

CITY OF OLNEY  
FIRE PENSION BOARD  
AUGUST 21, 2018

AGENDA #1 "CALL TO ORDER" The City of Olney Fire Pension Board met in the Fire Station at 9:02 a.m. on August 21, 2018, with Firefighter Michael Pipher presiding.

AGENDA #2 "ROLL CALL" The following members were present at roll call: City Treasurer Jane Guinn, Retired Firefighter Clarence Smith, Dave Lobacz, and Firefighter Michael Pipher. Firefighter Taylor Akers was absent. City Clerk Kelsie Sterchi was also present.

AGENDA #3 "APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON MAY 1, 2018" Mr. Smith moved to approve the Fire Pension Board minutes from May 1, 2018, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

AGENDA #4 "TREASURER'S REPORT"

4-A "Discussion: Preliminary Income and Expense May 1, 2017 - April 30, 2018" The Board was provided with a copy of an income and expense statement from May 1, 2017, through April 30, 2018.

Mrs. Guinn pointed out that the report was deemed preliminary because audit adjustments were not yet included. For the 2017/2018 year, and including the \$100,000.00 contributed by the City, the Fire Pension Fund had been favorable by \$6,887.79.

Mr. Lobacz asked for more detail on the investment fees. Mrs. Guinn replied that the fees were incurred from Morgan Stanley as their asset management fees.

4-B "Discussion: Income and Expense May 1, 2018 - July 31, 2018" The Board was provided with a copy of an income and expense statement from May 1, 2018, through July 31, 2018.

Mrs. Guinn told the Board that a total of \$85,445.79 had been received so far in income. Included in that amount was the \$76,723.14 from the first installment of the Fire Pension tax levy. An amount of \$60,980.55 had been issued so far in pension payments for the 2018/2019 year.

At this time, the Fire Pension Fund appeared to be favorable by \$24,465.24, but Mrs. Guinn reminded the Board that the Fund was expected to be unfavorable (\$61,622.00) by the end of year.

Cash on hand was currently \$214,945.82. Taking into consideration \$100,000.00 needed for safety, and the \$60,980.55 needed for pension payments over the next three months, an amount of \$53,060.71 was available to invest, if the Board wished to do so.

Mr. Lobacz felt that the Board should hold off on any new investments at this time. Mrs. Guinn agreed, noting that by the end of the year, the Board may need the \$53,060.71 to help close the gap on the unfavorable amount.

Mr. Lobacz moved to not invest the \$53,060.71 at this time, seconded by Firefighter Pipher. A majority affirmative voice vote was received.

4-C “Discussion: Investment Schedule and Maturities” The Board was provided with an investment schedule as of July 31, 2018.

Mrs. Guinn noted that a Morgan Stanley CD would be coming due in November for \$150,000.00, and another coming due in December for \$175,000.00

AGENDA #5 “MORGAN STANLEY INVESTMENTS - ERIC LAUGHLIN” Mrs. Guinn began the conference call with Mr. Laughlin at 9:08 a.m.

The Board was provided with a copy of 2<sup>nd</sup> Quarter 2018 report as prepared by Eric Laughlin. Mr. Laughlin briefly reviewed the report, noting that the issue of tariffs and a potential trade war was currently affecting the market.

As of June 30, 2018, Mr. Laughlin told that the portfolio was up by .33% for the quarter, -(0.18%) for the year, and up 2.53% since inception.

The McDonnell account was the top performer with a .54% return since inception. Overall, returns were at 2.87% since inception.

Currently, the Fund held 15.4% in equities with Morgan Stanley, 2.4% in cash, and 82.2% in fixed income, excluding funds held at LPL Financial and First National Bank.

Mr. Laughlin did not recommend making any changes at this time. He did point out that because no CD maturities were scheduled for 2020, he would recommend that the Board consider making upcoming investments into a 2020 maturity year.

Mr. Lobacz wondered if the Board should consider investing more into international equities. Mr. Laughlin indicated that he was not opposed to such a suggestion. He stated that

international equities were inexpensive, and the top performer was Europacific. If making such a transfer, Mr. Laughlin recommended moving funds from the American Growth Fund of America.

Mr. Lobacz moved to take \$5,000.00 from the American Growth Fund of America and transfer the funds to the American Europacific Growth, seconded by Mr. Smith. A majority affirmative voice vote was received.

With no further questions, the conference call ended at 9:31 a.m.

AGENDA #6 “LPL FINANCIAL - KATIE FEHRENBACHER” Ms. Fehrenbacher was unable to attend the meeting, so no discussion was had on this topic.

AGENDA #7 “DISCUSSION/APPROVE ANY INVESTMENTS” Action on this topic was taken under Agenda #5.

AGENDA #8 “DISCUSSION/AUTHORIZATION: WITHDRAWAL OF PENSION FUND CONTRIBUTIONS” Ben Siemer had recently resigned as a City of Olney firefighter. As a result, Mr. Siemer had requested return of funds he had invested into the Fire Pension Fund in the amount of \$4,373.36.

Firefighter Pipher moved to authorize the withdrawal of \$4,373.36 from the Fire Pension Fund from contributions made by Ben Siemer, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

AGENDA #9 “AUTHORIZE REIMBURSEMENT OF DEPARTMENT OF INSURANCE COMPLIANCE FEE INVOICE” Mrs. Guinn told the Board that an invoice was received from the Department of Insurance in the amount of \$431.20 for the compliance fee. The invoice was due in June of this year, so the City paid the invoice out of the General Fund at that time. Mrs. Guinn was seeking authorization to reimburse the City’s General Fund in the amount of \$431.20 from the Fire Pension Fund.

Mr. Lobacz asked why a compliance fee was charged. Mrs. Guinn assumed it was because the Department monitored the Fire Pension Fund and reviewed the annual statement.

Mrs. Guinn moved to reimburse the City of Olney General Fund with \$431.20 from the Fire Pension Fund, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

AGENDA #10 “DISCUSSION/APPROVAL: APPLICATION FOR MEMBERSHIP INTO THE FIRE PENSION FUND” Mitchell Pflaum had recently been hired as a full-time firefighter. Mrs. Guinn was in possession of his Application for Membership into the Fire Pension Fund.

Firefighter Pipher moved to approve Mitchell Pflaum's Application for Membership into the Fire Pension Fund, seconded by Mrs. Guinn. A majority affirmative voice vote was received.

AGENDA #11 "PUBLIC COMMENTS/PRESENTATIONS" No one from the public was present.

AGENDA #12 "SCHEDULING OF NEXT MEETING" The next meeting of the Fire Pension Board was scheduled for October 30, 2018, at 9:00 a.m.

AGENDA #13 "ADJOURN" Mr. Smith moved to adjourn, seconded by Firefighter Pipher. A majority affirmative voice vote was received.

The Fire Pension meeting adjourned at 9:38 a.m.

Clarence Smith  
Secretary