

CITY OF OLNEY
FIRE PENSION BOARD
MAY 28, 2020

AGENDA #1 CALL TO ORDER The City of Olney Fire Pension Board met in the Fire Station at 9:00 a.m. on May 28, 2020, with Firefighter Taylor Akers presiding.

AGENDA #2 ROLL CALL The following members were physically present at roll call: Retired Firefighter Clarence Smith, Firefighter Taylor Akers, Firefighter Daron Harmon, and City Treasurer Jane Guinn. City Clerk Kelsie Sterchi was also present. Section 6 of Governor Pritzker's COVID-19 Executive Order No. 5 allowed for attendance to take place via video, audio, and/or telephonic means. Attending by video and audio was Leon Stallard.

AGENDA #3 APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON MARCH 3, 2020 Mr. Smith moved to approve the Fire Pension Board minutes from March 3, 2020, seconded by Firefighter Harmon. A majority affirmative voice vote was received.

AGENDA #4 TREASURER'S REPORT

4-A "Discussion: Preliminary Income and Expense May 1, 2019 – April 30, 2020" The Board was provided with a copy of a preliminary income and expense statement from May 1, 2019, through April 30, 2020.

Mrs. Guinn explained that the statement was preliminary as the auditors had yet to review the Fire Pension Fund for 2019/2020 to make adjustments and record additional income from investments and any investment fees. Once the audit was complete, she would provide the Board with an updated copy.

As it stood, the 2019/2020 income budget looked to end about (\$18,596.15) unfavorably. The 2019/2020 expense budget looked to end about (\$14,544.97) unfavorably. Mrs. Guinn believed that the 2019/2020 budget would end closer to budget by the time the auditors made the final entries.

Mrs. Guinn also believed that five months worth of pension payments would be needed on hand until the next meeting. She expected to receive an installment of tax levy payments by the end of August or early September.

Mrs. Guinn also believed that the Board could invest up to \$975,339.61, if desired. Currently, that money was being held in the money market account with Morgan Stanley.

4-B "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of May 12, 2020.

Mrs. Guinn told the Board that the Fund held a total cash amount of \$1,071,055.41. The Voya annuity would expire in 2021. Additionally, some fixed and variable money was being held with Morgan Stanley.

AGENDA #5 MORGAN STANLEY INVESTMENTS – ERIC LAUGHLIN The conference call with Eric Laughlin began at 9:06 a.m.

Mr. Laughlin explained that hard copy information could not be provided as the Morgan Stanley offices were currently closed due to COVID-19. He indicated he could e-mail the information, if desired.

Because the portfolio held enough bonds, Mr. Laughlin stated that as of earlier that morning, the portfolio was positive. He was interested in moving some cash into equities.

Mr. Laughlin then briefly discussed how COVID-19 had negatively affected the markets. Overall, Morgan Stanley was optimistic about the recovery of the economy. Instead of believing the recovery would come in a “U” shape, Morgan Stanley believed it would be more of a “V” shape with quick recovery.

Mr. Laughlin then reported that year-to-date, the account was down by (2.14%). As of yesterday, the account was up by .41%.

Mr. Laughlin indicated that the money market account was no longer earning interest because of the Federal Reserve. Mr. Laughlin recommended moving \$10,000.00 into the American Funds Investment Company of America. Mr. Laughlin’s main reason for doing so was because “big tech” was still doing so well, and that choice would be less expensive than technology stocks.

Firefighter Harmon wondered how the American Funds Investment Company of America had fared during the height of the COVID-19 panic. Mr. Laughlin replied that overall, it had performed sufficiently. He noted that the Fire Pension Fund was a long-term fund, and thinking in long-term ways would be beneficial. Additionally, Mr. Laughlin felt if there was another resurgence of COVID-19, that everyone would be much more prepared.

Mr. Stallard agreed with Mr. Laughlin. He felt that finding fixed income over the next couple of years would be difficult. Along the way, there would be additional bumps in the road, and the upcoming election would also affect the markets. He agreed that the market would take off and do well once COVID-19 passed.

AGENDA #6 DISCUSSION/APPROVE ANY INVESTMENTS Mr. Stallard moved to transfer \$10,000.00 from the money market account into the American Funds Investment Company of America, seconded by Mrs. Guinn. A majority affirmative voice vote was received.

The conference call ended at 9:24 a.m.

AGENDA #7 AUTHORIZE REIMBURSEMENT/PAYMENT OF INVOICES Mrs. Guinn told the Board that because the fiscal year for 2019/2020 closed at the end of April, one invoice needed to be paid. This was the invoice from Frontier Community College in the amount of \$496.00 for training. Additionally, an invoice had been received in the new 2020/2021 fiscal year from the IDOI in the amount of \$454.93 for the compliance fee.

Firefighter Harmon moved to approve the payment of \$496.00 for training and \$454.93 for the compliance fee, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #8 DISCUSSION/POSSIBLE ACTION: ACTUARIAL VALUATION FOR 2020

Mrs. Guinn stated that for the past few years, the Board had utilized Art Tepfer as a third-party actuary for the Fire Pension Fund. Mrs. Guinn had received word that Mr. Tepfer had decided to retire. Because of this, the Board would need to decide whether or not to seek out a new third-party actuary or to only utilize the IDOI's actuarial reports each year.

Mrs. Guinn stated that the Police Pension Board had chosen to save the money on a third-party actuary, and only use the IDOI's report as guidance. They anticipated to levy a bit more than the IDOI would recommend.

Mr. Stallard wondered why a third-party actuary had been used. Mrs. Guinn replied that the IDOI's actuarial recommendations ended up not being appropriate and largely contributed to the underfunding. Because of this, the Fire and Police Pension Boards had sought out a third-party actuary to see how his recommendations compared. Mr. Tepfer's actuarial recommendations, in most cases, came in higher than IDOI's recommendations.

Firefighter Akers recalled that once the downstate pensions were consolidated, a third-party actuary would be of no use. Mrs. Guinn agreed. The pension consolidations were in the middle of a 30-month transition period. Mrs. Guinn added that Mr. Tepfer charged \$2,000.00 for his services, and it was likely that a new actuary would charge more.

Firefighter Harmon wondered what other actuaries would be available. Mrs. Guinn did not know. To her knowledge, there were none in the area. She also asked the auditors, and they did not know either.

Firefighter Harmon moved to not seek out a new third-party actuary, seconded by Firefighter Akers. A majority affirmative voice vote was received.

AGENDA #9 ELECTION OF OFFICERS Mrs. Guinn told the Board that it was the time of year to again elect officers. Additionally, Firefighter Harmon was now a part of the Board. She also pointed out that per State statute, she was required to be the Treasurer.

Firefighter Akers moved to elect himself as President, Firefighter Harmon as Vice President, Mr. Smith as Secretary, and Mr. Stallard as Trustee, seconded by Mr. Stallard. A majority affirmative voice vote was received.

AGENDA #10 UPDATE: STATE OF ILLINOIS CONSOLIDATION OF DOWNSTATE PENSION PLANS AND TRAINING REQUIREMENTS

Mrs. Guinn informed the Board that as part of the consolidation, training requirements were cut in half. However, a new, four hour training would be required on the consolidation itself. Rick Runyon had indicated that he would be willing to conduct the training. He would try to schedule a time this Summer to take care of that four hour training.

AGENDA #11 PUBLIC COMMENTS/PRESENTATIONS No one from the public wished to speak.

AGENDA #12 SCHEDULING OF NEXT MEETING The next meeting of the Fire Pension Board was scheduled for September 3, 2020, at 9:00 a.m.

AGENDA #13 ADJOURN Mrs. Guinn moved to adjourn, seconded by Firefighter Harmon. A majority affirmative voice vote was received.

The Fire Pension meeting adjourned at 9:39 a.m.

Clarence Smith
Secretary