that the pension fund was funded well last year mainly due to the stock market. The appreciation of mutual funds was up just over \$4,000,000.

After discussion, FF/Clerk Ashby made a motion to accept the audit report, and which was seconded by Mr. Dilley. The motion was carried by roll call vote as follows:

Sappenfield: aye
Dilley: aye
Ashby: aye

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 September 30, 2014. The ending value for the portfolio as of that date was \$24,386,060, showing a decline of \$89,635 from the last quarter.

After discussion about the fund benchmark, FF/Sec Ashby made a motion to change the alternate benchmark to the fund policy benchmark. The motion was seconded by FF Rickords and carried by voice vote.

There was a reminder to Mr. Sutton and Mr. McAdam to send the electronic report to the fund members a few days before each quarterly meeting.

A motion to receive and file the Busey report was made by FF/Sec Ashby, seconded by FF Rickords and carried by voice vote.

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 July 31, 2014 was made by FF/Sec Ashby and carried by roll call vote as follows:

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

QUARTERLY FINANCIAL REPORT

Mr. Eldridge presented report showing disbursements, and investments made in the quarter ending September 30, 2014. He said that Busey invested \$25,000 in the Fidelity Contra Fund. As was approved by the board at the July meeting, Busey bought \$200,000 in corporate bonds: the first was a Citicorp bond and the other was a Northrop Grumman bond. He said were no unusual activities in the Busey & money market accounts. The only change in the fund was a pay raise for Mike Dilley and a pay raise for Bob Mullins who both reached the age of 55. After discussion FF/Sec Ashby made a motion to accept the report. The motion was seconded by FF Rickords and carried by voice vote.

PUBLIC COMMENT

There was no public comment.

OLD BUSINESS

- A. An election for the position on the pension board held by FF Rickords was held at ILEAS on November 11, 2014, where he was elected by acclamation. His term had expired April 26, 2014.
- B. Discussion about Woodlake services. No agreement or contract is necessary to use their services. The discussion at the previous meeting was to decide on a case to case basis whether to use Woodlake services.

NEW BUSINESS

A. *This was item discussed at the beginning of the meeting due to time constraints of the fund auditor.

B. **Approval of tax levy to the City** – Mr. Eldridge stated that \$1,265,542 is the amount to be funded for the pension fund, which is about \$98,299 less than the amount for last year. The report with the tax levy was sent to the City in August. This amount was determined by the fund actuary, Tim Sharpe.

FF/Sec Ashby made a motion to approve the annual report to the City and the tax levy. The motion was seconded by FF Rickords and carried by roll call vote as follows:

Sappenfield – aye
Dilley - aye
Ashby – aye
Rickords – aye

C. **Rules and Regulations** – Mr. Dobrovolny went over the rules for the Open Meetings Act.

Electronic attendance in a board meeting: Allows for electronic attendance for a board member at a board meeting for one of three reasons listed below:

1. Personal illness or disability.

2. Employment purposes and or the business of the City and or the fund.
3. Family emergency or some other sort of emergency.

If a board member is unable to attend for one of the three previously listed reasons, he or she may attend electronically, but there must be three board members physically present at the meeting in order to have a quorum.

Rules of procedure for public comment and participation at a board meeting – The public may participate at board meetings pursuant to whatever rules and regulations the board has in effect. This board has no specific rules in effect and might want to consider discussing and adopting some rules at the next meeting. Mr. Dobrovolny would like to look further into the rule that the public need not identify themselves when participating in a board meeting.

This fire pension fund is a qualified plan. One of the benefits of the plan is that if a member wants to leave they can take their contribution and roll it over into an IRA or into a fund wherever they are going with no tax consequences. The income earned by the fund is tax free with no tax charged on the returns earned by the fund.

Public Act 98-1117 was signed into law by the governor on August 6, 2014 and affects what can be done in the event of an error or in payment of a benefit. Basically it says that a mistake in payment of a benefit can and should be corrected. A clause inserted in the bill it says that errors may not be corrected as long as the clause is in effect, even in the case of fraud. In order to remain a qualified fund, the IRS requires that the fund have a method by which overpayments and underpayments can be corrected, but the additional clause does not allow any corrections to be made. The IRS can remove the qualified fund status if they find that the rules were not followed and as a result the fund would have to pay taxes on all income and participants would not be able to roll benefits into an IRA when leaving a position.

NEXT QUARTER'S MEETING

The next quarterly meeting of the Fire Pension Board is set for Friday, January 23, 2015 at 9:30 am.

ADJOURNMENT – the meeting was adjourned at 11:00am.

Prepared by,

Kay Meharry

Submitted by,


Mark Ashby