

**City of Olney**  
**Police Pension Board Meeting**  
**August 25, 2020**

**AGENDA #1 CALL TO ORDER:** President Rick Runyon called to order the City of Olney Police Pension Board meeting for August 25, 2020, at 8:31 a.m.

**AGENDA #2 ROLL CALL:** The following were present: Gregg Brooks, Sergeant Josh Schlick, Rick Runyon and Mike Uhl. City Treasurer Jane Guinn, and City Clerk Kelsie Sterchi were also present. Officer James Iglehart entered the meeting under Agenda #9.

**AGENDA #3 APPROVE MINUTES FROM POLICE PENSION BOARD MEETING ON MAY 21, 2020:** The Board was provided with the minutes from May 21, 2020. Mr. Uhl moved to approve the minutes from May 21, 2020, seconded by Mr. Brooks. A majority affirmative voice vote was received.

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

4-A "Discussion: Income and Expense May 1, 2020 – July 31, 2020" The Board was provided with a copy of the income and expense statement from May 1, 2020, through July 31, 2020.

Mrs. Guinn told the Board that income currently totaled \$42,536.39, and expenses currently totaled \$161,560.28. Overall, Mrs. Guinn believed that the budget was on-track.

Mrs. Guinn expected to need two months worth of cash for pension payments. A total of \$638,882.51 was available in cash, but by deducting the two months of pension payments and \$100,000.00 for safety, Mrs. Guinn believed that the Board could invest \$400,000.00, if desired.

4-B "Discussion: Investment Schedule and Maturities" The Board was provided with an investment schedule as of August 24, 2020.

Mrs. Guinn pointed out that two CDs would come due in December of 2020. After that maturity, no other CDs would come due until June of 2021.

The percentage currently invested into variables was 43.51%.

Because it would be so long before any other CDs would come due, Mrs. Guinn stated that it was possible that a need would arise to withdraw from funds in order to make pension payments.

In that case, Mr. Runyon wondered if the Board should invest less than \$400,000.00. Mrs. Guinn replied that at this time, \$400,000.00 would be appropriate. After the next installment of tax levy money was received, she would not recommend investing as much at that point.

**AGENDA #5 EDWARD JONES PRESENTATION:** LaNae Mitchell was present speak to the Board.

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Mrs. Mitchell told the Board that CD rates were not believed to see any improvement until after 2022. Since the Board had last made an investment into the Bond Fund of America, a \$4,000.00 return had been received since June. That fund was also Triple A rated with the U.S. Treasury.

Mrs. Mitchell suggested investing \$250,000.00 into the Bond Fund of America and \$150,000.00 into the Conservative Growth & Income Portfolio.

Because the market was at an all-time high and the presidential election was coming up, Mr. Runyon had reservations about putting money into the market for that reason. Mrs. Mitchell understood, and felt that putting the full \$400,000.00 into the Bond Fund of America would also be acceptable. Money in the Bond Fund of America could also be withdrawn at any time without penalty.

Mrs. Mitchell then told the Board that volatility was expected, especially in October. The Police Pension portfolio had seen a loss of (\$580,000.00) amidst the COVID-19 crisis, but had recovered. Mrs. Mitchell also expected strong capital gains for this year.

Mr. Brooks moved to invest \$400,000.00 into the Bond Fund of America, seconded by Sergeant Schlick. A majority affirmative voice vote was received.

Mr. Uhl told the Board that he sat on a few other Boards with no connection to the City of Olney. He said that some of those other boards has financial managers that made transactions as often as necessary in order to receive the very best returns. As it stood, the Police Pension Board could only make transactions after action was taken during an open meeting. He wondered if the Police Pension Fund could be a part of such financial management. He believed being able to take quicker action would be more beneficial to pensions.

Mrs. Mitchell replied that Edward Jones did have a department that handled managed funds. Actively traded accounts could be possible at the direction of an appropriate investment policy. She would be happy to explore that option for the Police Pension Fund, and speak with the Edward Jones attorney.

Mr. Runyon asked what kind of charge there would be on management of actively traded accounts. Mrs. Mitchell indicated that fees became very minimal based on how much money was in the programs.

Mr. Runyon asked if Mrs. Guinn had any objections to Mr. Uhl's suggestion. Mrs. Guinn did not have any objections as long as the pension code allowed for such a provision. She believed the pension codes likely did allow for such, but would want to make confirmation.

Mrs. Mitchell exited the meeting at 8:51 a.m.

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**AGENDA #6 DISCUSSION/AUTHORIZE ANY NEW INVESTMENTS:** Action on this item was taken under Agenda #5.

**AGENDA #7 UPDATE INVESTMENT POLICY FOR SUSTAINABLE INVESTMENT ACT:** Mrs. Guinn told the Board that in December of 2019, the State had passed the Sustainable Investing Act, effective January 1, 2020. Because of this action, the Board would need to update its own investment policy and speak to its fund managers.

Edward Jones' lawyers would be looking into the Act to see what would need to be done on their side. For the Police Pension Board, Page 3 would need to be updated to reflect the changes included in the Sustainable Investing Act.

Mr. Runyon was not pleased with lack of transparency provided by the Act. No definitions were provided, so it was difficult to understand. Even so, the Police Pension Board had no choice but to accept the State's actions.

Sergeant Schlick moved to update the Police Pension Fund Investment Policy for the Sustainable Investing Act, seconded by Mr. Brooks. A majority affirmative voice vote was received.

Mrs. Guinn then passed around the signature sheet that would authorize the policy changes.

**AGENDA #8 AUTHORIZE PAYMENT/REIMBURSEMENT OF INVOICES:** Mrs. Guinn had no pending invoices.

**AGENDA #9 REVIEW/ACCEPT FILING OF ANNUAL REPORT:** Mrs. Guinn believed that the annual report was ready to be submitted as soon as the City Council approved the 2019/2020 audit. That approval should take place on September 14, 2020.

Mrs. Guinn reminded the Board that the Kemper CPA Group also assisted with compiling the report. She hoped to have the report finished and submitted as soon as possible in hopes that actuarial information would be received more quickly from the State in order to begin work on the tax levy.

Officer Iglehart entered the meeting at 8:59 a.m.

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

**AGENDA #10 UPDATE: STATE OF ILLINOIS CONSOLIDATION OF DOWNSTATE PENSION PLANS - TRAINING:** Mrs. Guinn told the Board that training options were not coming in as swiftly as those for the Fire Pension. A four-hour training would be required regarding the consolidation of the downstate pension plans. Most of the Fire Pension Board was

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able to complete an online training specific to the Fire Pension. A training session was still needed for the Police Pension Board.

Mr. Runyon wondered if such a training could be completed by each Board member on their own time. Mrs. Guinn was not certain. She knew that the State would require some sort of confirmation that the training had taken place. Mr. Runyon hoped for an online training to become available, similar to the OMA and FOIA online trainings that the Board completed each year. It was difficult for Board members to take so many hours out of their workday.

Mrs. Guinn told the Board that she also had another inquiry in with the State asking if the online OMA and FOIA annual trainings would suffice for the new annual eight-hour requirement. In years past, the OMA and FOIA online annual trainings each counted as eight hours.

**AGENDA #11 PUBLIC COMMENTS/PRESENTATIONS:** No one from the public was present, but Mr. Uhl wished to address the Board.

Regarding the consolidation of downstate pension plans, Mr. Uhl was curious if the Board and/or City Council would only levy the bare minimum moving forward. In the past, the City tried to make up ground on the underfunding by levying funds above and beyond what was recommended. The funding of pensions made up quite a large amount of each year's tax levy.

Mr. Runyon believed it would be wise for the City to only levy what the State recommended. Mrs. Guinn agreed that would be the likely scenario. She pointed out that the City of Olney would have and contribute to its portion of the fund. The consolidation would allow for a larger investment pool in hopes of receiving better returns.

Mr. Runyon wondered if the State would also resume the responsibility of paying the pensions. Mrs. Guinn replied that the City of Olney would still be the one responsible for paying the pensions. She would have a local account and would be responsible for transferring money from the State to that account in order to make the pension payments. A Police Pension Board would also still be necessary, but would have less responsibility.

Mr. Uhl and Mr. Runyon saw no reason to levy any more than what the State would recommend.

Mrs. Guinn pointed out that the Police Pension Fund was still underfunded. The fund needed to be 90% funded by 2040.

The Board then discussed what it meant to be underfunded. Mr. Runyon stated that at the time of employment, each officer's pension should be funded right away. No credit was given to the fact that over the course of employment, the City and the officers would be making contributions.

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**AGENDA #12 SCHEDULING OF NEXT MEETING:** The next meeting of the Police Pension Board was scheduled for October 27, 2020, at 8:30 a.m.

**AGENDA #13 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