

CITY OF OLNEY
FIRE PENSION BOARD
OCTOBER 30, 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 Firefighter Taylor Akers presiding.

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

AGENDA #3 “APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON AUGUST 21, 2018” Mrs. Guinn moved to approve the Fire Pension Board minutes from August 21, 2018, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #4 “DISCUSSION/POSSIBLE ACTION: NEW BOARD MEMBER ELECTED” City of Olney firefighters recently held an election for membership to serve on the Fire Pension Board. The firefighters had re-elected Firefighter Taylor Akers. Because Firefighter Michael Pipher had recently resigned as a firefighter, the firefighters elected Firefighter Mitchell Pflaum to take over his term.

Mrs. Guinn moved to approve acceptance of the firefighters’ election of Firefighters Taylor Akers and Mitchell Pflaum to the Board, seconded by Firefighter Akers. A majority affirmative voice vote was received.

AGENDA #5 “ELECT NEW PRESIDENT” While serving on the Board, Mr. Pipher also held the position of President. Because of his resignation, a new President was needed.

Firefighter Akers nominated Firefighter Pflaum as President.

Firefighter Pflaum nominated Firefighter Akers as President.

There were no other nominations.

Mr. Lobacz seconded the nomination of Firefighter Akers as President. A majority affirmative voice vote was received.

At that time, it was believed that Firefighter Akers had previously been serving as Vice President. Because of this, Firefighter Pflaum was nominated as Vice President, seconded by Mrs. Guinn. A majority affirmative voice vote was received. After the meeting, it was discovered that Firefighter Akers was not Vice President. This action will be rescinded at the next meeting of the Fire Pension Board.

AGENDA “DISCUSSION/POSSIBLE ACTION: MORGAN STANLEY COMPANY CHANGES” Mrs. Guinn told the Board that Morgan Stanley had recently made some changes to

rules that would affect the Board. Morgan Stanley had decided to only represent Fire and/or Police Pension clients that held \$2,000,000.00 or more with them. Currently, the Fire Pension Board held about \$1,400,000.00 with Morgan Stanley. The Board would need to decide whether or not they would like to transfer funds from Investment Centers of America to Morgan Stanley to meet the \$2,000,000.00 requirement.

Mrs. Guinn recommended transferring a difference to Morgan Stanley that would allow them to hit the new minimum amount. The reason for this recommendation was because Morgan Stanley had great experience in the handling of Fire and Police Pension Funds. The Investment Centers of America only had the City of Olney's Fire Pension Fund as their only municipal pension client.

Eric Laughlin, with Morgan Stanley, was present to speak on the topic. Mr. Laughlin apologized for the policy change as he was aware that municipalities also liked to have a local banking presence handling their funds. The change was made due to the amount of liability and legal issues. Additionally, Morgan Stanley had hired Clearwater Analytics, experts in accounting and risk management. Clearwater Analytics would watch the pension accounts for any errors or non-compliance. There would be no extra charge for this service.

Katie Fehrenbacher, LPL Financial, agreed that transferring funds to hit the \$2,000,000.00 would make the most sense for the Board.

Mr. Lobacz moved to transfer enough funds to Morgan Stanley to hit \$2,000,000.00, seconded by Firefighter Akers. A majority affirmative voice vote was received.

AGENDA #7 "TREASURER'S REPORT"

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

Mrs. Guinn told the Board that two tax levy payments had been received, and one more small one was still expected. All other receipts and expenses were on schedule.

This year's numbers would again show more expenses than income. Last year, the City made a \$100,000.00 additional contribution to the Fire Pension Fund, but Mrs. Guinn was unsure as to whether or not that would again be approved for this year.

Two months of pension payments would need to be reserved. Mrs. Guinn felt that the Board could invest \$76,933.95.

7-C "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of September 30, 2018.

A CD was set to mature in November of 2018 in the amount of \$150,000.00, and another maturing in December of 2018 in the amount of \$175,000.00.

Mr. Smith moved to approve the Treasurer's Report, seconded by Firefighter Pflaum.

AGENDA #8 "MORGAN STANLEY INVESTMENTS - ERIC LAUGHLIN" Mr. Laughlin stated that the past quarter held little volatility in the stock market, but pointed out that was changing. Mr. Laughlin also distributed the third quarter report.

Mr. Laughlin briefly summarized the report, including detail of a .71% return in the third quarter. Due to changes in the market, Mr. Laughlin recommended transferring 2% to 3% from U.S. markets to international.

Mr. Laughlin then provided an information sheet on Federated U.S. Treasury Cash Reserves (money market account) to place any new cash. Mr. Laughlin suggested opening such an account because there were no requirements to remain locked in, the funds were liquid, and it was yielding over 2%. Mr. Laughlin did not recommend buying any CDs for the time being due to an issue with bank charters.

Mrs. Guinn had planned on cashing out the CDs coming due in order to make pension payments. Mr. Laughlin understood, but felt the money should be placed in the money market account, and reminded her that the funds would all be liquid.

Mrs. Guinn then asked how long it would take to get funds from the account in order to make payments. Mr. Laughlin indicated that funds could be sent out by the next day, so a couple of business days should be sufficient.

Mr. Lobacz asked if any fees were associated with the money market account. Mr. Laughlin believed so, but stated that was typically built in to the yield. Even so, the fees would never be significant.

Mrs. Guinn was unclear as to why Mr. Laughlin would recommend placing cash in the money market account at 2% when some CDs were paying 3% or more. Mr. Laughlin recalled that the interest rate had doubled over one year in the money market account. Interest rates were expected to continue increasing. With a CD, the Board would be locked at only one rate.

Mr. Lobacz was in favor of placing cash in the money market account. Ms. Fehrenbacher also agreed.

Mr. Lobacz moved to move \$5,000.00 from domestic to international, and to have the CDs maturing in November and December of 2018 roll over into the money market account with Morgan Stanley, along with the \$75,000.00 available to invest, seconded by Mr. Smith.

Mrs. Guinn asked for clarification on whether or not she would have the authority to move money out of that account to make payments. Mr. Lobacz and Mr. Laughlin indicated so, and pointed out that electronic transfers were also very simple.

A majority affirmative voice vote was received.

AGENDA #9 “LPL FINANCIAL - KATIE FEHRENBACHER” Ms. Fehrenbacher stated that the two CDs held with LPL Financial would be transferred, in kind, to Morgan Stanley.

With annuities, there would only be an agent change needed. Ms. Fehrenbacher informed Mr. Laughlin that the Talcott annuity was one that would auto renew. There would be a 30 day window to make any changes before it would auto renew for another five years.

Ms. Fehrenbacher continued that the Voya annuity did not have a set rate because it was an index annuity.

The fee to transfer brokerage accounts was believed to be around \$140.00. Mr. Laughlin instructed Mrs. Guinn to let him know what the final fee number was for the switch. He thought it was likely that he could take care of the fee.

Ms. Fehrenbacher then told the Board that she could re-open an account for the Board whenever they were ready.

AGENDA #10 “DISCUSSION/APPROVE ANY INVESTMENTS” Action on this topic was taken under Agenda #8.

AGENDA #11 “DISCUSSION/AUTHORIZATION: WITHDRAWAL OF PENSION FUND CONTRIBUTIONS” Michael Pipher had recently resigned as a City of Olney firefighter. As a result, Mr. Pipher had requested return of funds he had invested into the Fire Pension Fund.

Mrs. Guinn moved to authorize a withdrawal from the Fire Pension Fund from contributions made by Michael Pipher, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

Ms. Fehrenbacher exited the meeting at 10:00 a.m.

AGENDA #12 “AUTHORIZE REIMBURSEMENT OF KEMPER CPA AUDIT TO THE CITY OF OLNEY” Mrs. Guinn reminded the Board that each year, the Fire Pension Fund paid \$800.00 for the audit bill. She was seeking authorization to reimburse the City for that payment.

Firefighter Akers moved to authorize reimbursement of \$800.00 to the City from the Fire Pension Fund, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #13 “DISCUSSION/APPROVAL: APPLICATION FOR MEMBERSHIP INTO THE FIRE PENSION FUND” Eric Spitzner had recently been hired as a full-time firefighter. Mrs. Guinn was in possession of his Application for Membership into the Fire Pension Fund.

Firefighter Pflaum moved to approve Eric Spitzner’s Application for Membership into the Fire Pension Fund, seconded by Firefighter Akers. A majority affirmative voice vote was received.

AGENDA #14 “APPROVE & AUTHORIZE FILING OF ANNUAL FIRE PENSION REPORT” Mrs. Guinn told the Board that the Fire Pension’s Annual Report was due the next day. She had a copy ready for the Board’s review. Mrs. Guinn completed certain portions of the report, with Kemper CPA Group’s assistance on other portions.

In the past, a physical signature was needed and the report was mailed. This year, the State was allowing for filing online with an electronic signature. She was seeking authorization to file the report online.

Mr. Lobacz moved to approve the Fire Pension Annual Report, and authorize all steps needed to file the report online, seconded by Firefighter Pflaum. A majority affirmative voice vote was received.

AGENDA #15 “DISCUSSION: TRAINING HOURS” Police Pension Board Member Rick Runyon had recently been certified to teach training courses for Fire and Police Pension Board members. It was expected that the this year’s training session would be scheduled some time during the week of December 10th.

Mr. Laughlin asked if the Board members had ever attended the trainings offered in St. Louis. Mrs. Guinn replied that the Board members had not gone to those trainings, mainly due to cost and travel time.

AGENDA #16 “PUBLIC COMMENTS/PRESENTATIONS” No one from the public was present.

AGENDA #17 “SCHEDULING OF NEXT MEETING” The next meeting of the Fire Pension Board was scheduled for December 4, 2018, at 9:00 a.m.

AGENDA #18 “ADJOURN” Firefighter Pflaum moved to adjourn, seconded by Mrs. Guinn. A

majority affirmative voice vote was received.

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

Clarence Smith
Secretary