

**Champaign Police Pension Fund**  
**Regular Quarterly Meeting**  
**October 28<sup>th</sup>, 2010**

Meeting was called to order on 10-28-2010 @ 1335hrs by Board President Neumann

**Board members:**

Bill Neumann-President  
Don Casper – Vice President  
Pat Kelly – Secretary  
Dorothy David – Asst. Secretary  
Greg Campbell

**Others:**

Doris Lain - Lain Accounting  
Larry Krause – City of Champaign  
Rick Potter – Becker Burke  
Jeremy Seeman – Becker Burke  
George Wismiller  
Richard Schneur – City of Champaign (1500-1600)

**Old Business**

**Fixed Income Manager Interviews**

30 minutes each was provided to 3 new Fixed Income Managers, which had been picked at the prior Quarterly Board meeting.

**C. S. McKee**

Joseph burngiorno  
Jack White

**Galliard Capital Management**

David Ferry  
Erol Sonderegger

**Hillswick Asset Management**

Bob King  
Mark McDonnell

After the presentations, general discussion by the Board on the 3 managers.

Motion made by Campbell to move \$10,000,000 from Segall Bryant to Hillswick, with \$20,000,000 staying with Segall Bryant. Seconded by Casper. All in favor, motion carried. Becker Burke to prepare proper contracts and move the funds when completed.

### **Statement of Investment Policy for the Champaign Police Pension Fund**

Jeremy Seeman provided the Board with copies of an updated draft ( October 2010) Statement of Investment Policy for the Champaign Police Pension Fund, and covered the revisions, which primarily were language and terminology revisions. The Mid-Cap section was also revised, including removing Lord Abbett Mid-Cap Value, and adding Seizert Capital Partners.

Motion by David, Second by Kelly, All in favor of the revisions, motion carried.  
Copy of revised policy as "Attachment

### **Rebalancing of fund**

General Discussion of the ongoing rebalancing of the fund to stay within the Investment Policy

Motion made by Campbell:

Currently \$3,365,000 in 'cash' account, move to:

- \$350,000 to Fiduciary
- \$200,000 to Kayne Anderson
- \$50,000 to Harbor International
- \$100,000 to Euro Pacific
- \$1,150,000 to Atalanta Sosnoff

with the remainder to be moved to the Bond Manager(s) when the proper contracts are completed. (to make up the 10 million / 20 million split)

Motion seconded by Casper, All in favor, motion carried.

### **New Business**

**Request by Richard Schneur**, Director of Finance for the City of Champaign, requested to speak to the Board, regarding upcoming discussions and options to be presented to the City Council at upcoming sessions. Request granted (3:15pm)

In summary, due to the current economic situation, and revenue shortfalls, all City departments have been instructed to come up with possible options and budget cuts to present to Council. Regarding the Pension Funds (Police and Fire), the Finance Department will be bringing up several possible options to meet the goals of funding the pension funds, while cutting the budget:

*Pension Obligation Bonds* – fully fund the Police Pension Fund with Pension Obligation Bonds immediately. Savings to the City- only have to pay the normal operating cost, and

the interest rate on the bonds would be much lower than the money owed plus the interest rate currently used for the unfunded liability

*Pension Obligation Bonds*- Pay a portion (unknown how much) of the unfunded liability, with a similar savings to the City for the portion repaid, plus the additional funding of the Pension Fund would increase the Fund's income, which could further reduce the unfunded liability remaining.

*Extension of the Amortization for the unfunded liability* – short term solution to reduce capital outlay for a short time, but not a preferred solution, as it will increase the long-term debt load

*Reduction of the Assumed Rate of Return* currently being used for the calculations – request an agreement to lower the rate from the current 7% to 6.75% or 6.5%, would further reduce the unfunded liability by providing calculations closer to what the actual return rate is likely to be.

It was stressed that these were options that were to be presented to the Council to see if any were of merit to warrant further pursuit, or combining several of them to help meet the goals of the Pension Fund and the City.

Schneur was asked by President Neumann about a document retrieved from the City's Website, from the Finance Department, which showed a "Pension Reserve" fund totaling \$56,641,326. Schneur's response was that the dollar amount shown there is actually the funds in the Fire Pension Fund, as the City still manages the Fire Pension Fund.

Schneur left the Board Meeting at 4PM

### **Financial Report**

Motion by Kelly to accept, seconded by Casper, all in favor, motion carried.

### **Fiduciary Insurance**

Larry Krause was present to provide a copy of the City's Insurance Policy to confirm that the Board members are covered under the City's Wells Fargo Insurance Policy, with a \$1 million coverage amount, Board members are covered under "Other Insured"

### **Police Pension Increases**

Document provided for review for Police Pension Fund Increases that start to accrue January 01<sup>st</sup>, 2011.

Motion by Casper to accept, seconded by David, all in favor, motion carried. Document attached to these minutes as "Attachment A"

### **Changes in Pension Files since July 01<sup>st</sup>, 2009.**

Document reviewed regarding changes in the pension files, Motion by Kelly to accept, seconded by Campbell, all in favor, motion carried. Redacted (SSAN removed) copy will be attached to these minutes as "Attachment B"

Casper left the board meeting at 4:10pm

### **IDOI Letter and Legal Opinion**

Letter distributed from IDOI to Attny Charles Atwell regarding the establishment of a "Treasurer" position on the Pension Board "Attachment C"

A Resolution establishing the office of "Treasurer" elected by and from the Board Trustees was distributed and discussed. "Attachment D"

Motion made by David to adopt the resolution, seconded by Kelly, all in favor, motion carried, signed copy attached as "Attachment E"

### **"Treasurer" Board Position**

Motion made by Kelly to have Campbell serve in the position of the "Treasurer" for the Champaign Police Pension Fund Board, seconded by David, all in favor, motion carried.

### **Credible Service for Military Time**

Paperwork reviewed for Military Time buy-back to be applied to an Officer's Credible Service Time; James Rein, John Murphy, Corbitt Griffith III, and Greg Campbell. Original signed copies will be maintained in Pension Records, Redacted copies attached to the Minutes

James Rein: Motion by David, Seconded by Kelly, all in favor, motion carried, "Attachment F"

John Murphy: Motion by David, Seconded by Kelly, all in favor, motion carried, "Attachment G"

Corbitt Griffith III: Motion by David, Seconded by Campbell, all in favor, motion carried, "Attachment H"

Greg Campbell: Motion by David, Seconded by Kelly, Neumann "Yes" David "Yes", Kelly "Yes", Campbell "Abstain". Motion carried, "Attachment I"

**Financial Vouchers**

Reviewed, Motion by David to accept, seconded by Kelly, all in favor, motion carried.

**Motion to Adjourn** by David, seconded by Campbell, all in favor, meeting adjourned at 4:25pm.