

City of Olney
Police Pension Board Meeting
October 24, 2019

AGENDA #1 CALL TO ORDER: Secretary Greg Brooks called to order the City of Olney Police Pension Board meeting for October 24, 2019, at 8:34 a.m.

AGENDA #2 ROLL CALL: The following were present: Sergeant Josh Schlick, Gregg Brooks, and Mike Uhl. Sergeant Nuttall was absent. Rick Runyon entered after Agenda #3. City Treasurer Jane Guinn, and City Clerk Kelsie Sterchi were also present.

AGENDA #3 APPROVE MINUTES FROM POLICE PENSION BOARD MEETING ON JULY 11, 2019: The Board was provided with the minutes from July 11, 2019. Mr. Uhl moved to approve the minutes from July 11, 2019, seconded by Sergeant Schlick. A majority affirmative voice vote was received.

Mr. Runyon entered the meeting at 8:36 a.m. As Vice President, Mr. Runyon took over as Chair for the meeting.

AGENDA #4 TREASURER'S REPORT:

4-A "Discussion: Final Income and Expense May 1, 2018 – April 30, 2019" The Board was provided with the final copy of an income and expense statement from May 1, 2018, through April 30, 2019.

Mrs. Guinn reported that the Police Pension Fund had ended the 2018/2019 fiscal year with a net income of \$244,385.98. As far as what had been budgeted on expenses for the year, pension reimbursements caused the budget to end unfavorably by (\$36,706.24).

4-B "Discussion: Income and Expense May 1, 2019 – September 30, 2019" The Board was provided with a copy of an income and expense statement from May 1, 2019, through September 30, 2019.

Mrs. Guinn continued that the first tax levy payment had been received in the amount of \$398,095.68. Income was being received as expected, however, \$21,418.64 worth of pension reimbursements had been given so far this year.

Mrs. Guinn expected that one month's worth of pension payments would need to be set aside. Overall, Mrs. Guinn believed that the Board could invest about \$300,000.00, if they desired. Of that amount, \$162,000.00 could be invested into equities.

4-C "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of October 15, 2019.

The only CD left to come due for the year would be in December in the amount of \$174,650.00. Most of that would be needed to get by on payments until the next CD matured in June of 2020.

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AGENDA #5 EDWARD JONES PRESENTATION: LaNae Mitchell was unable to attend this meeting, but she has sent Mrs. Guinn a packet of information.

Mrs. Guinn told the Board that year-to-date returns on all investments was at 10.60% with \$473,677.31 in growth for the year. Since inception, all investments in the fund had earned 5.63% with return at \$1,190,299.38.

The Police Pension Fund would also realize capital gains again this year in the mutual fund portfolios. In the past, the funds had been moved at the end of November to take advantage of the gains that would be paid out in cash. If the Board wished to do this again, Mrs. Mitchell would need formal authorization.

Mrs. Mitchell had also recommended that the \$300,000.00 available to invest could be placed in the American Funds Conservative Growth and Income Portfolio. This portfolio would be 51.1% in equity, 40.7% in the income investments, and 8.7% in cash position.

AGENDA #6 DISCUSSION/AUTHORIZE ANY NEW INVESTMENTS: Mr. Brooks moved to invest \$300,000.00 in the American Funds Conservative Growth and Income Portfolio, seconded by Mr. Uhl. A majority affirmative voice vote was received.

Mr. Brooks moved to make necessary mutual fund transfers to take advantage of capital gains that would be paid out in cash, seconded by Sergeant Schlick. A majority affirmative voice vote was received.

AGENDA #7 AUTHORIZE REIMBURSEMENT/PAYMENT OF INVOICES: Mrs. Guinn told the Board that invoices had been received and paid by the City of Olney. She was seeking authorization to reimburse the City of Olney \$1,800.00 for Kemper's portion of preparation of the annual report, and \$800.00 for the annual audit. She was also in receipt of an invoice from Art Tepfer in the amount of \$2,000.00 for his actuarial report.

Sergeant Schlick moved to reimburse the City of Olney \$1,800.00 for Kemper's portion of preparation of the annual report, and \$800.00 for the annual audit. He also moved to pay \$2,000.00 for Art Tepfer's actuarial report. Mr. Uhl seconded the motions. A majority affirmative voice vote was received.

AGENDA #8 DISCUSSION/AUTHORIZATION: WITHDRAWAL OF PENSION FUND CONTRIBUTIONS – ADAM CECIL: Mr. Brooks moved to authorize withdrawal of Police Pension Fund contributions for Adam Cecil, seconded by Sergeant Schlick. A majority affirmative voice vote was received.

AGENDA #9 REVIEW/APPROVE OLNEY POLICE PENSION RULES & REGULATIONS THAT ESTABLISH PAY BACK PERIOD FOR PURCHASE OF CREDITABLE SERVICE FROM MILITARY: Cody Smith was the newest patrol officer with the Police Department with two years of military service. Officer Smith requested the ability to buy back the two years of military service. At this time, there was no policy or

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procedure for such a request. The estimated cost for the buy back would be over \$30,000.00, plus 7% interest, but an exact number could not yet be given until word was received from the Illinois Department of Insurance.

If interested, the Board would need to decide how long an officer would have to pay over the course of a few years, and the options available for payment.

Mr. Runyon and Mr. Uhl expressed concern over the precedent that would be set for future requests.

Mr. Uhl asked how the 7% interest rate was established. Mrs. Guinn replied that was dictated by the State and was not negotiable.

The Board had several questions and not many answers. They felt it was better to wait and receive more information and guidance from the State before continuing any discussions, and to be sure that Officer Smith was fully aware of what all would be required.

AGENDA #10 REVIEW/APPROVE REQUEST TO PURCHASE CREDITABLE MILITARY SERVICE IN THE POLICE PENSION FUND: This topic was tabled.

AGENDA #11 ACTIVE MEMBER ELECTION RESULTS: Mrs. Guinn told the Board that Sergeant Nuttall's and Sergeant Schlick's terms had expired. Sergeant Nuttall did not wish to be re-elected to the Board. As such, Sergeant Schlick was re-elected, and Officer Smith was also elected to replace Sergeant Nuttall.

AGENDA #12 ELECT PRESIDENT TO REPLACE SERGEANT NUTTALL: Because Officer Smith was not present, the Board tabled this topic.

AGENDA #13 REVIEW/ACCEPT FILING OF ANNUAL REPORT: The annual report was due to the State by the end of October. Because of the time constraints, Mrs. Guinn had filed an initial report. She had a copy available for the Board's review. If the Board wished to make any changes, Mrs. Guinn would complete those and resubmit the report.

Mr. Brooks move to accept the filing of the annual report as presented, seconded by Mr. Uhl. A majority affirmative voice vote was received.

AGENDA #14 REVIEW/ACCEPT ACTUARIAL REPORT FOR POLICE PENSION FUND: For the Board's review, Mrs. Guinn was in possession of Art Tepfer's most recent actuarial report. Mrs. Guinn had not yet received the actuarial report from the Illinois Department of Insurance.

Mr. Tepfer recommended that the Board and City levy a minimum of \$685,798.00. The statutory minimum contribution from the City was \$423,803.00.

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The Police Pension Fund's funding ratio was at 44.5%. While that number was improving, the fund was still not in a strong financial condition. The percentage of liabilities was at 83%. Mr. Tepfer believed this was a disturbing statistic as it essentially indicated that minimal funds were being set aside for future retirees.

The Board acknowledged receipt of Art Tepfer's actuarial valuation as of May 1, 2019 for the fiscal year ending April 30, 2020.

AGENDA #15 REVIEW/APPROVE REQUIRED REPORTING TO THE MUNICIPALITY REPORT: Mrs. Guinn had received the Required Reporting to the Municipality Report for the Board's review.

Sergeant Schlick moved to approve the Required Reporting to the Municipality Report, seconded by Mr. Brooks. A majority affirmative voice vote was received.

AGENDA #16 REVIEW/APPROVE THE RECOMMENDED 2019/2020 TAX LEVY FOR THE POLICE PENSION FUND: Using Mr. Tepfer's recommended levy amount, plus expected expenses, Mrs. Guinn suggested a levy amount of \$704,798.00.

Mr. Brooks moved to approve recommendation to the City Council for a Police Pension tax levy of \$704,798.00 for 2019/2020, seconded by Sergeant Schlick. A majority affirmative voice vote was received.

AGENDA #17 DISCUSSION: TRAINING HOURS: Mr. Runyon had conducted the in-person training session for the Police and Fire Pension Board members last year. Mr. Runyon would work on scheduling a date for another in-person training in January of 2020.

AGENDA #18 PUBLIC COMMENTS/PRESENTATIONS: No one from the public was present.

AGENDA #14 SCHEDULING OF NEXT MEETING: The next meeting of the Police Pension Board was scheduled for December 12, 2019, at 8:30 a.m.

AGENDA #14 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 9:16 a.m.

Gregg Brooks
Secretary