

CITY OF OLNEY
SPECIAL FIRE PENSION BOARD
MAY 17, 2012

AGENDA #1 “CALL TO ORDER” The City of Olney Fire Pension Board met in the Fire Station at 12:20 p.m. on May 17, 2012, with President Rusty Holmes presiding.

AGENDA #2 “ROLL CALL” The following members were present: Fire Chief Rusty Holmes, Firefighter Mike Hill, Retired Firefighter Clarence Smith, City Treasurer Chuck Sanders and City Clerk Belinda Henton.

Also in attendance was Police Pension Board member Dana Berry, Eric Laughlin the First Vice President from Morgan Stanley Smith Barney and Dan Anderson the Financial Planning Specialist from Morgan Stanley Smith Barney.

The two representatives from Morgan Stanley were from Barrington, Illinois. They explained Morgan Stanley can provide the pension funds comprehensive investment plans. The funds can make a gradual move from current investments to Morgan Stanley. They were willing to attend quarterly pension meeting. Morgan Stanley manages many police and fire pension funds within the state of Illinois.

Mr. Laughlin has a background in law enforcement. He discussed the variety of investments that are now allowed and the need for an investment policy. Pension funds are now allowed to purchase corporate bonds, but an investment money advisor is needed to handle such transactions.

Morgan Stanley can help write an investment policy and find the right investments. They will also provide an investment manager for the fund. The Board was provided with a sample portfolio review prepared by Morgan Stanley from Round Lake Police Pension Fund. They also showed examples of manager reports. Managers are not employees of Morgan Stanley. Managers only have the right to buy and sell bonds on behalf of the fund through Morgan Stanley. Morgan Stanley negotiates fees for the managers. Managers operate within the fund's policy. Morgan Stanley was willing to analyze existing annuities that the fund holds.

Mr. Laughlin is a member of the IFFPA and attends their annual conferences. He has sources he can use such as actuaries and attorneys that specialize in pension funds.

Training requirements were discussed. Some training can be obtained online. Additional training can be achieved by attending conferences sponsored by IFFPA.

Since the last Fire Pension meeting, Mr. Sanders has talked to Raymond James and Primvest to determine their interest in helping with an investment policy and training. Raymond James is not prepared to take on the fiduciary responsibility. Primvest has yet responded, but Mr. Sanders was not optimistic on what they could offer. None of the local brokers are prepared

to create an investment policy or provide training. The local brokers also do not have access to all types of investments such as corporate bonds.

Fire Chief Holmes left on a fire call at 1:15 p.m.

Mr. Anderson discussed the fee structure. All fees are based on the amount of assets invested. If investments totaled between \$250,000 and \$499,999, the annual fee would be 1.00%.

Mr. Sanders pointed out the Fire Pension fund has approximately \$250,000 available to invest. Mr. Laughlin explained if the Board votes to invest with Morgan Stanley, they will investigate the terms of the existing annuities, draft an investment policy statement and attend the next board meeting. The minimum a fund can invest to get a money manager involved is \$250,000.

Mr. Sanders moved to document that board members in attendance would be credited with 1 ½ hours of training, seconded by Retired Firefighter Smith. A unanimous voice vote was received.

The Board agreed to schedule a special meeting on May 22, 2012 at 9:00 a.m. to further discuss the investment of \$250,000.

Firefighter Hill moved to adjourn, seconded by Mrs. Henton. A unanimous voice vote was received.

The meeting of the Fire Pension Board adjourned at 1:49 p.m.

Belinda C. Henton
Secretary