

CITY OF OLNEY
FIRE PENSION BOARD
OCTOBER 8, 2019

AGENDA #1 CALL TO ORDER The City of Olney Fire Pension Board met in the Fire Station at 9:04 a.m. on October 8, 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, and Dave Lobacz. City Clerk Kelsie Sterchi was also present. Firefighter Mitchell Pflaum was absent.

AGENDA #3 APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON JULY 9, 2019 Mr. Lobacz moved to approve the Fire Pension Board minutes from July 9, 2019, seconded by Mr. Smith. A majority affirmative voice vote was received.

AGENDA #4 TREASURER'S REPORT

4-A "Discussion: Final Income and Expense May 1, 2018 – April 30, 2019" The Board was provided with a copy of an income and expense statement from May 1, 2018, through April 30, 2019.

Mrs. Guinn reported that at the end of Fiscal Year 2018/2019, the Fire Pension Fund Budget ended favorable by \$67,249.00. Originally, the budget was planned to end unfavorably by (\$61,622.00). The fact that the budget had ended up favorable at all was due to the Council's decision to infuse the fund by an extra \$100,000.00.

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

Mrs. Guinn told the Board that the current net income was at \$32,935.54. The first installment of the tax levy had been received in the amount of \$123,904.04. The second tax levy installment would provide about \$90,000.00.

Mrs. Guinn felt that \$41,488.42 would be needed on hand to make pension payments for the next two months. Current cash on hand was at \$755,774.80. Mrs. Guinn believed that if desired, the Board could invest \$700,000.00.

4-C "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of September 30, 2019.

Mrs. Guinn briefly reviewed the investment schedule. An amount of \$21,123.79 was being held in the Morgan Stanley sweep account. An amount of \$151,334.32 was being held at First National Bank. And, an amount of \$583,269.50 was being held in the Morgan Stanley money market account where it was earning 2%.

Three CDs would be coming due before the end of 2019. The Voya annuity would come due in 2021.

AGENDA #5 MORGAN STANLEY INVESTMENTS – ERIC LAUGHLIN Mr. Laughlin was unable to attend this meeting. Instead, Mrs. Guinn would be providing the Board with an update.

Mrs. Guinn told the Board that Mr. Laughlin recommended selling the Federated money market fund in order to let the assets go into the new Morgan Stanley sweep fund. The sweep fund was purposefully designed to hold assets in accordance the Illinois pension statutes' allowable investments. Additionally, the sweep fund was earning about the same amount of interest. As it was, the Federated money market fund held assets that Morgan Stanley was not comfortable with.

Mr. Laughlin also had noted that current asset allocation was not in line with the Investment Policy Statement. Cash was high because Morgan Stanley was waiting to add to equity once the Fund hit \$2,500,000.00. Mr. Laughlin would normally put the excess into bonds, but bonds were not the best place to hold with the current interest rate environment. The Morgan Stanley oversight team was asking the Board to either rebalance or submit an e-mail stating that the Board was aware of the unaligned asset allocation and that would list the reason why it was so.

Mr. Lobacz wondered how much longer it would take for the Fire Pension Fund to hit the \$2,500,000.00 mark. Mrs. Guinn believed that could still take a few years. The Fund held about \$2,300,000.00 at this time.

Mr. Lobacz then asked if the City Council would again be generous enough to infuse the Fire Pension Fund by another \$100,000.00 this year. Mrs. Guinn was unsure. She pointed out that the Fire Pension tax levy was raised, but not to the suggested amount. As a compromise, the City Council voted to infuse the Fund with \$44,000.00 from the General Fund. She was not certain if the Council would be interested in contributing yet another \$100,000.00 from the General Fund.

The Board discussed and agreed with Mr. Laughlin's recommendations.

AGENDA #6 DISCUSSION/APPROVE ANY INVESTMENTS Mr. Lobacz moved to take \$100,000.00 from the First National Bank account and place it into the Morgan Stanley sweep fund, seconded by Mrs. Guinn. A majority affirmative voice vote was received.

Mr. Smith moved to take the \$583,269.50 from the Morgan Stanley money market account and place it into the Morgan Stanley sweep fund, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

Mr. Lobacz moved to send an e-mail to the Morgan Stanley oversight team stating that the Board was aware that asset allocation was not in line with the Investment Policy Statement, and state the reasons why there was excess cash/cash equivalents, seconded by Mrs. Guinn. A

majority affirmative voice vote was received.

AGENDA #7 AUTHORIZE REIMBURSEMENT/PAYMENT OF INVOICES Mrs. Guinn was requesting that the Board reimburse the City \$800.00 for payment of the audit fee, \$1,800.00 for Kemper CPA Group's work on the annual report, and \$2,000.00 for this year's third party actuary service.

Mr. Smith moved to authorize the following reimbursements to the City of Olney: \$800.00 for the audit fee, \$1,800.00 for Kemper CPA Group's work on the annual report, and \$2,000.00 for this year's third party actuary service, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

AGENDA #8 DISCUSSION/POSSIBLE ACTION: RESULTS OF THE RETIRED FIREFIGHTER ELECTION Mrs. Guinn reported that the retired firefighters had an election to select their representative for the Fire Pension Board. Clarence Smith was again elected.

AGENDA #9 APPROVE AND AUTHORIZE FILING OF ANNUAL FIRE PENSION REPORT Mrs. Guinn told the Board that the Annual Fire Pension Report was ready to be submitted. She asked for the Board's approval of the report, and authorization to have it submitted.

Firefighter Akers moved to approve the report, and authorize submission of the report, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

AGENDA #10 APPROVE PENSION CONTRIBUTION TO BE WITHDRAWN – ERIC SPITZNER Firefighter Eric Spitzner had recently resigned from the Fire Department. As such, Mr. Spitzner had submitted a letter to the Board asking for reimbursement of his pension contributions in the amount of \$4,522.00.

Mr. Smith moved to approve reimbursement of Eric Spitzner's pension contributions in the amount of \$4,522.00, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

AGENDA #11 DISCUSSION: TRAINING HOURS Mrs. Guinn believed that Rick Runyon would again be setting up a date and time for continuing education hours. She also reminded the Board to submit their certificates of completion for the 2019 OMA and FOIA online trainings.

AGENDA #12 PUBLIC COMMENTS/PRESENTATIONS No one from the public was present.

AGENDA #13 SCHEDULING OF NEXT MEETING The next meeting of the Fire Pension Board was scheduled for November 12, 2019, at 9:00 a.m.

Mr. Lobacz told the Board that he had read a recent e-mail sent by the State of Illinois regarding pension audits. He felt such e-mails would be beneficial and interesting to the Board.

AGENDA #14 ADJOURN Mr. Smith moved to adjourn, seconded by Mr. Lobacz. A majority affirmative voice vote was received.

The Fire Pension meeting adjourned at 9:37 a.m.

Clarence Smith
Secretary