

CITY OF OLNEY
SPECIAL FIRE PENSION BOARD
MAY 22, 2012

AGENDA #1 “CALL TO ORDER” The City of Olney Fire Pension Board met in the Fire Station at 9:05 a.m. on May 22, 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.

AGENDA #3 “TREASURER’S REPORT”

3-A “Discussion: Investment Schedule and Maturities” Mr. Sanders provided the Board with an updated investment schedule and income and expense summary. Funds from the matured certificates of deposit that were in the Edward Jones cash account have been moved to the money market account at Citizens National Bank.

_____ Mr. Sanders has also updated the signature cards at First National Bank to take advantage of the higher interest rate.

There are approximately \$202,351.65 available to invest. The next certificate of deposit to mature will be for \$150,000 on October 8, 2012 at First National Bank. By the end of July the fund will receive approximately 50% of the tax levy which will be approximately \$70,000. Mr. Sanders believed the fund could invest \$250,000 with Morgan Stanley and still have sufficient cash flow.

3-B “Discussion: Morgan Stanley Presentation” Retired Firefighter Smith asked Mr. Sanders his personal opinion about Morgan Stanley. Mr. Sanders has worked with Morgan Stanley through his previous employer and he also has personal investments with them. He believed investing \$250,000 with them would be worth trying. He believed it would be a good opportunity to work with a professional to get the investment policy completed. It will also provide an opportunity to spend time considering how to invest and as a result provide a guide for future investing. Mr. Sanders can give investment guidance, but he is not qualified to give investment advice. He did not suggest giving all investments to Morgan Stanley. He preferred to keep some investments locally.

Firefighter Hill questioned if \$250,000 would be enough to see a return because of the fee. Mr. Sanders explained there are fees in all investments, but sometimes they are hidden. More money can be moved to the money manger if the Board is happy with the returns.

Firefighter Hill questioned if the fund would be liquid enough if more money is invested with Morgan Stanley since they suggest investing in fixed assets. Mr. Sanders explained that concern could be discussed with the money manager. Cash projections would be needed to avoid

running short of cash.

Fire Chief Holmes questioned how long would an investment have to be tied up with Morgan Stanley. Mr. Sanders explained that is something that can also be worked out with the money manager. The reason it would be tied up long term is because their minimum investment is \$250,000.

3-E “Reschedule Special Joint Meeting with Police Pension Board-Edward Jones Presentation” The May 10 joint meeting with Edward Jones was cancelled due to family illness of LeNae’s. LaNae is now back to work part time. She expects to reschedule a joint meeting with the Police and Fire Pension Board in late June.

3-D “Written Investment Policy-Illinois Compiled Statutes Public Funds Investment Act” Mr. Sanders would prefer working with a professional to create an investments policy. Also Morgan Stanley will make sure the funds are meeting all of the state regulations as they relate to investments.

Mr. Sanders was concerned with the fund investing too conservatively in an effort to make sure the state guidelines are not being violated and not capitalizing on better returns.

Mr. Sanders expects Morgan Stanley will start looking into the existing annuities. Currently, there are \$279,000 invested in variable annuities and \$428,000 in fixed annuities. Morgan Stanley will investigate the contract terms and fees, where monies are invested and then make suggestions for better investments if needed.

Retired Firefighter Smith clarified that Morgan Stanley will offer investment advice, draft an investment policy and investigate current investments at no additional charge. Mr. Sanders confirmed that was correct and they will attend the quarterly meetings if the Board wishes them to do so.

Mr. Sanders did not believe in taking all investments away from local investors, but the Board does have a fiduciary responsibility.

Mrs. Sanders reminded the Board if they move \$250,000 to Morgan Stanley and allow a money manager to invest in corporate bonds, this type of investment is not a short term vehicle and the value will fluctuate. Long term the investment should earn the expected yield. Morgan Stanley expects to diversify the fund. The investment policy will also state how much should be invested in various types of investments.

Firefighter Hill moved to invest \$250,000 from the Citizens National Bank money market account with Morgan Stanley, second by Fire Chief Holmes. A unanimous voice vote was received.

Mr. Sanders will proceed with taking the steps necessary to help Morgan Stanley start the drafting of an investment policy and investigating the annuities.

3-C “Training Requirements for Pension Board Members” Fire Chief Holmes advised the Board that Mt. Carmel will be hosting a training program on May 30 from 10:00 a.m. until 4:00 p.m. Firefighter Hill will check into further detail about the program.

Retired Firefighter Smith requested that Fire Chief Holmes contact Retired Fire Chief Norm Bissey concerning his interest in serving on Fire Pension Board as the designated retiree. Retired Firefighter Smith did express an interest in attending the training session at Mt. Carmel.

AGENDA #4 “ADJOURN” Firefighter Hill moved to adjourn, seconded by Mr. Sanders. A unanimous voice vote was received.

The meeting of the Fire Pension Board adjourned at 9:55 p.m.

Belinda C. Henton
Secretary