

CITY OF OLNEY  
POLICE PENSION BOARD  
JANUARY 8, 2013

AGENDA #1 “CALL TO ORDER” The City of Olney Police Pension Board met in the Council Chambers of the Olney City Hall located at 300 S. Whittle Avenue, Olney, Illinois, at 8:38 a.m. with Rick Runyon presiding.

AGENDA #2 “ROLL CALL” The following members were present: Rick Runyon, Police Officer Dana Berry, Retired Police Officer Gregg Brooks, Belinda Henton and City Treasurer Chuck Sanders. Police Officer Brian Nuttall was absent.

AGENDA #3 “APPROVE MINUTES FROM POLICE PENSION BOARD MEETING JULY 25, 2012, NOVEMBER 9, 2012 and DECEMBER 4, 2012” Mrs. Henton commented that the July 25, 2012 minutes were already approved at the November 9, 2012 meeting. Mr. Brooks moved to approve the November 9, 2012 and December 4, 2012 minutes, seconded by Officer Berry. A unanimous voice vote was received.

AGENDA #4 “TREASURER’S REPORT”

4-A “Discussion: Income and Expense May 1 - December 31, 2012” Mr. Sanders distributed and reviewed the income and expense report from May 1, 2012 through December 31, 2012. All tax levy receipts have been received for the year. New income was \$128,126.97. The total pension payments are increasing because of a new retiree.

4-B “Discussion: Investment Schedule and Maturities” Mr. Sanders has evaluated the next ten months of expenses. During this time the first installment of taxes should be received, a certificate of deposit will mature in February and a fixed annuity will mature in May. Considering all of these facts, Mr. Sanders estimated that \$159,000 would be available for investment if the Board wished to do so.

Mr. Sanders distributed the investment schedule.

Mr. Runyon asked if the maturing fixed annuity can be left in the investment. Mr. Sanders did ask LaNae at Edward Jones that question. Hartford is exiting annuities, but she thought Hartford would have some options for reinvestment.

Mr. Sanders distributed the local investment rates.

4-C “Discussion: Variable Annuities” Mr. Sanders commented the Police Pension Fund has fixed and variable annuities in their portfolio. The variable annuities are classified as equities. The state caps equities at 10% for pension funds. Currently, the Police Pension Fund

has 10.98% invested in variable annuities. The Illinois Department of Insurance expects funds to annually re-balance their equity accounts to comply with the 10% cap.

Recently, the Fire Pension Fund had Morgan Stanley evaluate their variable annuities. Morgan Stanley has offered to do the same for the Police Pension Fund at no cost. Mr. Sanders talked to Edward Jones and described the process the Fire Pension went through to evaluate their annuities. Since the Edward Jones now has copies of the pension funds' investment policies, Edward Jones is willing to evaluate the annuities. Mr. Sanders recommended that these annuities be evaluated and asked the Board to determine which firm should do the evaluation.

The Board was agreeable to have Edward Jones evaluate only the variable annuities.

Mr. Sander explained once Edward Jones has completed the evaluation, LaNae will meet with the Board to discuss her recommendation and options for re-balancing.

Mr. Sanders recommended allowing Edward Jones evaluate the annuities before the \$159,000 surplus is invested. This money is drawing interest in the money market account at Citizens National Bank.

The Fund continues to receive information about training opportunists for board members. Unfortunately, the training sessions being offered are expensive and located far from Olney.

AGENDA #5 "SCHEDULING OF NEXT MEETING" The next Board meeting is scheduled for 8:30 a.m. on April 9, 2013.

AGENDA #6 "ADJOURN" Mr. Brooks moved to adjourn, seconded by Officer Berry. A unanimous voice vote was received.

The meeting of the Police Pension Board adjourned at 9:01 a.m.

Belinda C. Henton