

City of Olney
Police Pension Board Meeting
October 27, 2020

AGENDA #1 CALL TO ORDER: President Rick Runyon called to order the City of Olney Police Pension Board meeting for October 27, 2020, at 8:43 a.m.

AGENDA #2 ROLL CALL: The following were present: Sergeant Josh Schlick, Officer James Iglehart, and Rick Runyon. Mike Uhl was absent. Gregg Brooks entered the meeting under Agenda #5. City Treasurer Jane Guinn and City Clerk Kelsie Sterchi were also present.

AGENDA #3 APPROVE MINUTES FROM POLICE PENSION BOARD MEETING ON AUGUST 25, 2020: The Board was provided with the minutes from August 25, 2020. Sergeant Schlick moved to approve the minutes from August 25, 2020, seconded by Officer Iglehart. A majority affirmative voice vote was received.

AGENDA #4 TREASURER'S REPORT:

4-A "Discussion: Income and Expense May 1, 2019 – April 30, 2020 (Final)" The Board was provided with a copy of the final income and expense statement from May 1, 2019, through April 30, 2020.

Mrs. Guinn told the Board that the final income and expense statement included any and all audit adjustments. The end of the 2019/2020 fiscal year was a bad time due to the effects of COVID-19. Since that time, numbers had jumped back up.

As of April 30, 2020, the Gain on Investments ended unfavorably at (\$182,589.64). Overall, the Net Income still came in favorably at \$158,965.95.

4-B "Discussion: Income and Expense May 1, 2020 – September 30, 2020" The Board was provided with a copy of the income and expense statement from May 1, 2020, through September 30, 2020.

Mrs. Guinn reported that the first installment of the tax levy came in at \$440,749.42. The second installment of the tax levy was just received in October of 2020 around \$234,000.00. One more smaller payment should be received by the end of the year.

Mrs. Guinn expected to need three months worth of pension payments on hand. She believed that the Board could invest about \$150,000.00 if they wished.

4-C "Discussion: Investment Schedule and Maturities" Mrs. Guinn noted that two CDs would be coming due in December of 2020 that could handle payments through April of 2021. Around that time, the Board would need to take money out of funds from some place to get by until the next tax levy payment was received.

Mr. Runyon wondered if it would be better to not make any investments so that no money would need to be withdrawn later. Mrs. Guinn felt that could be an option. Additionally, the money was earning 1% in the money market account. No CD rates were even offering 1%. The other Board members also agreed to not make any investments.

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AGENDA #5 EDWARD JONES PRESENTATION: LaNae Mitchell could not be present at this meeting, but was reached via conference call at 8:47 a.m.

Mrs. Mitchell reported that overall, the fund had been doing well even with what had been going on with COVID-19. The capital gains that were expected by the end of the year should range between \$70,000.00 and \$100,000.00. Mrs. Mitchell wondered if she should issue a check for those funds to the City as in years past. The Board agreed that would be acceptable.

Overall, Mrs. Mitchell reported the fund was up YTD by 3.4%, and up 3.33% QTD.

Mr. Brooks entered the meeting at 8:51 a.m.

Mrs. Mitchell then briefly went over the portfolio performance for the year. She then pointed out that people typically had investment worries surrounding elections. She told the Board that political analysts had been consulted and advice received was coming in the same. Mrs. Mitchell stated that regardless of whomever won the presidential election, the analysts were predicting a strong market for the next year.

Mrs. Mitchell recommended that if the Board wished to make any investments, that no investments should be made into stocks. Mr. Runyon informed Mrs. Mitchell that the Board had decided not to make any investments at this time.

The conference call ended at 8:58 a.m.

AGENDA #6 DISCUSSION/AUTHORIZE ANY NEW INVESTMENTS: No new investments were made.

AGENDA #7 REVIEW/ACCEPT THE IDOI ACTUARIAL REPORT: Mrs. Guinn had provided the IDOI actuarial valuation report for the Board to review.

The report said that that the Police Pension Fund needed \$7,620,182.00 more in order to be fully funded. To date, the fund had \$5,512,651.00, and was therefore was 42% funded.

The total suggest amount to contribute, suggested by the IDOI, was \$590,910.00 for the next year.

AGENDA #8 DISCUSSION: COMPARISON OF IDOI REQUIRED FUNDING WITH THE PRIOR YEAR'S ACTUARIAL: Mrs. Guinn had provided the Board with a comparison sheet for review.

Mrs. Guinn explained that at Mr. Runyon's request, she had created the comparison sheet to see what the IDOI had recommended on contributions versus what the third party actuary had recommended on contributions over the past five years.

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Referencing the comparison, Mrs. Guinn pointed out that the third party actuary's recommendations were always higher than that recommended by the IDOI. Historically, the City had always chosen to contribute the amount recommended by the third party actuary.

Due to the consolidation of downstate pension plans, Mrs. Guinn believed that once that process was complete, the State would tell the City what they needed to contribute each year and it would not be a choice.

Over the past few years, the City Council had also chosen to contribute a bit more than the recommended amount from the third party actuary. Mr. Runyon wondered if the City Council would stop making the extra contribution.

AGENDA #9 REVIEW/ACCEPT THE REQUIRED REPORTING TO THE MUNICIPALITY: The Board was provided with a draft Required Reporting to the Municipality for review.

Mrs. Guinn reminded the Board that each year, the Board needed to provide the Council with the Required Reporting to the Municipality.

Since Mrs. Guinn had been employed with the City, the third party actuary had completed the reporting. Since the Board was not using a third party actuary this year, Mrs. Guinn had done her best at creating it. Even so, she asked the Kemper CPA Group to review the document before submitting it for review.

Mr. Runyon noted that the Actuarial Value of Assets was shown at \$5,512,651.00 but that the total fund listing on the income and expense statement showed a total of \$6,378,685.41. He wondered why there was a difference.

Mrs. Guinn was not completely certain, but felt that could be because the Required Reporting to the Municipality was as of April 30, 2020, and the current income and expense statement was through September 30, 2020.

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

AGENDA #10 REVIEW/APPROVE: RECOMMENDED 2020/2021 TAX LEVY FOR THE POLICE PENSION FUND: Mrs. Guinn had provided a tax levy worksheet for the Board to review.

Mrs. Guinn explained that she recommended asking for a minimum tax levy in the amount of \$608,910.00. That number took the State's recommendation plus expected expenses for the next year. She reminded the Board that for the year prior, the tax levy amount requested was about \$705,000.00.

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Mr. Brooks moved to approve the recommended 2020/2021 tax levy for the Police Pension Fund, seconded by Officer Iglehart. A majority affirmative voice vote was received.

AGENDA #11 APPROVE: POLICE PENSION PAYMENT INCREASES EFFECTIVE JANUARY 1, 2021: The 3% Police Pension payment increases each year were mandated by the State for eligible recipients.

Sergeant Schlick moved to approve the 3% Police Pension payment increases effective January 1, 2021, seconded by Officer Iglehart. A majority affirmative voice vote was received.

AGENDA #12 AUTHORIZE PAYMENT/REIMBURSEMENT OF INVOICES: Mrs. Guinn told the Board that she was asking for a \$800.00 reimbursement to the City for the audit fee, and an \$1,800.00 reimbursement to the City for the annual report. She was also seeking approval to pay the forthcoming bill from Kemper CPA Group for assistance on the Required Reporting to Municipality.

Mr. Brooks moved to reimburse the City \$800.00 for the audit fee and \$1,800.00 for the annual report. Mr. Brooks also moved to approve the forthcoming bill from Kemper CPA Group for assistance on the Required Reporting to the Municipality. Sergeant Schlick seconded the motions. A majority affirmative voice vote was received.

AGENDA #13 UPDATE: STATE OF ILLINOIS CONSOLIDATION OF DOWNSTATE PENSION PLANS – 4-HOUR TRAINING: Mr. Runyon told the Board that he had been in touch with Frontier Community College, but they did not have a course number or any course content for required the 4-hour training. Once these were figured out, Mr. Runyon would set a date for the training.

Mrs. Guinn added that Board members would need an additional eight hours of training. For this year, the OMA and FOIA online trainings would fit that requirement.

AGENDA #14 PUBLIC COMMENTS/PRESENTATIONS: No one from the public was present.

AGENDA #15 SCHEDULING OF NEXT MEETING: The next meeting of the Police Pension Board was scheduled for March 2, 2021, at 8:30 a.m.

AGENDA #16 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 9:15 a.m.

Gregg Brooks
Secretary