

CITY OF OLNEY
FIRE PENSION BOARD
DECEMBER 4, 2018

AGENDA #1 "CALL TO ORDER" The City of Olney Fire Pension Board met in the Fire Station at 9:00 a.m. on October 30, 2018, with Dave Lobacz presiding.

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

AGENDA #3 "APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON OCTOBER 30, 2018" Mrs. Guinn moved to approve the Fire Pension Board minutes from October 30, 2018, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #4 "RESCIND ACTION FROM OCTOBER 30, 2018, MEETING NAMING MITCHELL PFLAUM AS VICE PRESIDENT" Mrs. Guinn recommended rescinding the action as listed above because Dave Lobacz was Vice President.

Mrs. Guinn moved to rescind action from October 30, 2018, meeting that named Firefighter Mitchell Pflaum as Vice President, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #5 "TREASURER'S REPORT"

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

Mrs. Guinn reported that all of the Fire Pension tax levy money had been received. Pension payments were as expected.

Mrs. Guinn believed that two months of pension payments would be needed until the next maturity date. Deducting the \$100,000.00 safety amount, Mrs. Guinn felt that the Board had \$223,727.60 available to invest. Of that amount, \$220,946.32 was in the Morgan Stanley money market account where it was earning interest of 2.1%.

5-B "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of November 30, 2018.

Mrs. Guinn noted that one CDs would be coming due in the current month. The Talcott annuity would come due in January of 2019. Previously, the Board had discussed not allowing for the annuity to renew.

Mr. Lobacz moved to not allow the Talcott annuity to renew in January of 2019, and to have the funds roll over into the Morgan Stanley money market account, seconded by Firefighter

Pflaum. A majority affirmative voice vote was received.

AGENDA #6 "MORGAN STANLEY INVESTMENTS – ERIC LAUGHLIN" The conference call with Eric Laughlin began at 9:07 a.m.

Mrs. Guinn recommended talking about the CD set to come due on December 10, 2018, in the amount of \$175,000.00. Mr. Laughlin stated that he recommended rolling over the CD into the money market account upon the maturity. The money market account was earning 2.1%, with the chance of interest rates rising again in the near future. The benefit of the money market account would be that the funds would not be locked in as they would with a CD.

The conference call ended at 9:10 a.m.

AGENDA #7 "AUTHROIZE NOT RENEWING TALCOTT ANNUITY & INVEST INTO MONEY MARKET ACCOUNT" Action on this was taken under Item 5-B.

AGENDA #8 "DISCUSSION/APPROVE ANY INVESTMENTS" Mrs. Guinn moved to have the CD maturing on December 10, 2018, be rolled over into the Morgan Stanley money market account, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #9 "AUTHORIZE REIMBURSEMENT/PAYMENT OF INVOICES" Mrs. Guinn had three invoices that need to be paid out of the Fire Pension Fund. The first was for \$1,800.00 to Kemper CPA Group for their work on the annual report, another in the amount of \$2,000.00 for Art Tepfer's actuarial report, and the last one in the amount of \$9,386.00 for fiduciary insurance.

Mr. Lobacz asked where the fiduciary insurance was purchased. Mrs. Guinn replied that fiduciary insurance was a part of the City's insurance plan.

Mr. Lobacz then asked if Kemper CPA Group charged the Police Pension the same amount for their work on the annual report and if Mr. Tepfer charged the same for the Police Pension actuarial report. Mrs. Guinn confirmed.

Firefighter Pflaum moved to authorize reimbursement and/or payment for the invoices listed above, seconded by Mrs. Guinn. A majority affirmative voice vote was received.

AGENDA #10 "REVIEW ART TEPFER ACTUARIAL REPORT FOR FIRE PENSION FUND" Mrs. Guinn passed around Mr. Tepfer's actuarial report for the Fire Pension Fund. The Fund was still underfunded. The funded amount was at 64.5%.

Mr. Lobacz wondered what the City Council would do to help the underfunding. Mrs. Guinn replied that the topic was briefly discussed at the last Council meeting. Mr. Tepfer recommended a minimum levy amount of \$156,730.00. Pension payments and other expenses added on to Mr. Tepfer's total would come to \$171,183.00. The problem was that next year's pension payments alone were expected to be about \$250,650.00. Mrs. Guinn instead recommended levying \$259,888.00.

Mrs. Guinn then informed the Board that one member of the Council flat-out stated that they would not vote for any increase in the tax levy. The other Council members did not make much comment.

AGENDA #11 “REVIEW & APPROVE THE REQUIRED REPORTING TO THE MUNICIPALITY REPORT” Mrs. Guinn distributed the Required Reporting to the Municipality Report.

Mrs. Guinn moved to approve the Required Reporting to the Municipality Report, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #12 “REVIEW & APPROVE THE RECOMMENDED 2018/2019 TAX LEVY FOR THE FIRE PENSION” The Board was provided with a copy of the proposed tax levy for the Fire Pension. Some discussion on this topic took place under Agenda #10.

Being a new member of the Board, Firefighter Pflaum wanted to clarify some information. Because the actuaries did not believe the Fire Pension Fund had enough funds necessary to be funded, he asked if raising taxes would help the problem. Mrs. Guinn confirmed.

Firefighter Pflaum asked what other options were available, other than a tax increase. Mrs. Guinn replied that the only other option would be to make severe cuts in other City spending. The City was obligated to make these pension payments, and the money had to come from some place.

Mr. Lobacz added that many pension funds in the State were technically underfunded, include the City’s Police Pension and IMRF. It was Mr. Lobacz’s opinion that laws would need to be changed in the future because the current pension system was not working.

Firefighter Pflaum asked why the investments were making enough money to support the Fund. Mrs. Guinn replied that such pension funds were restricted on what types of investments could be made. Until the Fire Pension Fund got up to \$2,500,000.00, only 10% to be invested into equities. The City had also been making additional contributions to the fund, as able.

There was then some brief discussion on the differences between private and public sector retirement plans and management.

Firefighter Pflaum relayed his reservation about wanting to increase taxes. Mr. Lobacz and Mrs. Guinn understood. The State’s actuarial reports did not do the Fire or Police Pensions any favors. Because of this, a third party actuary was hired to really evaluate the Fund and come up with better recommendations to improve the underfunding.

Mrs. Guinn moved to approve the recommended 2018/2019 tax levy for the Fire Pension, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

Firefighter Pflaum exited the meeting at 9:39 a.m. to help a resident locate Firefighter

Sptizner.

Mr. Lobacz asked Mrs. Guinn to please forward electronic copies of Mr. Tepfer's actuary report and the Required Reporting to the Municipality Report. He also requested that Mrs. Guinn e-mail some of the meeting documents before the meeting.

Firefighter Pflaum returned to the meeting at 9:40 a.m.

AGENDA #13 "AUTHORIZE TRAINING HOURS WITH RICK RUNYON ON DECEMBER 12 & 13, 2018, AT 8:00 A.M." Rick Runyon would be facilitating the training session for Fire and Police Pension Board members at the Fire Station on December 12 and 13, 2018, at 8:00 a.m.

Firefighter Pflaum commented that Firefighter Akers was on sick leave and would not be able to attend the training. Mrs. Guinn was concerned because Firefighter Akers was already behind on his training hours.

Firefighter Pflaum asked if the training could be rescheduled. Mrs. Guinn replied that it could not be rescheduled due to Mr. Runyon's schedule and the fact that it needed to be completed by the end of the month.

Mrs. Guinn would speak with Firefighter Akers. In the worst case scenario, Mr. Runyon might be able to work out something to get Firefighter Akers caught up.

Mrs. Guinn moved to authorize training hours with Rick Runyon on December 12 and 13, 2018, at 8:00 a.m. at the Fire Station, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

AGENDA #14 "APPROVE PENSION PAYMENT INCREASES EFFECTIVE JANUARY 1, 2019" Firefighter Pflaum asked why pension payment increases were being given when the Board had just discussed the underfunding issue with the Fire Pension Fund and subsequently voted to raise taxes. Mrs. Guinn informed Firefighter Pflaum that the increases were due to State mandate. The State dictated that as of January 1st of each year, qualifying retirees were to receive a 3% increase on their pension payments. The City really had no choice in the matter.

Mr. Lobacz asked for Mrs. Guinn to e-mail him the beneficiary list.

Mrs. Guinn moved to approve pension payment increases for qualifying retirees as of January 1, 2019, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #15 "PUBLIC COMMENTS/PRESENTATIONS" No one from the public was present.

AGENDA #16 "SCHEDULING OF NEXT MEETING" The next meeting of the Fire Pension Board was scheduled for March 26, 2019, at 9:00 a.m.

AGENDA #17 "ADJOURN" Firefighter Pflaum moved to adjourn, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

The Fire Pension meeting adjourned at 10:00 a.m.

Mitchell Pflaum
Asst. Secretary