

URBANA FIRE PENSION BOARD OF TRUSTEES MEETING
FRIDAY, JANUARY 25, 2019

The Fire Pension board of Trustees of the City of Urbana, Illinois met at 9:30am, Friday, January 25, 2019, in the second floor Executive Conference Room of the Urbana City Building.

MEMBERS PRESENT: Andrew Rickords, President - end of term 4/30/2021
Josh Ingold, Firefighter/Secretary – end of term 7/28/2020
Brian Hoff, Firefighter – end of term 7/28/2020
Richard Schnuer, City Appointment – end of term 6/30/2019
Elizabeth Hannan, Finance Director – end of term 6/30/2020

OTHERS PRESENT: James Dobrovolny, Fund Attorney; Carla Tucker, Fund Accountant;
Keyan Melchiorre, Busey Bank Wealth Management; Chase Jones,
Firefighter; Luke Sherman

OTHERS ABSENT: Ronald Eldridge, Fund Assistant Treasurer

1. Call to Order

President Andrew Rickords called the meeting to order at 9:34am.

2. Investment Business

Kevan Melchiorre of First Busey Trust & Investment Co. was present. He distributed the quarterly report and reviewed the pension fund's investment activity through the quarter ended December 31, 2018. The ending value for the portfolio as of that date was \$29,485,696, showing a loss of \$4,861,032 from the previous quarter. Mr. Melchiorre told the pension board that as of January 24, 2019, the fund value was \$31,247,215.

Mr. Melchiorre asked to have the changes to the fund's formal investment policy sent to Busey so it can be reflected in the financial reports. He said with the updated investment policy, he would update the percentages in the financial report and send it back for approval at the next meeting. He told board members that the percentages are as follows: 35% Active Equity; 37% Index Equity; 9% Mid Cap; 7% Small Cap; and 12% International.

Mr. Melchiorre said the Acadian Emerging Market fund was doing well, and has a 1.4% management fee. He said DFA Emerging Markets fund has a management fee of .53%, and changing from the Acadian fund to DFA would save about \$5,500 a year in fees. He suggested pulling the funds from the Acadian fund and investing them in the DFA fund.

After discussion, Ms. Hannan made a motion to sell the holdings in Acadian Emerging Markets and reinvest those funds in DFA Emerging Markets Core Equity 1. Motion seconded by FF Hoff and carried by roll call vote as follows:

Rickords, aye; Hoff, aye; Hannan, aye; Ingold, aye; Schnuer, aye

Mr. Melchiorre said there is \$1.24 million, about 4%, in cash in the fund and suggested investing \$1.18M in funds: \$450,000 in Dodge and Cox, \$450,000 in the Fidelity Contrafund and \$280,000 in T. Rowe Price. Ms. Hannan suggested investing smaller amounts, leaving a little more cash available.

After discussion, FF Hoff made a motion to move \$225,000 from the cash account to Dodge and Cox Stock Fund, \$225,000 to the Fidelity Contrafund and \$140,000 to T. Rowe Price Midcap Growth Fund. Motion seconded by Ms. Hannan and carried by roll call vote as follows:

Rickords, aye; Hoff, aye; Hannan, aye; Ingold, aye; Schnuer, aye

FF Hoff motioned to accept and receive the Busey report. Motion seconded by FF/Sec

Ingold and carried by voice vote.

The fee Busey charges the Urbana Fire Pension Fund is .002 per each dollar invested.

3. **Discussion – Fiduciary liability coverage for pension fund**

Luke Sherman, the City's insurance broker, was present to speak to trustees about their fiduciary liability. He explained that in many instances a fiduciary can be held personally liable and in the event of a lawsuit, the biggest expense the cost of defense. The City has coverage for crimes, such as theft of funds or cash, but no fiduciary coverage. Rates and policy limits were discussed.

After discussion, Ms. Hannan made a motion to ask Luke Sherman to issue a one year fiduciary liability policy with \$10,000 retention at a cost of \$3,622, and to bill it to the pension fund. Motion seconded by FF Hoff and carried by roll call vote as follows:

Rickords, aye; Hoff, aye; Hannan, aye; Ingold, aye; Schnuer, aye

4 **Approval of Minutes from Previous Meeting**

A motion to approve the minutes from the November 9, 2018 meeting was made by FF Hoff, seconded by FF/Sec Ingold, and carried by voice vote.

5. **Approval of Financial Report**

Fund Assistant Treasurer Ronald Eldridge was not present to give a financial report.

Referring to earlier discussion about the cash account, Fund Accountant Carla Tucker said \$215,000 from cash funds was used to cover pension payments for December. She said cost of living raises will be included in the upcoming pension payments, but the monthly amount will be roughly the same as December.

6. **Public Input**

There was none.

7. **Unfinished Business**

A. **Pension Physicals**

FF Hoff and FF/Sec Ingold said they were still working on this and it is deferred to the next meeting.

B. **RFP for consulting services**

Financial Director Elizabeth Hannan went over the Request for Proposals (RFP) that she, police pension board trustee Shaennon Clark, and FF Brian Hoff drafted. She said pension code requires the board to conduct a selection for an investment consultant at least every five years. Scope of services includes providing quarterly reports, attending quarterly meetings, recommending investment policies and asset allocation. Ms. Hannan said the RFP would be issued jointly for police and fire pension boards but each board would make a decision for a fund consultant. She asked board members to look over the draft and get back to her with feedback by the end of February.

C. **Addition of Fire Chief Charles Lauss to pension fund**

FF/Sec Ingold he was not sure whether Chief Lauss, as a new employee, has had an employment physical, but he is required to do so. FF Hoff said the chief has made an informal inquiry about reciprocity. Lauterbach and Amen said they could calculate the cost for reciprocity, at a fee of \$350 for calculating Urbana's portion. After discussion, it was decided that the pension fund would pay the \$350 fee for calculation of reciprocity.

Ms. Hannan made a motion for the pension fund to pay the \$350 fee for calculation of reciprocity for Chief Charles Lauss. Motion seconded by FF/Sec Ingold and carried by roll call vote as follows:

Rickords, aye; Hoff, aye; Hannan, aye; Ingold, aye; Schnuer, aye

Next meeting there will be a vote on accepting Chief Lauss into the pension fund.

8. **NEW BUSINESS**

A. Election of Pension Board Officers

Trustee elections are done annually, the second week of April, and at the next meeting after elections, the board votes on board officers.

B. Audit Report

Ms. Hannan reported that there was nothing unusual in the report. A motion to approve the audit report was made by Trustee Richard Schnuer. Motion seconded by FF/Sec Ingold and carried by voice vote.

C. Approval of annual pension increases

Ms. Hannan made a motion to approve the 3% pension increases beginning January 2019 as listed on the document provided. Motion seconded by FF/Sec Ingold and carried by voice vote.

D. Retirement of Sean O'Callaghan

FF/Sec Ingold told the board that Sean O'Callaghan retired on October 28, 2018, at the age of 50. He received a prorated benefit payment of \$335.99 in October, and his monthly pension is \$3,471.88.

A motion to approve the pension benefit for Sean O'Callaghan was made by FF Hoff, seconded by Ms. Hannan and carried by roll call vote as follows:

Rickords, aye; Hoff, aye; Hannan, aye; Ingold, aye; Schnuer, aye

9. **NEXT QUARTERLY MEETING**

The date for the next quarterly meeting of the Fire Pension Board of Trustees is set for Friday, April 26, 2019, at 9:30am.

Attorney Dobrovolny suggested the adoption of rules and regulations for the pension fund. A discussion about suggested operating guidelines for the fund will be on the agenda for the April meeting.

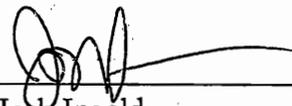
9. **ADJOURNMENT**

Having no further business to discuss, the meeting adjourned at 11:29am.

Submitted:

Kay Meharry
Recording Secretary

Date Approved: 4/26/19



Josh Ingold
Firefighter/ Fund Secretary