

**City of Olney**  
**Police Pension Board Meeting**  
**March 7, 2019**

**AGENDA #1 CALL TO ORDER:** Rick Runyon called to order the City of Olney Police Pension Board meeting for March 7, 2019, at 8:30 a.m.

**AGENDA #2 ROLL CALL:** The following were present: Gregg Brooks, Rick Runyon, and Mike Uhl. Sergeants Nuttall and Schlick were absent. City Treasurer Jane Guinn, and City Clerk Kelsie Sterchi were also present.

**AGENDA #3 APPROVE MINUTES FROM POLICE PENSION BOARD MEETING ON DECEMBER 3, 2018:** The Board was provided with the minutes from December 3, 2018. Mr. Uhl moved to approve the minutes from December 3, 2018, seconded by Mr. Brooks. A majority affirmative voice vote was received.

**AGENDA #4 AMERICAN FUNDS UPDATE/DISCUSSION:** Phil Haning from American Funds was present to speak on this topic. Mr. Haning briefly discussed how the US and global economies were affecting the market. Currently, the US economy was performing well with global performing slower. Mr. Haning noted that the tariff issues were adding more stress. Even with this being said, Mr. Haning did not recommended any drastic changes from the Global Fund because he felt there were some good, well-ran companies available if the time was taken to look. Overall volatility on equities was expected to increase over the next few years.

Mr. Haning also believed that interest rates on fixed income were done being raised for this cycle. He believed there to be a 50% chance that rates would be cut in 2019.

Mr. Haning then told that a big concern in the marketplace was the amount of outstanding corporate credit. He stated there was more outstanding corporate credit now than during the 2009 financial crisis. He believed the cause of the next recession would be credit trouble.

Mr. Haning advised extending maturities, even though it may sound odd. Mr. Haning believed a recession could come about within the next 15 months. During recessions, short term rates would be going down, so it made sense to lock in higher rates now for a longer period of time.

Mr. Runyon told Mr. Haning that the Police Pension Board typically purchased five year CDs and laddered those maturities in order to keep an equal amount of money coming due each year. Mr. Haning agreed that was not a bad approach. Because of how the Police Pension Board had funds invested, he believed their strategies were being well-ran.

Mr. Haning exited the meeting at 8:55 a.m.

Mr. Runyon then moved on to Agenda #6.

**AGENDA #5 TREASURER'S REPORT:**

5-A "Discussion: Income and Expense May 1, 2018 – February 28, 2019"

5-B "Discussion: Investment Schedule and Maturities"

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**AGENDA #6 EDWARD JONES PRESENTATION:** LaNae Mitchell, Edward Jones, was present to speak on this item. Mrs. Mitchell discussed options on diversification and merging of funds. Mrs. Mitchell was also aware that the Board could have about \$255,000.00 available to invest, so she was curious if the Board was leaning more towards adding into fixed income or mutual funds.

In 2018, about \$66,000.00 was paid out in dividends and about \$114,000.00 in capital gains. Overall, the portfolio was down by (3.22%) at the end of 2018, but Mrs. Mitchell was able to capture the healthy capital gains. Year-to-date, the portfolio was up by 5.77%.

Mrs. Mitchell then clarified to the Board that when Mr. Haning expressed concern over corporate credit problems, that did not necessarily mean default at this point. She did agree that the Board should diversify, even if only taking \$100,000.00 from the American High Income Trust and moving it elsewhere. She suggested the funds could be moved to the Emerging Markets Bond Fund where they would still receive a 6.5% yield.

**AGENDA #7 DISCUSSION/AUTHORIZE ANY NEW INVESTMENTS:** Mr. Brooks moved to take \$100,000.00 from the American High Income Trust and move it to the Emerging Markets Bond Fund, seconded by Mr. Uhl. A majority affirmative voice vote was received.

Looking at CD maturity dates, Mr. Runyon felt that the year 2023 was coming in a bit shy. He wondered if the Board should consider putting \$100,000.00 into a four year CD.

Mrs. Guinn noted that about \$100,000.00 would be coming due in May of 2019, but that money would be needed to make pension payments. Another CD would be coming due in December of 2019 for about \$175,000.00. Mr. Runyon felt a five year CD could be purchased in December to come due in 2024.

Mr. Runyon worried that if interest rates pulled back, only about \$100,000.00 would be coming due within the next four years. Mr. Uhl agreed, but was not sure if it would be best to buy a four year CD now and a five year CD later, or vice versa. Mr. Brooks asked for Mrs. Guinn's recommendation. She stated that either option would not really make a difference. Mrs. Mitchell agreed with Mrs. Guinn.

Mr. Brooks moved to invest \$100,000.00 into a four year CD and to invest \$155,000.00 into the Growth Portfolio, seconded by Mr. Uhl. A majority affirmative voice vote was received.

Mrs. Mitchell exited the meeting at 9:08 a.m.

Mr. Runyon then discussed Agenda #5.

5-A "Discussion: Income and Expense May 1, 2018 – February 28, 2019" The Board was provided with an income and expense statement from May 1, 2018, through February 28, 2019. Mrs. Guinn reported that most of the large income amounts had already been received for the year. More income would be received from Corporate Replacement Tax and employee

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contributions. Income would be down for the year because the Police Department was understaffed on officers. Expenses were running on pace for the year.

5-B “Discussion: Investment Schedule and Maturities” The Board was provided with an investment schedule and maturities listing as of May 1, 2019. No further discussion took place on this item

**AGENDA #8 AUTHORIZE REIMBURSEMENT/PAYMENT OF INVOICES:** Mrs. Guinn sought authorization to reimburse the City of Olney \$600.00 for the Police Pension Board annual training that took place in December of 2018.

Mr. Brooks moved to authorize reimbursement to the City of Olney in the amount of \$600.00 for the Police Pension Board annual training that took place in December of 2018, seconded by Mr. Uhl. A majority affirmative voice vote was received.

**AGENDA #9 DISCUSSION/POSSIBLE ACTION: POLICE PENSION 2019/2020 PROPOSED BUDGET:** Mrs. Guinn disbursed the proposed Police Pension 2019/2020 budget. She stated that the proposed budget would be presented to the City Council at the March 25, 2019, City Council meeting with formal action taking place at the City Council meeting on April 22, 2019.

Reviewing the proposed budget, Mrs. Guinn indicated that gains, losses, and dividends were expected to be similar to the 2018/2019 fiscal year. Employee contributions were calculated based on what Cindy Harlan was able to calculate through payroll. Corporate Replacement Tax had been trending downward and was expected to continue based on information provided by IML. Fees for the next fiscal year were expected to be the same as the current fiscal year.

Mr. Uhl asked what Corporate Replacement Tax was. Mrs. Guinn replied that it was a certain kind of tax received from corporations and paid to local governments.

Mr. Uhl moved to approve the Police Pension 2019/2020 proposed budget, seconded by Mr. Brooks. A majority affirmative voice vote was received.

**AGENDA #10 REVIEW/APPROVE APPLIATIONS FOR MEMBERSHIP IN THE POLICE PENSION FUND:** Mrs. Guinn told the Board that Adam Cecil and Timothy Sturm were recently hired on at the Police Department. She had their applications for membership in the Police Pension Fund, and was seeking that approval and appropriate signatures.

Mr. Uhl moved to approve the applications for membership in the Police Pension Fund for Adam Cecil and Timothy Sturm, seconded by Mr. Brooks. A majority affirmative voice vote was received.

**AGENDA #11 PUBLIC COMMENTS/PRESENTATIONS:** No one from the public was present.

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**AGENDA #12 SCHEDULING OF NEXT MEETING:** The next meeting of the Police Pension Board was tentatively scheduled for July 11, 2019, at 8:30 a.m.

**AGENDA #13 ADJOURN:** Mr. Brooks moved to adjourn, seconded by Mr. Uhl. A majority affirmative voice vote was received. The meeting of the Police Pension Board adjourned at 9:16 a.m.

Gregg Brooks  
Secretary