

CITY OF OLNEY
FIRE PENSION BOARD
SEPTEMBER 3, 2020

AGENDA #1 CALL TO ORDER The City of Olney Fire Pension Board met in the Fire Station at 9:00 a.m. on September 3, 2020, with Firefighter Taylor Akers presiding.

AGENDA #2 ROLL CALL The following members were present: Retired Firefighter Clarence Smith, Firefighter Taylor Akers, Firefighter Daron Harmon, and City Treasurer Jane Guinn. Leon Stallard was absent. City Clerk Kelsie Sterchi was also present.

AGENDA #3 APPROVE MINUTES FROM FIRE PENSION BOARD MEETING ON MAY 28, 2020 Firefighter Harmon moved to approve the Fire Pension Board minutes from May 28, 2020, 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, 2019 – April 30, 2020" The Board was provided with a copy of a final income and expense statement from May 1, 2019, through April 30, 2020.

Mrs. Guinn told the Board that overall, the 2019/2020 budget ended in a favorable amount of \$42,854.16. Audit adjustments were included.

4-B "Discussion: Income and Expense May 1, 2020 – August 31, 2020" The Board was provided with a copy of an income and expense statement from May 1, 2020, through August 31, 2020.

Mrs. Guinn reported that the first installment of the Fire Pension tax levy had been received in the amount of \$151,599.35. The only expenses accrued so far were for pension payments at \$20,993.16 per month. Mrs. Guinn expected to need three months worth of pension payments on hand. Overall, she believed the Board could invest \$1,131,730.76, if desired.

4-B "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of September 1, 2020.

An amount of \$140,209.19 was being held at First National Bank and earning 1%. Mrs. Guinn suggesting leaving those funds as-is. The Voya annuity would come due in December of 2021.

Mrs. Guinn told the Board that the Fund held a total cash amount of \$2,498,408.58 as of September 1, 2020. Since that date, Morgan Stanley had informed Mrs. Guinn that the total cash amount had hit \$2,504,000.00 as of September 3, 2020. Mrs. Guinn knew that Eric Laughlin would want to make some sort of investment into variables, but she had concerns with that because about \$21,000.00 per month would be needed for pension payments, and due to market circumstances.

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

Mr. Laughlin was very excited that the Fire Pension Fund had hit the \$2,500,000.00 mark. This meant that 45% could be invested into equities instead of only 10%. He was aware that the window to invest at this dollar amount was small because of pension payments needing to be made. He informed the Board that as long as equity investments were made over 10% while the Fund was at \$2,500,00.00 or higher, that would be acceptable. If the Fund fell under \$2,500,000.00 due to market performance, there would not be penalties.

Mr. Laughlin then discussed issues related to the COVID-19 pandemic and the presidential election. Mr. Laughlin was pleased to see that the COVID-19 market recovery was showing a V shape, and stated that Morgan Stanley felt that a secular bull market was at play.

Mr. Laughlin then told the Board to keep in mind that they had a long-term goal and not a short-term goal. He advised not to make any decisions in fear of the election.

Mr. Laughlin then briefly went over the second quarter report. Excluding the annuity, the portfolio was up 3.38% for the quarter and up 1.1% YTD.

Going back to the topic of equity investments based on the \$2,500,000.00 threshold, Mr. Laughlin recommended investing an additional 10% into equities.

Firefighter Harmon felt that the economy was at a tipping point, and wondered if Morgan Stanley had predictions on how bad the fall could be. Mr. Laughlin agreed that a fall could happen, but was not concerned. He reminded the Firefighter that the goal of the Fire Pension Fund was to think in the long term.

Firefighter Harmon was also aware that the market typically saw a 7% increase after presidential elections. He wondered how sustainable that percentage was. Mr. Laughlin was not sure if the 7% number held up historically or not. He again reminded everyone not to make any decisions based on elections.

AGENDA #6 DISCUSSION/APPROVE ANY INVESTMENTS Instead of 10%, Firefighter Harmon moved to invest an additional 5% into equities, seconded by Mr. Smith. A majority affirmative voice vote was received.

Mr. Laughlin recommended that the investment breakdown be as follows: \$37,500.00 into Euro Tech Growth, \$37,500.00 into the Investment Company of America, \$37,500.00 into Washington Mutual, \$6,250.00 into New World Fund, and \$6,250.00 into Small Cap World Fund. Mr. Laughlin indicated that investment would not be exactly 5%. The Board was in consensus to approve the investment strategy.

AGENDA #7 UPDATE INVESTMENT POLICY FOR SUSTAINABLE INVESTING ACT Mrs. Guinn told the Board that in December of 2019, the State had passed the Sustainable Investing Act, effective January 1, 2020. Because of this action, the Board would need to update

its own investment policy and speak to its fund managers. Mrs. Guinn had been in touch with Mr. Laughlin and they were both on the same page.

For the Fire Pension Board, Page 3 would need to be updated to reflect the changes included in the Sustainable Investing Act. Mrs. Guinn asked if the Board had any questions. No questions were offered.

The conference call with Mr. Laughlin ended at 10:00 a.m.

Firefighter Akers moved to updated the investment policy for the Sustainable Investing Act, seconded by Mrs. Guinn. A majority affirmative voice vote was received.

Mrs. Guinn then passed around the signature sheet that would authorize the policy changes.

AGENDA #8 REVIEW/ACCEPT FILING OF ANNUAL REPORT Mrs. Guinn stated that the annual report was ready to be submitted as soon as the City Council approved the 2019/2020 audit. That approval should take place on September 14, 2020.

Mrs. Guinn reminded the Board that Kemper CPA Group also assisted with compiling the report. She hoped to have the report finished and submitted as soon as possible in hopes that the actuarial information would be received more quickly from the State in order to begin work on the tax levy.

Firefighter Harmon moved to accept the filing of the annual report, seconded by Firefighter Akers. A majority affirmative voice vote was received.

AGENDA #9 UPDATE: STATE OF ILLINOIS CONSOLIDATION OF DOWNSTATE PENSION PLANS AND TRAINING REQUIREMENTS Other than Firefighter Harmon, the other members of the Fire Pension Board had completed an online two hour training regarding the consolidation of downstate pension plans. Firefighter Harmon would soon have his training completed.

Mrs. Guinn also had an inquiry in with the State as to whether or not the required OMA and FOIA trainings each year counted toward the new eight hour requirement.

Once the downstate pension plans were consolidated, the Fire Pension Board would still be in place, however they would no longer handle investments. Instead, they would take action pension enrollment, pension payment, and grievances.

AGENDA #10 PUBLIC COMMENTS/PRESENTATIONS No one from the public was present.

AGENDA #12 SCHEDULING OF NEXT MEETING The next meeting of the Fire Pension Board was scheduled for November 5, 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 10:10 a.m.

Clarence Smith
Secretary