

City of Olney
Police Pension Board Meeting
September 1, 2016

AGENDA #1 CALL TO ORDER: Rick Runyon called to order the City of Olney Police Pension Board meeting for September 1, 2016, at 8:33 a.m.

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

AGENDA #3 APPROVE MINUTES FROM POLICE PENSION BOARD MEETING ON JUNE 23, 2016: The Board was provided with the minutes from June 23, 2016. Mr. Brooks moved to approve the minutes from June 23, 2016, seconded by Sergeant Nuttall. A majority affirmative voice vote was received.

AGENDA #4 TREASURER'S REPORT:

4-A "Discussion: Income and Expense May 1, 2016 – July 31, 2016" The Board was provided with an income and expense statement for May 1, 2016 – July 31, 2016.

Mr. Sanders reported that the first installment of the tax levy had been received in the amount of \$234,073.27, and is currently in the Citizens National Bank money market account. The Police Pension Board had \$160,754.68 available to invest. Included in that amount was \$6,352.11, currently sitting in the Edward Jones money market account, from dividends and interest earned.

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

Mr. Sanders detailed that \$1,276,210.40 was currently invested in CDs. An amount of \$1,652,668.55 was invested in variable mutual funds, and \$1,031,415.43 was invested in fixed annuities. The total amount invested was at \$4,349,570.77.

Mr. Sanders also pointed out that the funds were 38% invested in variable funds. The cap on variable investments is at 45%.

In November of 2016 through January of 2017, over a half million dollars worth of CDs would be maturing. Additionally, Mr. Sanders noted that over \$250,000.00 more in levied funds was yet to be received.

Mr. Runyon noted that 2016 was an election year. He was curious on how the market historically reacted during such years. He wondered if the Board would be better off investing the available funds later in the year.

LaNae Mitchell of Edward Jones was also present. Mrs. Mitchell replied that in election years, the market typically sees a pull back. She was certain the market would pull back through the first of next year.

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Mr. Runyon commented that the Board did not have the ability to dollar-cost average because of the way the Pension Fund received its money. Because of this, he felt that timing was key. He also felt that placing the available funds out into the market could create a loss of about 15% in the next three months. Mrs. Mitchell also recommended waiting to invest

Mr. Sanders pointed out that the \$6,352.11 in the Edward Jones money market account was earning practically nothing. He offered that the amount could be rolled back into American Funds.

Mr. Runyon asked if anything was available that would be similar to bonds. Mrs. Mitchell replied that the American Funds Income Portfolio would be similar. That portfolio would earn 3.25% and funds could be exchanged at any time.

Sergeant Schlick felt that based on market history and Mrs. Mitchell's advice, the Board should wait on sending the available funds to the market. Mr. Brooks also agreed but wondered if the funds should be moved out of the money market accounts.

Sergeant Nuttall moved to roll over the \$6,352.11 from the Edward Jones money market account and \$150,000.00 of funds available to invest into the American Funds Income Portfolio at Edward Jones, seconded by Mr. Brooks. A majority affirmative voice vote was received.

Mr. Sanders then told the Board that he had tried to contact the local trainer regarding scheduling of a future training, but he was on vacation. Mr. Sanders would let the Board know more information once it was available. Additionally, Mr. Sanders was under the impression that training requirements would decrease, but he has not found that any decrease has been made.

Mr. Sanders continued that security authorization forms were signed last week and sent to the Illinois Department of Insurance. These forms once again named Mr. Sanders as the security administrator. The title would allow him to file the annual report, make amendments to the report, or view the report at any time.

Additionally, Mr. Sanders reported that Kemper CPA Group had finished their fiscal year 2015/2016 audit. While the pension plans are not audited by this group, they are reviewed and footnotes on the plans are also included.

AGENDA #5 LANAE MITCHELL, EDWARD JONES, INVESTMENT UPDATES AND DISCUSSION: Mrs. Mitchell told the Board that the total account value as of August 31, 2016, at Edward Jones was at \$3,405,822.68, and the total market value of investments was in at \$3,399,869.95.

Overall, Mrs. Mitchell felt that the accounts had done well this year. When the market pulls back, she recommended placing more money in the Growth and Income category. The International portfolio was within Edward Jones' recommended percentage of investment. The equity portion was at 39%. The Police Pension Fund is capped at 45% of equity investments.

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Since 2009, Mrs. Mitchell indicated that the fund had grown by \$1,739,598.52 with \$152,000.00 of that amount being earned within the last six or seven months.

Mrs. Mitchell then reminded the Board that the Illinois Department of Labor had made recent rule changes. She would know more on the effects of those changes before February. She expected the new rules would be in effect as of April 10, 2017.

Mrs. Mitchell exited the meeting at 8:56 a.m.

AGENDA #6 AUTHORIZE ANY NEW INVESTMENTS OF FUNDS: This topic was discussed and acted upon under item 4-B.

AGENDA #7 PUBLIC COMMENTS/PRESENTATIONS: No one from the public was present.

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

AGENDA #9 ADJOURN: Mr. Brooks moved to adjourn, seconded by Sergeant Schlick. A majority affirmative voice vote was received. The meeting of the Police Pension Board adjourned at 9:01 a.m.

Gregg Brooks
Secretary