

CITY OF OLNEY
FIRE PENSION BOARD
MAY 30, 2013

AGENDA #1 “CALL TO ORDER” The City of Olney Fire Pension Board met at the Fire Station at 9:26 a.m. on May 30, 2013, with Vice President Mike Hill presiding.

AGENDA #2 “ROLL CALL” The following members were present: Firefighter Mike Hill and Michael Pipher, City Treasurer Chuck Sanders and City Clerk Belinda Henton. Retired Firefighter Clarence Smith was absent.

AGENDA #3 “APPROVE MINUTES FROM FIRE PENSION BOARD MEETING APRIL 11, 2013” Mr. Sanders moved to approve the minutes from the Fire Pension meeting on April 11, 2013, seconded by Firefighter Hill. A unanimous voice vote was received.

AGENDA #4 “REVIEW ILLINOIS DEPARTMENT OF INSURANCE AUDIT” Board members were given a copy of the audit recently conducted by the Illinois Department of Insurance. Mr. Sanders explained this was a desk audit, IDOI did not physically visit Olney for the audit. All requested materials were mailed to the IDOI.

Mr. Sanders reviewed with the Board the findings from the audit and his prepared responses which will be forwarded to IDOI.

Some Board members had not completed the electronic training curriculum required by the Open Meetings Act. Mr. Sanders agreed with this finding and corrective action was taken. All Board members for this reporting period have now completed the electronic training curriculum.

The examiner was unable to determine the terms of the Mayor’s appointments to the fund. Mr. Sanders agreed and corrective action was taken. During the May 28, 2013, Council meeting the Mayor reappointed Belinda to the Fire Pension Board with the term of 2012-2015. The word “ex-officio” will be changed to “appointed” for the City Treasurer.

The Treasurer was not a required signer on all accounts of the fund in accordance with Article 1 of the Illinois Pension Code. Mr. Sanders agreed with this finding and explained the Treasurer is an authorized signer on all accounts, but has not been required to be one of the two signatures. The banks need a letter from the Board saying even though the fund has three or four authorized signers, the Treasurer has to be one of the actual signers. Mr. Sanders is in the process of completing documentation to implement this requirement with the banks.

The value of investments in mutual funds and separate accounts exceeded 10% of the fund’s net present assets. Mr. Sanders agreed with this finding, and this was corrected by the Board in December 2012 and will be reviewed annually. Although the initial investment amount

in mutual funds and separate accounts did not exceed 10% of the fund, the initial amounts invested grew at a faster rate than fixed income investments and eventually exceed the 10%.

Membership files lacked the base-line medical information needed to establish any future entitlement to the Occupational Disease Disability Benefits afforded under Article 4 of the Illinois Pension Code. Mr. Sanders disagreed with this finding. A signed physician's report for all retirees and active firefighters is included in the membership files. Copies of these reports, stamped confidential, will be included with the response to the audit. Originally, Mr. Sanders called about sending the entire membership files and the audit manager said they did not want the entire file.

Some membership files did not contain a written application to come under the provisions of Article 4 of the Illinois Pension Code. Mr. Sanders also disagreed with this finding because signed written applications are included in all membership files. All applications denote the date of entry into the fund and are signed and dated by the member. All membership files contain documents signed and dated with the date of Board approval. Copies of all such applications and Board approval documents will be included with this response.

According to the findings, all nine membership files lacked copies of birth and/or marriage certificates or other proof of marital status. Once again Mr. Sanders disagreed with this finding. All membership files contain copies of birth and marriage certificates. One member was single during the audit period and married in December 2013. A copy of his marriage certificate was added to the file. Copies of all birth and marriage certificates are included with this response. Mr. Sanders reminded fund members to advise the fund of marital status changes.

Concerning corporate records, minutes of the Board meetings should be expanded to include the terms of office for appointed and elected trustees; discussion and approval of the annual tax levy; dates of hire for new members accepted into the fund; documentation and approval of refunds granted, including date of separation, amount of refund, date of refund and name of participant and complete documentation of pension granted by the Board including type, effective date, creditable service, rank, salary, percentage applied and resultant monthly benefit. Mr. Sanders commented corrective action will be taken in the future. Special meetings may need to be required to approve some of these situations.

Mr. Sanders explained he was given 30 days to respond to these findings. His responses will be mailed early next week. The Board members need to sign the letter addressed to IDOI certifying that they have received, read and understand the examiner's findings. All of these findings and responses have been reviewed by Larry Taylor.

4-A "Open Meetings Act Training" Since the audit findings have been received, all Board members for this reporting period have now completed the electronic training curriculum. Since Firefighter Pipher was elected as one of the two active members on the Board, he will be required

to complete the Open Meeting Act training. Information will be forwarded to him about the training.

Firefighter Pipher moved to approve Mr. Sanders' responses to the audit, seconded by Firefighter Hill. A unanimous voice was received.

AGENDA #5 "APPROVE PAYMENT OF COMPLIANCE FEE" Firefighter Pipher moved to approve the payment of the annual compliance fee of \$399.72, seconded by Mrs. Henton. A unanimous voice vote was received.

Mr. Sanders distributed a publication "Preparing for a New Interest Rate Environment" to the Board which was received from Dan Anderson from Morgan Stanley.

AGENDA #6 "ELECT ASSISTANT SECRETARY" Mr. Sanders thought it was a good idea to elect an assistant secretary. An assistant secretary is required for the Police Pension Board. The Board suggested electing this position during the annual election which will take place in July.

AGENDA #7 "AUTHORIZE TREASURER OR SECRETARY TO SIGN BANK RESOLUTIONS" Mr. Sanders explained when new signature cards are signed, the bank requires a signed bank resolution confirming the signing authority on behalf of the account holder. He requested the Board pass a resolution authorizing the Treasurer or Secretary to sign these bank resolutions.

Firefighter Hill moved to approve a resolution authorizing the Treasurer or Secretary to sign bank resolutions, seconded by Firefighter Pipher. A unanimous voice vote was received.

AGENDA #8 "APPOINTMENT TO FIRE PENSION BOARD BY MAYOR" The active firefighters recently conducted an election. Michael Pipher was elected to replace Rusty Holmes. Since this election should have taken place last year, Firefighter Pipher's term will be from present to April 2015.

At the May 28, 2013 Council meeting, the Council approved the reappointment of Belinda Henton to the Fire Pension Board. Her term should have been renewed last year so her term is 2012 through 2015.

AGENDA #9 "ADJOURN" Mrs. Henton moved to adjourn, seconded by Firefighter Pipher. A unanimous voice vote was received.

The meeting of the Fire Pension Board adjourned at 9:57 a.m.

Belinda C. Henton
Secretary