

CITY OF OLNEY
FIRE PENSION BOARD
NOVEMBER 12, 2019

AGENDA #1 CALL TO ORDER The City of Olney Fire Pension Board met in the Fire Station at 9:02 a.m. on November 12, 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, Firefighter Mitchell Pflaum, and City Treasurer Jane Guinn. City Clerk Kelsie Sterchi and Firefighter Daron Harmon were also present. Dave Lobacz was absent.

AGENDA #3 APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON OCTOBER 8, 2019 Mrs. Guinn moved to approve the Fire Pension Board minutes from October 8, 2019, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #4 TREASURER'S REPORT

4-A "Discussion: Income and Expense May 1, 2019 – October 31, 2019" The Board was provided with a copy of an income and expense statement from May 1, 2019, through October 30, 2019.

Mrs. Guinn told the Board that several expenses would be paid out by the end of the fiscal year. She believed that the income and expenses would break even by the end of the year.

Mrs. Guinn expected that the fund would need to set aside 10 months worth of pension payments since the next infusion from the tax levy would not be received until August or September of 2020. With this in mind, Mrs. Guinn believed that the Board could invest about \$650,000.00, if they wished to do so.

4-B "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of October 31, 2019.

Mrs. Guinn pointed out that about \$300,000.00 worth of CDs would be coming due by the end of 2019. The Board could choose to reinvest that money into CDs or utilize another option.

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

AGENDA #5 MORGAN STANLEY INVESTMENTS – ERIC LAUGHLIN The conference call with Eric Laughlin began at 9:07 a.m.

Firefighter Pflaum was aware that legislation was being discussed on combining the downstate fire and police pension funds. He was curious on Mr. Laughlin's opinion on that possibility.

Mr. Laughlin explained that such discussions had taken place several times over the years, but this current proposal seemed to have legs. Mr. Laughlin believed that if passed, the transition would be quite expensive. More than anything, Mr. Laughlin believed that the funding problem was a statute problem. He noted that IMRF had no investment restrictions. Mrs. Guinn added that the State wanted to set up the downstate fire and police pensions similar to IMRF.

If the legislation passed, Mr. Laughlin stated that the fire and police pension funds would still need a local board, but they would no longer need an actuary or investment services. The local boards would also need to handle disability hearings.

Mrs. Guinn clarified that even if the downstate fire and police pensions were combined into a bigger fund pool, the City of Olney's monies would still be earmarked for Olney only. The purpose of combining the pensions would be to allow for bigger and better investments.

Speaking on the possibility of authorizing new investments, Mr. Laughlin still recommended to keep funds in the sweep account. Mrs. Guinn questioned whether that would be best if the \$2,500,000.00 would not be reached for the next few years. Mr. Laughlin replied that since he would be corresponding each quarter, if a better opportunity arose, he could advise at that time.

Firefighter Harmon asked if IMRF would absorb the downstate pensions. Mrs. Guinn replied that IMRF would not absorb the downstate pensions. She expected they would be separate, but structured like IMRF.

The conference call ended at 9:34 a.m.

AGENDA #6 DISCUSSION/APPROVE ANY INVESTMENTS Firefighter Pflaum moved to have all funds from remaining CDs that would be maturing in 2019 roll over into the sweep fund, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #7 REVIEW & ACCEPT ACTUARIAL REPORT FOR THE FIRE PENSION FUND FROM TEPFER CONSULTING AND THE ILLINOIS DEPARTMENT OF INSURANCE

Mrs. Guinn showed the Board Mr. Tepfer's actuarial report, and the actuarial report received from the Illinois Department of Insurance (IDOI). The IDOI report stated that the Fire Pension was 49% funded. The fund's liabilities were at \$4,901,075.00 with \$2,394,910.00 in assets.

Mr. Tepfer's report suggested that the Fire Pension was 65.83% funded. He also reported that the liabilities for inactive participants represented almost 85% of the total liabilities. This was a disturbing and unfavorable statistic. The goal on liabilities for inactive participants should be closer to 45%. Mr. Tepfer did not believe that the fund was in good shape. The fund was disbursing much more than it was making.

Firefighter Akers moved to accept the actuarial reports for the Fire Pension Fund from Tepfer Consulting and the IDOI, seconded by Firefighter Pflaum. A majority affirmative voice

vote was received.

AGENDA #8 REVIEW & APPROVE REQUIRED REPORTING TO THE MUNICIPALITY REPORT Mrs. Guinn showed the Board the proposed Required Reporting to the Municipality Report, as prepared by Mr. Tepfer.

Firefighter Harmon wondered where Mr. Tepfer got the numbers that were calculated in the report. Mrs. Guinn replied those were based on a variety of assumptions that were used.

Firefighter Akers moved to approve the Required Reporting to the Municipality Report, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #9 REVIEW & APPROVE THE RECOMMENDED 2019/2020 TAX LEVY FOR THE FIRE PENSION FUND Mrs. Guinn distributed a tax levy worksheet for the Board to review. Mrs. Guinn hoped to make the tax levy recommendation at the November 25, 2019, Council meeting.

Mrs. Guinn showed that the IDOI's recommended levy amount was \$172,121.00, and Mr. Tepfer recommended \$138,627.00. The statutory minimum levy would be \$82,794.00. Mrs. Guinn recommended to use the IDOI's suggested levy amount, plus expenses, to total a recommended levy of \$187,421.00. Mrs. Guinn would also recommend that the Council contribute an additional \$55,000.00. The additional contribution would allow for the fund to break even during the next year.

Firefighter Pflaum wondered how levies would work if the State did consolidate the downstate fire and police pensions. Mrs. Guinn replied that the State would tell the City what percentage would need to be paid into the fund, and the levies would need to be adjusted in order to pay that percentage.

Firefighter Akers moved to approve the recommended 2019/2020 tax levy for the Fire Pension Fund in the amount of \$187,421.00, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #10 APPROVE APPLICATION FOR MEMBERSHIP IN THE FIRE PENSION FUND – DARON HARMON Daron Harmon was recently hired as a firefighter, and would need his application approved for membership into the Fire Pension Fund.

Mrs. Guinn moved to approve the Firefighter Harmon's application for membership into the Fire Pension Fund, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #11 APPROVE PENSION PAYMENT INCREASES EFFECTIVE JANUARY 1, 2020 Mrs. Guinn reminded the Board that State statutes required a 3% pension payment increase effective for each new year.

Firefighter Pflaum moved to approve the 3% pension payment increase effective January 1, 2020, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #12 AUTHORIZE TRAINING HOURS Mrs. Guinn told the Board that Rick Runyon would be conducting the annual training again for this year. Mr. Runyon expected to hold the training in January.

Mrs. Guinn moved to authorize Mr. Runyon to conduct the annual training, seconded by Firefighter Akers. A majority affirmative voice vote was received.

AGENDA #13 PUBLIC COMMENTS/PRESENTATIONS No one from the public wished to speak.

AGENDA #14 SCHEDULING OF NEXT MEETING The next meeting of the Fire Pension Board was scheduled for February 4, 2020, at 9:00 a.m.

AGENDA #15 ADJOURN Firefighter Pflaum moved to adjourn, seconded by Mr. Smith. A majority affirmative voice vote was received.

The Fire Pension meeting adjourned at 10:08 a.m.

Clarence Smith
Secretary