

CITY OF OLNEY  
FIRE PENSION BOARD  
MARCH 26, 2019

AGENDA #1 "CALL TO ORDER" The City of Olney Fire Pension Board met in the Fire Station at 9:00 a.m. on March 26, 2019, with Firefighter Taylor Akers presiding.

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

AGENDA #3 "APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON DECEMBER 4, 2018" Mr. Lobacz moved to approve the Fire Pension Board minutes from December 4, 2018, seconded by Mrs. Guinn. A majority affirmative voice vote was received.

AGENDA #5 "TREASURER'S REPORT"

4-A "Discussion: Income and Expense May 1, 2018 – February 28, 2019" The Board was provided with a copy of an income and expense statement from May 1, 2018, through February 28, 2019.

Mrs. Guinn reported that income and expense was running on schedule. She stated that four months worth of pension payments would need to be available. She felt that the Board could invest \$350,000.00.

5-B "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of February 28, 2019.

Mrs. Guinn pointed out that four CDs would be coming due in 2019. Past that, the next closest maturity date would be in 2021, and that would be on the Voya.

Mr. Lobacz exited the meeting at 9:02 a.m.

Mrs. Guinn then briefly went over the maturity dates from current to 2021.

Mr. Lobacz returned to the meeting at 9:03 a.m.

Mr. Lobacz recommended investing into either a 12 month or 18 month CD as it was not believed that interest rates would hike any more in 2019.

Mrs. Guinn recalled that Morgan Stanley's Eric Laughlin had recommended backing off of CDs for now due to new regulations related to pension funds.

Mr. Lobacz asked if a full safety amount of \$100,000.00 was truly needed. Mrs. Guinn replied that the safety amount could help float pension payments or other unforeseen expenses that could come up. An amount of \$54,000.00 for safety was being held at First National Bank, with the remainder being held in the Morgan Stanley money market account.

Mr. Lobacz wondered if the safety amount could be lowered to \$50,000.00. Mrs. Guinn felt

that would probably be acceptable. She added that when needed, checks were written out of the First National Bank account and deposited to the TrustBank operating account where the pension payments were allocated. No balance was regularly kept at TrustBank for the Fire Pension Fund.

Mr. Lobacz felt it seemed cumbersome to have multiple accounts, but understood that it was good for multiple local banks to have some business.

Mr. Lobacz moved to approve the Treasurer's Report, 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 9:13 a.m.

Mr. Laughlin briefly reviewed the fourth quarter performance report. He noted that the fourth quarter was the worst fourth quarter that the stock market had seen since Fall of 2011. December of 2018 was the worst month since February of 2009. Recession rumors were going around. While Mr. Laughlin agreed that things were slowing down, he did not think a recession was immediate.

The performance for the fourth quarter was (\$17,500.64) with performance for 2018 was (\$9,828.37). Performance since inception was \$145,166.56.

Because the international markets were much less expensive than the U.S. markets for the time being, Mr. Laughlin suggested moving \$5,000.00 from U.S. to international. Specifically, he recommended taking the money from the American Investment Company of America Fund and placing it into the American Europacific Growth Fund.

Mr. Laughlin also recommended taking \$20,000.00 from the stock account and moving it into the federate money market account. While CD rates were coming in higher than the rates of the money market account, he did not recommend locking up the funds when similar increases could be reflected in the money market account. The new State rules regarding pension funds and CDs were still up in the air, which also led to Mr. Laughlin's recommendations.

Mr. Lobacz agreed with Mr. Laughlin. Mr. Lobacz also asked Mr. Laughlin if there was an annuitant. Mr. Laughlin confirmed that the annuitant was Michael Hill. Mr. Laughlin continued that part of the Voya guaranteed 2.4% while the other part was dependent upon the S&P, but was capped at 4.4%. Additionally, Mr. Laughlin believed that this annuity was viewed as fixed income by the Illinois Department of Insurance.

On the anniversary of the annuity, Mr. Laughlin wanted to look into changing the rate.

Mr. Lobacz wondered if Mrs. Guinn would need to sign off on any changed rates with the annuity. Mr. Laughlin did not believe so, but would be in touch with Mrs. Guinn if that changed. AGENDA #6 "DISCUSSION/APPROVE ANY INVESTMENTS" Mr. Lobacz moved to transfer \$20,000.00 from the stock account to the money market account, and to transfer \$5,000.00 from the American Investment Company of America Fund to the American Europacific Growth Fund, seconded by Mr. Smith. A majority affirmative voice vote was received.

The conference call with Mr. Laughlin ended at 9:44 a.m.

AGENDA #7 "AUTHORIZE REIMBURSEMENT/PAYMENT OF INVOICES" Mrs. Guinn told the Board that an invoice was received and paid by the City of Olney. Mrs. Guinn was seeking authorization to reimburse the City of Olney in the amount of \$600.00 for the annual training that took place in December of 2018.

Mr. Lobacz moved to authorize reimbursement of \$600.00 to the City of Olney for the annual training, seconded by Firefighter Akers. A majority affirmative voice vote was received.

AGENDA #8 "DISCUSSION/POSSIBLE ACTION: FIRE PENSION 2019/2020 PROPOSED BUDGET" Mrs. Guinn distributed a proposed budget for the Fire Pension's 2019/2020 budget. The night before, Mrs. Guinn presented the proposed budget to the City Council. The Council would take formal action on the budget at their last meeting in April.

Looking at the proposed budget, Mrs. Guinn pointed out that revenue was increasing from \$196,811.00 to \$311,144.00 due to the tax levy increase and the \$44,000.00 contribution from the General Fund.

Expenses would be very similar to 2018/2019, but pension payments would always show some increase due to the yearly required increases.

Overall, the budget for 2019/2020 was projecting to be favorable by \$37,748.00. For 2018/2019, the budget was projecting to be unfavorable by (\$81,188.00). Mrs. Guinn would be requesting from the Council an infusion of \$100,000.00 into the Fire Pension Fund for 2018/2019.

Mr. Lobacz moved to approve the Fire Pension 2019/2020 proposed budget, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #9 "PUBLIC COMMENTS/PRESENTATIONS" No one from the public was present.

AGENDA #10 "SCHEDULING OF NEXT MEETING" The next meeting of the Fire Pension Board was scheduled for July 9, 2019, at 9:00 a.m.

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

The Fire Pension meeting adjourned at 9:50 a.m.

Clarence Smith  
Secretary