

CITY OF OLNEY
FIRE PENSION BOARD
DECEMBER 7, 2016

AGENDA #1 “CALL TO ORDER” The City of Olney Fire Pension Board met in the Fire Station at 9:00 a.m. on December 7, 2016, with Captain Mike Hill presiding.

AGENDA #2 “ROLL CALL” The following members were present at roll call: City Treasurer Sanders, Retired Firefighter Clarence Smith, Firefighter Michael Beam and Fire Captain Mike Hill. Dave Lobacz was absent. City Clerk Kelsie Sterchi and Assistant City Treasurer Jane Guinn were also present.

AGENDA #3 “APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON NOVEMBER 7, 2016” Mr. Sanders moved to approve the Fire Pension Board minutes from November 7, 2016, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #4 “TREASURER’S REPORT”

4-A “Discussion: Income and Expense May 1, 2016 - November 30, 2016” The Board was provided with a copy of an income and expense statement from May 1, 2016, through November 30, 2016.

Mr. Sanders explained that total income from May 1, 2016 through November 30, 2016, came to \$151,461.78. Expenses for the same time frame totaled \$111,482.36. Net income totaled \$39,979.42. Monthly pension payments were at \$19,600.00.

4-B “Discussion: Investment Schedule and Maturities” The Board was provided with an investment schedule as of November 30, 2016.

Mr. Sanders told the Board that a CD at TrustBank was set to mature on January 12, 2017, in the amount of \$162,372.94. Other than that CD, there would be no maturities until March of 2018.

Mr. Sanders detailed 12 or 16 month investment scenarios. The 16 month scenario could leave funds a bit tight for monthly pension payments. Even at a worst case scenario, funds from the money market account could be used, but the Fund would lose its .35% interest rate if the money market account dipped below \$100,000.00.

A listing of CD investment options was then distributed by Mr. Sanders. The rates shown from Investment Centers of America were the best. A six month CD could draw .85%, a nine month CD could draw .90%, and a twelve month CD could draw 1.05%. If the Board decided to invest in one of these CDs, the rate would be contingent upon the CD still being available.

Captain Hill wondered if the Board should do the nine month CD to be certain that all needed money would be available. While that option would be safer, it was Mr. Sanders’ opinion that the Board could confidently take full advantage of the twelve month CD option. He reminded the Board that the money market account would be available if extra funds were needed.

AGENDA #5 “AUTHORIZE ANY NEW INVESTMENTS OF FUNDS” Mr. Smith moved to invest \$100,000.00 in a 12 month CD at Investment Centers of America with a 1.05% interest rate, seconded by Firefighter Beam. A majority affirmative voice vote was received.

Firefighter Beam moved to approve the Treasurer’s Report, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #6 “FIREMAN PENSION TAX LEVY RECOMMENDATION” Mr. Sanders explained that the Illinois Department of Insurance’s (IDOI) actuarial report had not been received, but the actuarial report from Art Tepfer had been received.

In his report, Mr. Tepfer included two recommendations. The first recommendation was a minimum recommended tax levy amount of \$106,006.00. The second recommendation was a statutory minimum recommended tax levy amount of \$85,879.00.

Additional Fire Pension Fund expenses would include \$1,800.00 for the annual report created by Kemper CPA Group, fiduciary insurance in the amount of \$8,653.00, and Art Tepfer’s expected actuarial service fee of \$2,200.00.

Historically, the Fire Pension Board had made additional contributions. With this in mind, Mr. Sanders included an assumed \$14,860.00 that would be contributed.

Mr. Sanders suggested using Mr. Tepfer’s recommended minimum amount, plus the fee additions. This would total \$118,659.00. With the \$14,860.00 worth of additional contributions, Mr. Sanders recommended that the Board consider \$133,519.00 to be levied.

After a full and complete discussion, Firefighter Beam moved to approve and recommend to the Olney City Council the proposed \$133,519.00 Firefighter’s Pension Fund Tax Levy for the upcoming year, including the Fiduciary Liability Insurance premium of \$8,653.00, the estimated third party Actuarial Service fee of \$2,200.00, Kemper CPA Group LLP. Annual Report fee of \$1,800.00, and the additional allocation to reduce underfunding of \$14,860.00, in addition to Art Tepfer Consulting Group, LLC.’s suggested tax levy of \$106,006.00.

The motion was seconded by Mr. Smith. The motion was approved by a vote of four in favor and zero opposed.

AGENDA #7 “REQUIRED REPORTING TO MUNICIPALITY” Mr. Sanders distributed a draft of the Required Reporting to Municipality as required by 40 ILCS 5/4-134.

Captain Hill asked what P.A. 93-068 was as listed under item four in the report. Mr. Sanders was not certain, but believe it was a state statute recently enacted.

Mr. Smith moved to approve the Required Reporting to Municipality as of April 30, 2016, seconded by Firefighter Beam. The motion was approved by a vote of four in favor and zero opposed.

AGENDA #8 "AUTHORIZE PAYMENT OF IPF CONSULTING (ART TEPFER) INVOICE" Mr. Sanders told the Board that Mr. Tepfer's invoice came in the amount of \$2,000.00 for this year's actuarial report.

Firefighter Beam moved to authorize payment of IPF Consulting's invoice in the amount of \$2,000.00, seconded by Mr. Smith. The motion was approved by a vote of four in favor and zero opposed.

AGENDA #9 "AUTHORIZE PAYMENT OF FIDUCIARY LIABILITY INSURANCE PREMIUM" Mr. Sanders was in receipt of the fiduciary liability renewal premium. The insurance would be for \$2,000,000.00 per claim and aggregate with a \$25,000.00 deductible. The premium was in the amount of \$8,653.00 and would be paid out of already levied funds.

After a full and complete discussion, Mr. Smith moved to accept the Federal Insurance Company quote as provided by Arthur J. Gallagher for fiduciary liability insurance for the Firefighters Pension Fund with a limit of \$2,000,000.00 and \$25,000.00 deductible. Further moved that the City Treasurer is hereby authorized to bind the coverage and pay the annual premium of \$8,653.00 from available Firefighters Pension funds.

The motion was seconded by Firefighter Beam. The motion was approved by a vote of four in favor and zero opposed.

AGENDA #10 "APPROVE PENSION BENEFIT MONTHLY PAYMENT INCREASES FOR 2017" With the exception of Judy Umfleet and Rusty Holmes, pension benefits would increase by 3% for 2017.

Firefighter Beam moved to approve a 3% increase in pension benefit monthly payments for retirees excluding Judy Umfleet and Rusty Holmes for 2017, seconded by Mr. Smith. The motion was approved by a vote of four in favor and zero opposed.

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 would be held on March 21, 2017, at the Fire Station.

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

The Fire Pension meeting adjourned at 9:32 a.m.

Clarence Smith
Secretary