

**City of Olney**  
**Police Pension Board Meeting**  
**November 19, 2015**

**AGENDA #1 CALL TO ORDER:** Rick Runyon called to order the City of Olney Police Pension Board meeting for November 19, 2015, at 8:30 a.m.

**AGENDA #2 ROLL CALL:** The following were present: Gregg Brooks, Mike Uhl, Sergeant Josh Schlick, Sergeant Brian Nuttall, and Rick Runyon. City Treasurer Charles Sanders, City Clerk Kelsie Sterchi, and Accounting Clerk Jane Guinn were also present.

**AGENDA #3 APPROVE MINUTES FROM POLICE PENSION BOARD MEETING ON AUGUST 19, 2015:** Mr. Brooks moved to approve the minutes from August 19, 2015, seconded by Mr. Uhl. A majority affirmative voice vote was received.

**AGENDA #4 TREASURER'S REPORT:**

4-A "Discussion: Income and Expense May 1, 2015 – October 31, 2015" The Board was provided with an income and expense statement for May 1, 2015 – October 31, 2015.

Since May 1, 2015, the Police Pension Fund had earned \$451,526.14 in income. This included two tax levy payments.

For expenses, pension payments were the largest expense. Then came audit and compliance fee expenses. Mr. Sanders would also soon be making payment on Art Tepfer's actuarial service invoice. The Board had approved engaging Mr. Tepfer's services at a prior meeting.

Mr. Sanders calculated that the Board had \$476,093.55 available to invest.

4-B "Discussion: Investment Schedule, Maturities, and Authorize Any Investment of Funds" The Board was provided with an investment schedule as prepared by Mr. Sanders.

A CD at First National Bank had been earning 2.5%, and had matured on November 18, 2015. A protective fixed annuity had been earning 5.05%, and matured on November 16, 2015. The Police Pension Fund currently had 31.29% in variable investments, moving towards the maximum of 45%.

Mr. Uhl asked if funds in the money market account were FDIC insured. Mr. Sanders replied that the FDIC insured up to \$250,000.00. Above that amount, each bank in town pledges securities to the Police Pension Fund.

Mr. Sanders then disbursed a listing of CD investment options. The only bank whose rates were not listed was First Financial Bank, as they do not publish their rates.

**AGENDA #5 LANAE MITCHELL, EDWARD JONES, INVESTMENT OPTIONS:**

5-A "Protective Life Insurance Fixed Annuity Maturity 11/16/15" LaNae Mitchell, from Edward Jones, reminded the Board that they had thought of increasing the variable investments at some of their past meetings. Of the money available to invest, she suggested placing \$250,000.00 into CDs and \$225,000.00 into American Funds. Year-to-date return in American Funds was coming in at .33%.

**City of Olney**  
**Police Pension Board Meeting**  
**November 19, 2015**

Mr. Sanders asked what areas in American Funds Mrs. Mitchell was suggesting to invest. Mrs. Mitchell explained that she would recommend placing \$100,000.00 in global growth, \$75,000.00 into growth, and \$50,000.00 into the income portfolio. The global growth and growth funds were both variable. The income portfolio was a combination.

Mr. Runyon was curious as to how the proposed investments would increase the variable percentage. Mrs. Mitchell indicated that the percentage would increase to 37%. Mr. Sanders told the Board that if they wanted to take the suggestions, they would need to vote to take the percentage of variables up to 45%. The written investment policy would also need to be changed. Mr. Sanders could handle that portion and file it with the Illinois Department of Insurance.

Sergeant Nuttall moved to take the variable percentage from 35% to 45%, seconded by Mr. Brooks. A majority affirmative voice vote was received.

Sergeant Schlick moved to invest \$225,000 into American Funds (\$100,000.00 into global, \$75,000.00 into growth and \$50,000.00 into the income portfolio), and to invest \$250,000.00 into a five year CD, seconded by Mr. Brooks. A majority affirmative voice vote was received.

Mr. Runyon noted that he was very pleased with Mrs. Mitchell's work. He hoped she would continue to be sure the Board was receiving the best deals available.

Mrs. Mitchell informed the Board that Mr. Sanders was the only authorized signer on protective annuities. Mr. Runyon, Board President, authorized Mr. Sanders' signature. Both Mr. Runyon and Mr. Sanders signed the change form at the meeting.

Mrs. Mitchell exited the meeting at 8:55 a.m.

**AGENDA #6 DISCUSS AND ACT ON KEMPER CPA PROPOSAL TO PREPARE ANNUAL POLICE PENSION REPORT:** Mr. Sanders explained that prior to his employment as City Treasurer, Kemper CPA had prepared the annual reports for the Police and Fire Pension Boards. Once Mr. Sanders was hired, he took on the reporting. However, as time has gone on, the reports have become increasingly burdensome and time consuming.

If Kemper CPA once again took over the reporting, they would charge between \$1,500.00 and \$1,800.00. The Kemper fees could also be suggested to be added into the tax levy.

Sergeant Nuttall moved to recommend having Kemper CPA take over the Police Pension's annual reports and having the fees added into the tax levy, seconded by Mr. Brooks. A majority affirmative voice vote was received.

**AGENDA #7 DISCUSS ACTUARIAL REPORTS FOR POLICE PENSION:** The Board was provided with actuary reports for the Police Pension Fund as prepared by the Illinois Department of Insurance, and also Art Tepfer. The Board was also provided with a summary sheet as prepared by Mr. Sanders.

Mr. Tepfer's calculations were made on a recommendation of being 100% funded in 25 years. The IDOI's calculations were based on being 90% funded in 25 years.

**City of Olney**  
**Police Pension Board Meeting**  
**November 19, 2015**

The IDOI recommended a levy of \$403,438.00, and Art Tepfer recommended an amount of \$582,003.00.

Mr. Tepfer's calculations also included GASB 67 and 68 compliance, however the City is not required to comply with GASB 67 and 68. Mr. Tepfer's inclusion increased his recommended amount by about \$77,000.00.

**AGENDA #8 DISCUSS AND ACT ON PROPOSED POLICE PENSION TAX LEVY:** Mr. Sanders reminded the Board that if the City increased its levy by 5% or more, there would be a Truth in Taxation requirement.

Mr. Sanders had met with the Mayor and City Manager to discuss whether or not to remove the \$77,000.00 from Mr. Tepfer's recommended levy amount. The Mayor and City Manager felt more comfortable with removing \$25,390.00 from the recommended levy amount.

Last year, the Police Pension Board suggested to the Council a specific levy amount, but also gave a levy range for their consideration. Mr. Sanders recommended a levy amount of \$573,303.00 with a range of \$520,000 to \$598,693.00 for this year.

Mr. Uhl moved to recommend a levy amount of \$573,303.00 with a range of \$520,000.00 to \$598,693.00, seconded by Mr. Brooks. A majority affirmative voice vote was received.

Mr. Sanders then took a moment to update the Board on their required continuing education hours. The training that had been scheduled was cancelled due to medical reasons. The instructor should be returning within the next week. Mr. Sanders would try to reach him at that time to schedule a training in December. Mr. Uhl requested that a listing of date and time options be e-mailed to the Board.

Mr. Sanders then mentioned that another statutory requirement was that the Police Pension Fund would need to submit an annual report to the council. Mr. Tepfer had prepared this report, and Mr. Sanders would soon be proofreading it. He planned on submitting the report to the Council at their December 14<sup>th</sup> meeting.

**AGENDA# 9 SCHEDULING OF NEXT MEETING:** The next meeting of the Police Pension Board was scheduled for April 14, 2016, at 8:30 a.m. at City Hall.

**AGENDA #10 ADJOURN:** The meeting of the Police Pension Board adjourned at 9:23 a.m.

Brian Nuttall  
Secretary