

**WASHINGTON POLICE PENSION FUND
QUARTERLY BOARD MEETING
Monday, July 23, 2018 - 8:30 A.M.**

AGENDA

1. Call to Order
2. Roll Call
3. Review Agenda – Deletions or Additions (Discussion Items Only)
4. Investment Reporting by Mitchell, Vaught, & Taylor
5. Approval of April 23, 2018 Quarterly Meeting Minutes
6. Public comment
7. Financial Reports
9. Action Items:

A. Ratify investments made via phone/memo approval (roll call vote):

<u>Bank Name</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Action Taken</u>
Morton Community Bank	1.60%	06/05/18	\$105,199.03	Redeemed and Purchased a \$100K Corporate Bond with MVT. 3-5 year range with a yield no less than 3.24%
Cefcu	1.98%	06/19/18	\$140,000.00	Redeemed and Purchased a \$140K Corporate Bond with MVT. 3-5 year range with a yield no less than 3.20%.
			<u>\$ 245,199.03</u>	

B. Investments Maturing before next quarterly meeting:

<u>Name</u>	<u>Bank</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Morton Community Bank		1.60%	08/21/18	\$105,060.89
Capital One Bank – MVT		1.75%	08/27/18	\$184,000.00
				<u>\$289,060.89</u>

- C. Ratification of Police Pension Fund Expenses (roll call vote)
 - D. Ratification of 2nd Quarter 2018 Investment Transactions – MVT (roll call vote)
 - E. Investment Policy
 - F. Military credit buyback – Joshua Sutter
 - G. Acceptance of Police Pension Fund Annual Report per 40 ILCS 5/3-141
10. Discussion Items:
 - A. Training requirements and opportunities
 - B. Reappointment by City Council – Wetzel
 - C. Renewal of Errors and Omissions Insurance Policy – Ullico
 11. Adjournment (roll call vote)

Next meeting Monday, October 22, 2018 @ 8:30 a.m.

**Mitchell,
& Vaught
Taylor Inc.**
Investment Advisors

53 W. Jackson Suite 905
Chicago, IL 60604
312-922-1717 phone
312-922-1772 fax

July 13, 2018
Statement for Third Quarter 2018
For Services Rendered

To: Washington Police Pension Fund

Investment Management Fee
Third Quarter 2018
July 1 through September 30, 2018


June 30, 2018 Portfolio Value: \$5,132,984

Quarterly Fee:

First \$2 Million at 0.50%	=	\$2,500.00
Next \$3 Million at 0.40%	=	\$3,000.00
Next \$5 Million at 0.35%	=	\$116.36

Total Fee:		<u>\$5,616</u>
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Allocate bill to individuals within group:

Name	Acct. Number	Portfolio Value	Bill Amount
Washington Police Bonds		\$2,175,715.55	\$2,105
Washington Police Equity		\$3,243,119.48	\$3,511

Each account listed above at Charles Schwab has been charged its corresponding fee.
Charles Schwab, as custodian, makes no independent verification of the calculation of the billing amount, which is the client's responsibility.

*Portfolio amount less bank certificate holdings value at 06/30/2018 (\$285,851).

July 13, 2018



Portfolio Statement

As of 06/30/2018
06/29/2018 Prices

Washington Police Pension Fund

Weight	Symbol	CUSIP	Trade Date	Maturity Date	Description	Cost Basis	Current Price	Current Value
Washington Police Bonds								
Fixed Income								
Money Funds								
Money Funds								
4.4%	SWGXX				Schwab U. S. Treasury	239,999.26		239,999.26
U. S. Treasury								
US Treasury								
1.1%			04/19/2018	03/31/2023	US Treasury Note 03/31/2023 2.50% Accrued Income	59,302.39	98.984	59,390.64
TIPS								
1.9%			11/08/2016	07/15/2024	Treasury Inflation-Indexed 07/15/2024 0.125% Par 105,489.00 (1.05489) Accrued Income	102,512.85	97.188	102,522.12
Treasury Inflation-Indexed								
2.1%			08/03/2016	01/15/2021	Treasury Inflation-Indexed 01/15/2021 1.125% Par 114,500.00 (1.145) Accrued Income	116,430.20	101.281	115,967.09
						218,943.05		218,552.32
Corporate Bonds								
Corporate Bond								
0.2%			02/03/2016	11/01/2018	National Rural Electric 11/01/2018 10.375% Accrued Income	9,798.88	102.492	10,249.15
0.5%			02/01/2016	02/15/2019	General Electric Capital 02/15/2019 5.10% Accrued Income	30,513.84	101.090	28,305.12
0.6%			02/01/2016	05/15/2019	Potash Corp of Saskatchewan 05/15/2019 6.50% Accrued Income	34,215.00	102.959	30,887.73
0.2%			02/01/2016	01/15/2020	Deere & Company 01/15/2020 2.50% Accrued Income	11,114.40	98.453	10,829.87
0.6%			02/01/2016	02/15/2020	Union Pacific 02/15/2020 6.125% Accrued Income	34,443.00	104.820	31,446.06
1.0%			02/01/2016	03/25/2020	JP Morgan Chase 03/25/2020 4.95% Accrued Income	54,614.00	102.790	51,394.90

Portfolio Statement

As of 06/30/2018

06/29/2018 Prices

Washington Police Pension Fund

Weight	Symbol	CUSIP	Trade Date	Maturity Date	Description	Cost Basis	Current Price	Current Value
Washington Police Bonds								
Fixed Income								
Corporate Bonds								
Corporate Bond								
0.4%			02/01/2016	09/14/2020	American Express 09/14/2020 2.60%	20,160.20	98.724	19,744.86
					Accrued Income			154.56
0.9%			01/13/2017	02/28/2021	Cisco Systems 02/28/2021 2.20%	50,027.00	98.123	49,061.70
					Accrued Income			369.72
1.4%			09/08/2016	04/21/2021	Morgan Stanley 04/21/2021 2.50%	75,995.50	97.601	73,200.45
					Accrued Income			363.73
0.9%			10/12/2016	05/14/2021	AbbVie 05/14/2021 2.30%	50,320.50	97.114	48,557.05
					Accrued Income			150.14
0.9%			07/13/2017	07/13/2021	Toronto Dominion 07/13/2021 1.80%	49,151.00	95.754	47,876.75
					Accrued Income			420.00
0.9%			07/22/2016	07/26/2021	Wells Fargo 07/26/2021 2.10%	50,107.14	96.149	48,074.30
					Accrued Income			452.49
0.9%			01/13/2017	02/06/2022	Procter & Gamble 02/06/2022 2.30%	50,366.90	97.390	48,694.90
					Accrued Income			463.19
1.8%			05/10/2017	03/07/2022	Bank Of Nova Scotia 03/07/2022 2.70%	101,107.50	96.780	96,779.50
					Accrued Income			855.00
0.9%			06/16/2017	03/15/2022	Medtronic 03/15/2022 3.125%	51,876.50	99.417	49,708.50
					Accrued Income			460.07
1.8%			03/29/2017	05/20/2022	Qualcomm Inc 05/20/2022 3.00%	101,441.00	98.474	98,473.60
					Accrued Income			341.67
0.8%			08/07/2017	06/12/2022	Sysco Corporation 06/12/2022 2.60%	45,496.00	96.523	43,435.40
					Accrued Income			61.75
0.9%			05/23/2017	07/13/2022	Toyota Motor Credit 07/13/2022 2.80%	50,792.00	98.144	49,071.85
					Accrued Income			653.33
0.9%			05/23/2017	07/15/2022	Anheuser-Busch 07/15/2022 2.50%	50,088.00	96.295	48,147.25
					Accrued Income			576.39
0.9%			07/18/2017	08/09/2022	Altria Group Inc 08/09/2022 2.85%	51,234.00	97.637	48,818.60
					Accrued Income			562.08
1.4%			06/26/2018	01/11/2023	Bank Of America 01/11/2023 3.30%	74,045.50	98.406	73,804.43
					Accrued Income			1,171.05
0.9%			10/06/2017	01/15/2023	Brown Forman 01/15/2023 2.25%	49,338.00	94.911	47,455.60
					Accrued Income			518.75
0.9%			07/13/2017	01/17/2023	Anheuser-Busch 01/17/2023 2.625%	50,012.50	96.345	48,172.55
					Accrued Income			597.92

Portfolio StatementAs of 06/30/2018
06/29/2018 Prices

Washington Police Pension Fund

Weight	Symbol	CUSIP	Trade Date	Maturity Date	Description	Cost Basis	Current Price	Current Value
Washington Police Bonds								
Fixed Income								
Corporate Bonds								
Corporate Bond								
0.5%			06/26/2018	01/27/2023	John Deere Capital 01/27/2023 2.80%	24,467.00	97.345	24,336.28
					Accrued Income			299.44
0.4%			03/09/2018	02/06/2023	IBM Credit 02/06/2023 3.00%	19,856.51	97.675	19,535.02
					Accrued Income			240.33
0.9%			10/06/2017	03/03/2023	Bnp Paribas 03/03/2023 3.25%	51,533.00	98.578	49,289.20
					Accrued Income			532.64
0.8%			12/04/2017	03/06/2023	Philip Morris 03/06/2023 2.625%	44,781.40	95.617	43,027.65
					Accrued Income			377.34
0.5%			06/26/2018	04/28/2023	Bank Of NY Mellon 04/28/2023 3.50%	25,076.00	100.134	25,033.58
					Accrued Income			153.13
0.9%			10/06/2017	05/02/2023	Altria Group Inc 05/02/2023 2.95%	50,951.77	96.911	48,455.30
					Accrued Income			241.74
0.9%			10/06/2017	08/16/2023	Bank of NY Mellon Corp 08/16/2023 2.20%	49,064.00	93.614	46,807.00
					Accrued Income			412.50
25.3%						1,411,988.04		1,371,545.65
Bank Certificates								
1.9%			01/08/2016	06/17/2019	Goldman Sachs Bank 06/17/2019 1.85%	0.00	99.466	99,466.30
					Accrued Income			885.80
Bank Loan								
3.4%			01/08/2016	08/27/2018	Capital One Bank 08/27/2018 1.75%	0.00	99.977	183,957.13
					Accrued Income			1,541.40
5.3%						0.00		285,850.63
40.2%						1,930,232.74		2,175,715.55
40.2%						1,930,232.74		2,175,715.55
Washington Police Equity								
Fixed Income								
Money Funds								
Money Funds								
0.8%	SNVXX		11/15/2017		Schwab Government Money	40,907.83	1.000	40,907.83
0.0%	SWGXX				Schwab U. S. Treasury	1.40		1.40
0.8%						40,909.23		40,909.23

Portfolio Statement

As of 06/30/2018

06/29/2018 Prices

Washington Police Pension Fund

Weight	Symbol	CUSIP	Trade Date	Maturity Date	Description	Cost Basis	Current Price	Current Value
Washington Police Equity								
Domestic Equities								
Domestic								
Index Fund								
15.3%	VTSA				Vanguard Total Stock Admiral	606,956.99	68.340	831,695.68
Large Growth								
3.1%	VGIAX				Vanguard Growth & Income	134,756.30	78.790	168,546.15
Large Value								
5.5%	VDIGX				Vanguard Dividend Growth Fu	253,364.50	26.540	298,638.67
Mid Cap Growth								
2.1%	BMDIX				Baird Midcap Institutional	84,348.34	20.480	114,690.79
Small Growth								
1.8%	PRDSX				T Rowe Price Small Cap Growt	67,015.07	37.560	97,198.03
Small/MidCap								
4.7%	DHMI				Diamond Hill Small Mid Cap In	203,424.31	22.820	256,945.40
32.6%						1,349,865.51		1,767,714.72
Alternatives								
Technology								
2.6%	USSCX				USAA Science And Technolog	121,312.12	28.730	143,589.32
Health Care								
2.9%	PRHSX				T Rowe Price Health Sciences	125,932.77	75.800	154,492.15
Infrastructure								
0.6%	GLIFX				Lazard Global Listed Infrastruc	30,075.31	15.990	30,183.46
Real Estate								
1.4%	CSRIX				Cohen & Steers Institutional	84,579.97	42.870	75,628.60
7.5%						361,900.17		403,893.53
40.1%						1,711,765.68		2,171,608.25
International Equities								
International								
Large Growth								
1.8%	APDIX		08/03/2017		Artisan International Fund	100,434.13	32.510	99,977.81
Large Value								
8.8%	OANIX	OANIX	11/16/2017		Oakmark International Fund In	350,113.62	26.420	475,668.64
Small Cap								
4.9%	OSMYX		01/20/2016		Oppenheimer Intl Smid Cap In	182,075.25	52.190	263,390.56

Portfolio Statement

As of 06/30/2018

06/29/2018 Prices

Washington Police Pension Fund

<u>Weight</u>	<u>Symbol</u>	<u>CUSIP</u>	<u>Trade Date</u>	<u>Maturity Date</u>	<u>Description</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>
Washington Police Equity Mutual Funds								
International Equities								
International								
Emerging Markets								
3.5%	ODVYX		01/20/2016		Oppenheimer Developing Mark	137,571.02	42.440	191,564.99
19.0%						770,194.02		1,030,602.00
59.8%						2,522,868.93		3,243,119.48
99.7%						4,453,101.67		5,403,096.17
Total Accrued Income								15,738.86
100.0%								5,418,835.03

This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns. We urge our clients to compare MVT statements with those from custodians.

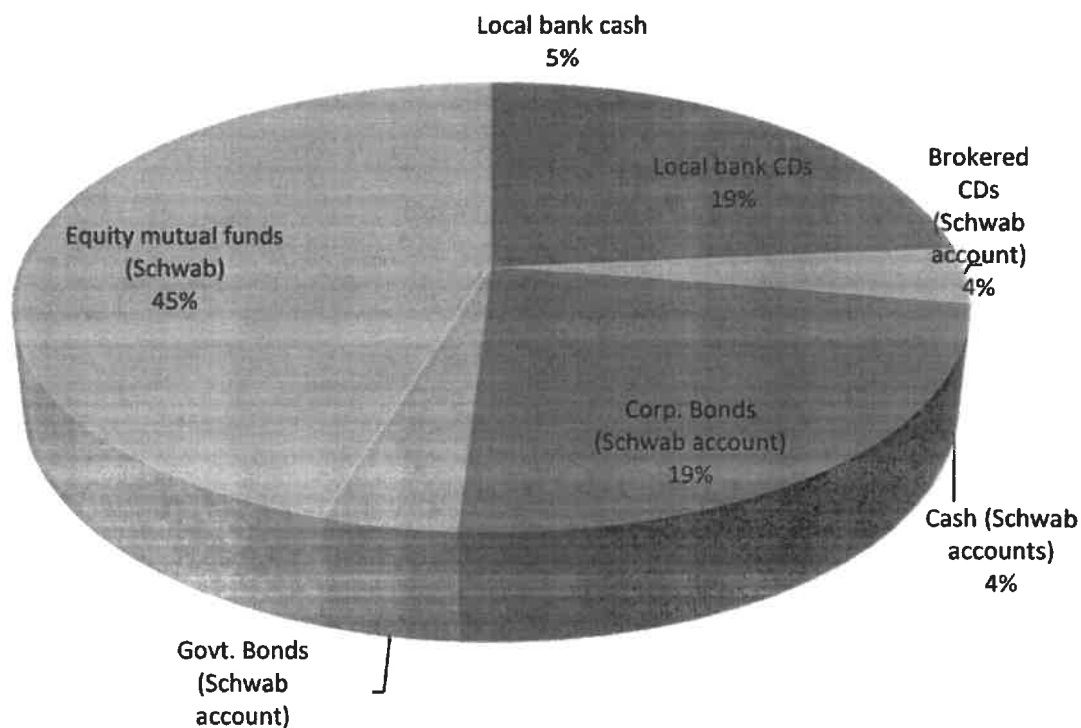
Washington Police Pension Fund

Total Asset Allocation

As of June 30, 2018

<u>Asset Class</u>	<u>Value</u>	<u>% of assets</u>	<u>Sector</u>
Local bank cash	\$318,035	4.5%	
Local bank CDs	\$1,348,566	19.0%	
Brokered CDs (Schwab account)	\$285,851	4.0%	
Cash (Schwab accounts)	\$280,908	4.0%	31.5% total cash and CD
Corp. Bonds (Schwab account)	\$1,374,924	19.4%	19.4% total corp.
Govt. Bonds (Schwab account)	\$274,942	3.9%	3.9% total govt.
Equity mutual funds (Schwab)	\$3,202,210	45.2%	45.2% total mutual funds
Total	\$7,085,436		

Total Asset Allocation





Portfolio Performance Summary

Washington Police Pension Fund

04/30/2016 - 04/30/2017 FY 16/17

Beginning Value	3,389,578.23
Net Contributions	902,773.24
Capital Appreciation	397,402.20
Income	69,655.32
Management Fees	(18,498.00)
Other Expenses	(20.00)
Change in Accrued	(2,909.07)
Ending Value	4,737,981.92
Investment Gain	445,630.45

04/30/2016 - 04/30/2017 FY 16/17

	<u>Actual</u>	<u>Annual</u>
Internal Rate of Return (net)	10.77	10.77
Internal Rate of Return (gross)	11.24	11.24
Time Weighted Return (net)	10.33	10.33
Time Weighted Return (gross)	10.81	10.81
Russell 3000	18.58	18.58
40% Fixed 60% Equity	9.76	9.76

04/30/2017 - 04/30/2018 FY 17/18

Beginning Value	4,737,981.92
Net Contributions	27,534.48
Capital Appreciation	306,077.01
Income	84,758.36
Management Fees	(21,037.00)
Other Expenses	(25.00)
Change in Accrued	(1,665.29)
Ending Value	5,133,624.48
Investment Gain	368,108.08

Portfolio Performance Summary

Washington Police Pension Fund

<u>04/30/2017 - 04/30/2018 FY 17/18</u>	<u>Actual</u>	<u>Annual</u>
Internal Rate of Return (net)	7.67	7.67
Internal Rate of Return (gross)	8.12	8.12
Time Weighted Return (net)	8.13	8.13
Time Weighted Return (gross)	8.58	8.58
Russell 3000	13.03	13.03
MSCI World xUS	12.99	12.99
Barclays Int Govt	(1.22)	(1.22)
40% Fixed 60% Equity	7.62	7.62

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**WASHINGTON POLICE PENSION FUND
CASH AND INVESTMENTS
06/30/18**

Heartland Bank Money Market	\$	312,542.80
Cefcu Savings	\$	5,492.56
Charles Schwab Money Market - Fixed Income	\$	265,119.14
Charles Schwab Money Market - Fixed Income Non-Sweep	\$	-
Charles Schwab Money Market - Equity Sweep	\$	1.40
Charles Schwab Money Market - Equity Non-Sweep	\$	40,907.83

Certificates of Deposit:

CEFCU

1.79% due 1/10/22	\$	100,000.00	\$	100,000.00
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Heartland Bank

No CD's at this time.

IPAVA State Bank

1.50% due 08/23/20	\$	132,955.12		
2.00% due 08/31/20	\$	100,991.78	\$	233,946.90

Washington State Bank

1.50% due 7/25/19	\$	207,377.59		
1.50% due 2/22/20	\$	133,621.39	\$	340,998.98

Morton Community Bank

1.60% due 9/27/19	\$	108,412.02		
2.11% due 12/23/18	\$	107,585.38		
1.60% due 8/21/18	\$	105,060.89		
2.09% due 11/20/18	\$	107,770.21	\$	428,828.50

South Side Bank and Trust

2.00% due 4/9/19 (Soaring CD)	\$	138,360.23		
2.00% due 4/24/19 (Soaring CD)	\$	106,431.02	\$	244,791.25

Mitchell, Vaught, & Taylor

CD 1.85% due 6/17/19 - Goldman Sachs	\$	100,000.00		
CD 1.75% due 8/27/18 - Capital One Bank	\$	184,000.00	\$	284,000.00

Total Certificates of Deposits	\$	1,632,565.63
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WASHINGTON POLICE PENSION FUND
REVENUE AND EXPENSE REPORT
MAY 1, 2017 TO APRIL 30, 2018
(unaudited)

REVENUES:

Property Taxes	497,316.04	
Property Replacement Taxes	18,151.45	
Interest	75,690.28	
Dividend Income	110,979.56	
Employee Contributions	135,722.77	
Miscellaneous Income	10.00	
TOTAL		837,870.10

EXPENSES:

Pensions	581,986.08	
Insurance	3,058.00	
Legal	0.00	
Compliance Fee	1,334.85	
Training	4,080.46	
Membership Dues	795.00	
Subscriptions	0.00	
Postage	0.00	
Contributions Refund	57,221.50	
Investment Expense	21,037.00	
Miscellaneous	0.00	
TOTAL		669,512.89

REVENUES LESS EXPENSES

168,357.21

* Note - Unrealized gain/loss are not recorded here.

**WASHINGTON POLICE PENSION FUND
REVENUE AND EXPENSE REPORT
MAY 1, 2018 THROUGH JUNE 30, 2018**

REVENUES:

Property Taxes	0.00	
Property Replacement Taxes	4,015.32	
Interest	9,097.53	
Dividends (Cash/Reinvested)	13,649.06	
Employee Contributions	26,596.39	
Miscellaneous Income	0.00	
TOTAL		53,358.30

EXPENSES:

Pensions	98,113.20	
Insurance	0.00	
Legal	0.00	
Compliance Fee	1,441.43	
Training	0.00	
Membership Dues	0.00	
Subscriptions	0.00	
Postage	0.00	
Contributions Refund	0.00	
Investment Expense	0.00	
Miscellaneous	0.00	
TOTAL		99,554.63

REVENUES LESS EXPENSES (46,196.33)

* Note - Unrealized gain/loss are not recorded here.

MONTHLY PENSIONS PAID (GROSS): RETIREMENT

Britt Beard	2,823.54	
David Densberger	3,169.62	
Mary Densberger	1,253.11	
James Fussner	3,642.67	
Rosalie Gerkin	4,508.93	
James Kuchenbecker	6,181.99	
Thomas Libotte	4,490.68	
Gwendolyn Marshall	2,965.62	
David Stark	3,710.34	
Donald Volk	6,299.10	
Michael Williams	2,984.19	
William Witmer	2,967.12	
Charles Woolley	4,059.69	
TOTAL		49,056.60

MONTHLY PENSIONS PAID (GROSS): DISABILITY

No Disability Pensions at this time.	0.00	
TOTAL		0.00

POLICE PENSION - ACTIVE OFFICERS' CONTRIBUTIONS AS OF 06/30/18

	Contributions	Years
Lyle Baele	\$ 121,032.59	19
Zachary Bean	\$ 42,940.79	7
Michael Brown	\$ 21,950.34	3
Jacob Cernek	\$ 36,956.68	7
Ashley Clare	\$ 11,289.83	2
Daniel Foster	\$ 42,121.77	8
Greg Gordon	\$ 107,176.53	20
Frank Grossman	\$ 33,912.76	6
Steve Hinken	\$ 46,022.15	8
Ryan Hunsunger	\$ 68,057.90	12
Ramadan Moore	\$ 966.36	0
Brian Simpson	\$ 27,493.51	5
Keegan Smith	\$ 36,885.63	6
Steven Smith	\$ 60,090.66	8
Stuart Stevens	\$ 108,553.75	18
Joshua Sutter	\$ 11,290.78	2
Dramane Taylor	\$ 20,856.85	3
Derek Thomas	\$ 83,049.08	15
Troi Westbrook	\$ 28,153.83	4
Tyler Willi	\$ 55,979.88	9
TOTAL ACTIVE CONTRIBUTIONS	\$ 964,781.67	

POLICE PENSION -INACTIVE OFFICERS' CONTRIBUTIONS AS OF 06/30/18

		Contributions	Years
Lindsay Bond	Terminated 3/5/15	\$ 5,662.02	
Michael Heitz	Terminated 5/11/13	\$ 624.14	
April Schrementi	Terminated 7/21/10	\$ 5,253.25	
TOTAL INACTIVE CONTRIBUTIONS		11,539.41	

TOTAL CONTRIBUTIONS 976,321.08

**WASHINGTON POLICE PENSION FUND
301 WALNUT STREET
WASHINGTON, IL 61571**

MEMO MEMO MEMO MEMO MEMO MEMO MEMO MEMO

TO: Washington Police Pension Board
FROM: Jeanette Glueck
DATE: 06/30/18
SUBJECT: Ratification of Police Pension Fund Expenses

The following is a list of any expenses incurred by the Police Pension Board during the last quarter:

<u>Payee</u>	<u>Date</u>	<u>Amount</u>	<u>Reason</u>
Illinois State Treasurer	5/21/18	\$1441.43	Compliance Fee
	TOTAL	<u>\$1,441.43</u>	

Transaction Detail
From 04/01/2018 to 06/30/2018

Washington Police Pension Fund

Portfolio Account Number	Trade Date	Activity	Security Symbol	Description	Quantity	Net Amount
	04/09/2018	Withdrawal	SWGXX	Schwab U. S. Treasury		(3,500.00)
	04/09/2018	Deposit	SWGXX	Schwab U. S. Treasury		3,500.00
	04/10/2018	Management Fee		Schwab U. S. Treasury		(1,853.00)
	04/10/2018	Management Fee		Schwab U. S. Treasury		(3,489.00)
	04/16/2018	Dividend	SNVXX	Schwab Government Money	190.85	190.85
	04/16/2018	Dividend	SNVXX	Schwab Government Money	0.55	0.55
	04/16/2018	Dividend	SWGXX	Schwab U. S. Treasury		12.87
	04/16/2018	Dividend	SWGXX	Schwab U. S. Treasury		0.43
	04/19/2018	Buy	9128284D9	US Treasury Note 03/31/2023 2.50%	60,000	(59,384.36)
	04/19/2018	Sell	SNVXX	Schwab Government Money	(55,000)	55,000.00
	04/21/2018	Interest	61746BEA0	Morgan Stanley 04/21/2021 2.50%		937.50
	04/30/2018	Sell	CSRIX	Cohen & Steers Institutional	(493.462)	19,975.00
	04/30/2018	Sell	VGIAX	Vanguard Growth & Income	(650.026)	49,975.00
	04/30/2018	Sell	VTSAX	Vanguard Total Stock Admir	(1,055.807)	69,975.00
	05/01/2018	Buy	APDIX	Artisan International Fund	1,484.7	(50,000.00)
	05/01/2018	Buy	GLIFX	Lazard Global Listed Infrastr	1,882.852	(30,000.00)
	05/01/2018	Buy	OSMYX	Oppenheimer Intl Smid Cap I	394.295	(20,000.00)
	05/01/2018	Interest	637432LR4	National Rural Electric 11/01/2018 10.375%		518.75
	05/02/2018	Buy	SNVXX	Schwab Government Money	40,385.38	(40,385.38)
	05/02/2018	Interest	02209SAP8	Altria Group Inc 05/02/2023 2.95%		737.50
	05/14/2018	Interest	00287YAU3	AbbVie 05/14/2021 2.30%		575.00
	05/15/2018	Interest	73755LAF4	Potash Corp of Saskatchewan 05/15/2019 6.50%		975.00
	05/15/2018	Dividend	SNVXX	Schwab Government Money	129.33	129.33
	05/15/2018	Dividend	SNVXX	Schwab Government Money	20.49	20.49
	05/15/2018	Dividend	SWGXX	Schwab U. S. Treasury		6.83
	05/15/2018	Dividend	SWGXX	Schwab U. S. Treasury		1.40
	05/20/2018	Interest	747525AE3	Qualcomm Inc 05/20/2022 3.00%		1,500.00
	06/12/2018	Interest	871829AQ0	Sysco Corporation 06/12/2022 2.60%		585.00
	06/15/2018	Deposit	SWGXX	Schwab U. S. Treasury		100,000.00
	06/15/2018	Dividend	SNVXX	Schwab Government Money	142.69	142.69


Transaction Detail
From 04/01/2018 to 06/30/2018

Washington Police Pension Fund

<u>Portfolio Account Number</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Quantity</u>	<u>Net Amount</u>
	06/15/2018	Dividend	SNVXX	Schwab Government Money	51.92	51.92
	06/15/2018	Dividend	SWGXX	Schwab U. S. Treasury		11.39
	06/15/2018	Qualified Dividend	VDIGX	Vanguard Dividend Growth F	82.844	
	06/15/2018	Qualified Dividend	VGIAx	Vanguard Growth & Income	14.666	
	06/17/2018	Interest	38148JWE7	Goldman Sachs Bank		922.47
				06/17/2019 1.85%		
	06/21/2018	Qualified Dividend	GLIFX	Lazard Global Listed Infrastr	4.794	
	06/21/2018	Qualified Dividend	VTSAX	Vanguard Total Stock Admir	51.404	
	06/26/2018	Buy	06051GEU9	Bank Of America	50,000	(50,082.92)
				01/11/2023 3.30%		
	06/26/2018	Buy	06406RAG2	Bank Of NY Mellon	25,000	(25,216.97)
				04/28/2023 3.50%		
	06/26/2018	Buy	24422ERT8	John Deere Capital	25,000	(24,760.61)
				01/27/2023 2.80%		
	06/26/2018	Sell	SNVXX	Schwab Government Money	(112,462.87)	112,462.87
	06/27/2018	Deposit	SWGXX	Schwab U. S. Treasury		40,000.00
	06/27/2018	Deposit	SWGXX	Schwab U. S. Treasury		100,000.00
	06/28/2018	Buy	06051GEU9	Bank Of America	25,000	(25,119.88)
				01/11/2023 3.30%		
	06/29/2018	Qualified Dividend	CSRIX	Cohen & Steers Institutional	16.979	
						<u>224,415.72</u>

This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns.

**CITY OF WASHINGTON
POLICE PENSION FUND**

TO: Police Pension Board
FROM: Joanie Baxter, Controller 
DATE: July 20, 2018
SUBJECT: Investment Policy Revisions

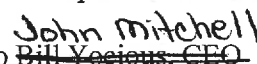
The changes discussed at the April meeting have been incorporated into the draft investment policy as follows:

- Section H – remove in the last sentence “(collectively, the Investment Advisor)”
- Section L #5 under first paragraph, last sentence – change reference to “and consultants” to “and/or advisor”
- Page 15 – change date to 2018
- Addendum – change asset allocations per discussion; add US government securities as a subcategory under Fixed Income:

	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	25%	45%	45%
Fixed Income			
Gov’t & Corp Bonds	0%	40%	20%
Certificates of Deposit	0%	40%	20%
US Gov’t Securities	0%	40%	10%
Cash and Cash Equivalents	0%	15%	5%

- Add the following language before the Asset Class and Target Index table and remove the column “% in Blend”

The blended index will reflect the asset classes comparable to the investment portfolio.

- Acknowledgement of Fiduciary – change signature to 
~~Bill Yocious, CEO~~

The Board could either approve the investment policy at the July meeting, pending review by the attorney or following review of this draft, the policy will be sent to the attorney and any comments could be considered at the October meeting and the policy approved at that time.

Let me know if you have questions or comments.

WASHINGTON POLICE PENSION FUND
INVESTMENT POLICY

Updated and Adopted July 23, 2018

A. PURPOSE OF AN INVESTMENT POLICY

The investment of public monies is a major responsibility and a statutory requirement of the Board of Trustees of the City of the Washington Police Pension Fund (the "Pension Board" or "WPPF") as provided by law, including but not limited to Pension Code Sections 40 ILCS 5/3-135, 1-113.1, and 1-113.6.

The Board of Trustees of the City of Washington Police Pension Fund sets forth this "Statement of Investment Policy" in order to:

- A. Provide eligible employees with retirement benefits; to provide eligible and qualified employees with disability benefits, as may be provided pursuant to the applicable provisions of the Illinois Police Pension Code (40 ILCS 5/3-101 *et seq.*), and; to provide eligible and qualified employees with the benefits as may be applicable pursuant to the provisions of the Illinois Police Pension Code;
- B. Define and assign the responsibilities of all involved parties;
- C. Establish a clear understanding for all involved parties of the investment goals and objectives for Fund assets;
- D. Offer guidance and limitations to all "Investment Consultants, Managers, and Brokers" regarding the investment of Fund assets;
- E. Establish a basis for evaluating investment results;
- F. Ensure the Fund assets are managed in accordance with the State of Illinois Department of Insurance Regulations and the requirements of the Illinois Pension Code (40 ILCS 5/1-101 *et seq.* and 5/1A-101 *et seq.*) and other laws as may be applicable to investments under Article 3 of the Code (40 ILCS 5/3-101 *et seq.*) and as such Statutes may be amended hereinafter; and
- G. Establish the relevant investment horizon for which Fund assets will be managed.
- H. Make a copy of the investment Policy available to the public at the main office of the Pension Fund.
- I. File a copy of the Investment Policy with the Illinois Department of Insurance within thirty (30) days of its adoption or subsequent amendment.

In general, the purpose of this statement is to outline a philosophy and attitude, which will guide the investment Advisors, Managers, and Brokers of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

B. SCOPE

This investment policy applies to the WPPF and to those who with whom the WPPF interacts. The investments of the plan will be diversified so as to minimize the risk of large losses, unless it is clearly prudent not to do so. The Pension Board seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations, the prudent person's standard, and Illinois state laws that restrict the investment of pension funds.

Each investment manager will be provided a copy of this investment policy covering the whole Plan and will also be provided policies and objectives related to their specific investment assignment.

C. PRUDENCE AND INDEMNIFICATION

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the objectives of safety as well as the attainment of market rates of return. The standard of prudence to be used by investment officials shall be that of the "Prudent Investor Rule" and shall be applied in the context of managing an overall portfolio. The members of the Pension Board and other employees acting in good faith, in accordance with this investment policy, the Illinois Pension Code set forth in 40 ILCS 5/1-113.1 *et seq.* and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

The Pension Fund will invest in a mutual fund only if (a) it is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953; (b) it has been in operation for at least 5 years; (3) it has total net assets of \$250 million or more; and (d) it is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments. 40 ILCS 5/1-113.2(13)(iii).

D. INVESTMENT POLICY OBJECTIVES

1. Safety of principal is considered the foremost priority of the Pension Board. Each investment that is made shall seek to insure that capital losses are avoided, whether they are from default or erosion of market values.
2. Liquidity is considered to be the next important objective. The investment portfolio shall remain sufficiently liquid to enable the Pension Fund to meet all operating requirements which may be reasonably anticipated.
3. Diversification. In order to further guarantee asset safety, the Pension Board shall diversify investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions.
4. Maximum rate of return. The investment portfolio shall be designed with the purpose of outperforming the designated benchmarks. The investment program

shall seek returns above these benchmarks, consistent with risk limitations identified herein and in Illinois State Statutes.

5. Public confidence in the investment program is imperative. The Pension Fund will avoid any transaction that might impair public confidence. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs. Such standards, therefore, avoid unwarranted speculation. Trading securities for capital gain is permissible provided the purchase is justifiable in a buy and hold scenario where the long-term benefit meets established investment parameters established by the Pension Fund, and approved by the Pension Board.

E. DELEGATION OF AUTHORITY

Management responsibility for the investment program is the responsibility of the Pension Board, which shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to other persons responsible for investment transactions and investment records.

No person may engage in investment transactions except as provided for by the terms of this policy and the procedures established by the Pension Board. The Pension Board may appoint an investment advisor (the "Investment Advisor", per 40 ILCS 5/1-113.5) which shall receive funds for investment from the Treasurer of the Pension Board pursuant to law and Pension Board direction and which shall be responsible for implementation of all transactions undertaken consistent with investment guidance prescribed by law and periodically clarified from time-to-time by the Pension Board. The Investment Advisor shall closely coordinate with the Treasurer to establish a system of internal controls to regulate these activities on behalf of the Pension Board. These controls will be designed to prevent losses of public funds arising from fraud, misrepresentation by third parties, or imprudent actions by fiduciaries and public officials involved with the WPPF.

F. ETHICS AND CONFLICTS OF INTEREST

Fiduciaries, officers, members of the Pension Board and any employees of the City of Washington involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. These individuals must disclose any material financial interests in financial institutions or dealers that conduct business with the WPPF to the Pension Board President and Treasurer. Said individuals must further disclose any personal financial/investment positions that could be related to the performance of the WPPF, particularly with regard to the timing of purchases and sales.

G. AUTHORIZED, SUITABLE AND UNAUTHORIZED INVESTMENTS

Investments of the WPPF are limited to those authorized by statutes governing suburban and downstate Police Pension Funds (40 ILCS 5/1-113 to 1-113.10). Any investment that is not specifically authorized by law is an unauthorized investment; which includes (but is not limited to) all illegal investments as set forth in 40 ILCS 5/1-113.9 and all prohibited transactions set forth in 40 ILCS 5/1-110.

Additional investments in instruments authorized by law are to be approved at meetings held by the Pension Board and this investment policy updated accordingly.

The WPPF will specifically avoid any direct purchase of financial forwards or futures, options, derivatives and other instruments which will leverage the portfolio or cause increased risk exposure to the assets.

H. POLICIES TO ACHIEVE INVESTMENT RETURN OBJECTIVES AND SPECIFIC INVESTMENT GOALS

Active Portfolio Management: It is the policy of the WPPF assisted by its Investment Advisor, if any, to actively manage the investment portfolio within the constraints outlined in these investment policies. By using an active management philosophy, rather than a "buy and hold" philosophy, portfolio return will be enhanced without any appreciable increase in risk.

Performance will be measured against appropriate benchmarks provided by the investment managers and/or consultants.

I. BIDDING REQUIREMENTS FROM AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

When making *direct* (as opposed to Investment Advisor supervised or managed) purchases or sales of investments, it shall be the policy of the WPPF to seek no less than three competitive quotes from primary dealers or national banks, both of which must be authorized to do business in the State of Illinois. Purchase will be made from the entity providing the most favorable, responsible bid to the WPPF. Documentation will be retained for all bids, with the most favorable and responsible bid clearly identified. If for any reason a purchase is made that was not the most favorable bid or if three bids were not obtained, reasons for such action will be documented.

J. SAFEKEEPING AND CUSTODY OF INVESTMENTS

Securities will be held by a third party custodian in a custodial trust account designated by the Treasurer or authorized depository such as those utilized by any mutual fund holdings or by a broker-dealer in compliance with Section 1-113.7 of the Illinois Pension Code (40 ILCS 5/1-113.7). This trust account shall be established in a trust department of a national or state bank or a trust company authorized to conduct a trust business in the State of Illinois. The securities shall be registered in the name of the City of WPPF or in the name of a nominee created for the express purpose of registration of securities by the trust department or trust company designated for safekeeping. The responsibilities of the custodian will include collection of investment earnings it is holding and monthly reporting of the performance and current market value of securities held in custody. Quarterly reports will be made available to each member of the Pension Board.

K. DELIVERY VERSUS PAYMENT METHOD REQUIRED FOR SECURITY TRANSACTIONS

All individual security transactions entered into by the WPPF shall be conducted on a delivery versus payment (DVP) basis. That is, simultaneous to the release of funds to purchase securities, there will be a delivery of the securities purchased to the third party

custodial trust account. Likewise, for any sale of securities, there will be a simultaneous transfer of monies to the third party custodial account designated by the WPPF. This policy insures a transfer of monies or securities will not occur before the other portion of the transaction. Both transactions are to occur simultaneously through the custodial trust account. This policy shall not conflict, however, with the normal and customary methodology for the purchase and sale of mutual funds, separate accounts or commingled funds.

L. INVESTMENT MANAGER - HIRING OF AND RELATIONSHIP WITH THE PENSION BOARD

The Pension Board recognizes that the ultimate responsibility for asset value, preservation, and growth rests with them. The Pension Board believes that its responsibility is best exercised by hiring and guiding an independent investment manager(s) rather than self-administering the investment decisions through "in-house" specialists. It is recognized that the expertise involved the determination of investment strategy and security selection must lie with the professional manager(s) and not with the Pension Board of Trustees. The Pension Board believes they can instead best exercise their responsibilities by:

1. Setting guidelines and objectives which are mutually supported by the independent manager and the Pension Board;
2. Selecting qualified investment managers;
3. Communicating closely with the investment managers;
4. Monitoring performance to insure the guidelines and objectives are being met; and
5. Taking appropriate action if guidelines and objectives are not being met.

Therefore, pursuant to the Illinois Pension Code, the Pension Board may enter into an agreement whereby it hires investment managers to manage all or part of the Pension Fund assets. The investment manager and/or advisor may also be referred to as the Pension Fund's "Investment Advisor".

It is understood:

A person is an "investment manager" with respect to a retirement system or pension fund established under this code if that person:

1. is a fiduciary appointed by the Pension Board in accordance with section 1-109.1;
2. has the power to manager, acquire, or dispose of any asset of the Pension Fund;
3. is either:
 - a. registered as an investment advisor under the Investment Advisors Act of 1940;
 - b. a bank or trust company authorized to conduct a trust business in Illinois;

- c. a life insurance company authorized to transact business in Illinois; or
 - d. an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953; and
4. has acknowledged in writing that he is a fiduciary with respect to the retirement system or pension fund;
 5. Has adequate insurance for "errors and omissions" and has surety bond coverage at levels deemed acceptable to the Board and naming the WPPF as an additional insured; and
 6. Has agreed in a written contract to adhere to the "prudent investment expert" standard. This standard will explicitly state that the manager will conduct his (her) duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investment expert acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that this standard of care shall in no case be, or interpreted to be, less stringent or less restrictive than any investment standard or standards, now in effect or included by amendment effective in the future, prescribed for investments by Illinois law.

All agreements with the manager(s) shall be in writing. All investments made by the managers(s) shall conform with all aspects of this investment policy. The manager(s) shall report to the Pension Board on no less than a quarterly basis. All investments made by the investment manager(s) shall be reviewed at each quarterly meeting of the Pension Board to insure that investments are in compliance with Illinois law as well as its investment policy and shall take steps to ratify that review at each quarterly meeting.

It is understood that whether the investment manager has discretionary authority (without requiring approval to purchase or sell investments from WPPF) or nondiscretionary (requiring approval to purchase or sell investment from the WPPF), the investment manager(s) must still comply with this investment policy.

The manager(s) shall prepare a written report on a quarterly basis and mail to the WPPF a copy of all investment transactions made for each quarterly meeting.

As a condition to act in any kind of investment managerial capacity, said investment manager must sign a document that this investment policy has been read, fully understood, and will be complied with accordingly. Further, the Pension Board expects to be apprised of any significant changes in investment outlook and strategy; as well as important changes in the organization structure, financial condition, or senior personnel changes (including any personnel who will be assigned to any and all aspects of the WPPF) of the investment manager's firm.

The current and future investment manager(s), if any, retained by the Pension Board shall execute an "Acknowledgement of Fiduciary" substantially in the form included at the conclusion of this Policy.

M. ACCOUNTING

The Pension Fund shall maintain its financial reports records on the basis of fund accounting. The Pension Fund is considered an accounting entity separate from the other funds of the City of Washington. All investment transactions shall be recorded in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

N. FINANCIAL INSTITUTIONS

It shall be the policy of the Pension Fund to select financial institutions for direct "in-house" investments of assets on the following basis:

1. Security. The Pension Fund will maintain funds in federally insured financial institutions only. The Pension Fund will not maintain funds at any financial institution in excess of federally insured limitations without sufficient collateral.
2. Size. The Pension Fund will not maintain deposits at any financial institutions where total City of Washington funds on deposit exceed 50% of the institution's capital stock and surplus.
3. Statement of Condition. The Pension Board may request from time to time, an inspection of current statements of conditions for each financial institution named as a depository. Any institution unwilling or unable to provide a current statement of condition will have all pension funds withdrawn immediately upon notice of refusal.

O. COLLATERAL REQUIREMENTS

Except for bank managed money market mutual funds (which by definition invest directly in high liquid government backed securities), deposits in excess of federally insured limits in financial institutions will be required to be secured by some form of collateral. The WPPF will accept any of the following assets as collateral:

1. United States Treasury Bills, Notes or Bonds
2. United States Government Agency Notes or Bonds as authorized by the Public Funds Investment Act but excluding the government sponsored agencies prohibited by the DOI.

The amount of collateral provided will not be less than 110% of the fair market value of the net amount of WPPF funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed quarterly by the Pension Board Treasurer, and additional collateral will be required when the ratio declines below the level required and will be released if the market value exceeds the required level. Pledged collateral will be held in safekeeping by a depository designated by the WPPF and evidenced by a safekeeping agreement. Collateral agreements will prohibit the release of the pledged assets without the authorized signature from the Pension Board Treasurer. The WPPF realizes there is a cost factor involved with collateralization and will pay reasonable and customary fees.

P. FREQUENCY OF REPORTING

The Investment Advisor, or City Treasurer should the Pension Board not retain the services of an Investment Advisor (or investment managers or advisors), shall submit a report to the Pension Board on no less than a quarterly as well as year-end basis. The report shall summarize the investment strategies employed in the most recent quarter and describe the portfolio in terms of investment securities, maturities, risk characteristics, and other features. The report shall explain the quarter's total investment return and compare the return with budgetary expectations. The report shall disclose all transactions made for the quarter. Upon the completion of the reviewing process conducted by the Trustees, an annual report of the Fund shall be presented to the Board of Trustees of the City of Washington by the Pension Board Trustees in compliance with Section 3-141 of the Illinois Pension Code (40 ILCS 5/3-141).

Q. INVESTMENT SELECTION

The Board may invest the Fund only in investments authorized by Articles 1 and 3 of the Illinois Pension Code, as amended from time to time, and as authorized by other applicable law, including but not limited to Sections 1-113.1 through 1-113.11 of the Illinois Pension Code (40 ILCS 5/1-113.1 -1-113.11), and as provided in Articles Q, R, S and T, and the Aggregate Plan Asset Allocation Guidelines included as an Addendum attached to and included as part of this Policy.

As of the date of adoption of this Policy, permitted investments (40 ILCS 5/1-113.2) are:

1. Interest bearing direct obligations of the United States of America.
2. Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.
3. Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, "agencies of the United States of America" includes: (i) the Federal National Mortgage Association and the Student Loan Marketing Association; (ii) federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971 or amendments to that Act; (iii) federal home loan banks and the Federal Home Loan Mortgage Corporation; and (iv) any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.
4. Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
5. Interest bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.

6. Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.
7. Interest bearing bonds of the State of Illinois.
8. Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the Deposit of State Moneys Act, interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.
9. Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.
10. Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.
11. Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to the following:
 - (i) bonds, notes, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest;
 - (ii) bonds, notes, debentures, or other similar obligations of the United States of America or its agencies; and
 - (iii) short term obligations of corporations organized in the United States with assets exceeding \$400,000,000, provided that (A) the obligations mature no later than 180 days from the date of purchase, (B) at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest classifications, and (C) the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.
12. General accounts of life insurance companies authorized to transact business in Illinois.
13. Any combination of the following, not to exceed 10% of the pension fund's net assets:
 - (i) separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments;
 - (ii) separate accounts that are managed by insurance companies authorized to

transact business in Illinois, and are comprised of real estate or loans upon real estate secured by first or second mortgages; and

(iii) mutual funds that meet the following requirements:

- a. the mutual fund is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953;
- b. the mutual fund has been in operation for at least 5 years;
- c. the mutual fund has total net assets of \$250 million or more; and
- d. the mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.

14. Corporate bonds managed through an investment advisor must meet all of the following requirements:

- (i) The bonds must be rated as investment grade by one of the 2 largest rating services at the time of purchase.
- (ii) If subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio within 90 days after being downgraded by the manager.

R. ADDITIONAL INVESTMENTS AUTHORIZED FOR POLICE & FIREFIGHTER PENSION FUNDS WITH AT LEAST \$2,500,000 BUT LESS THAN \$5,000,000 IN NET ASSETS:

As of the date of this Policy, the investments listed below are permitted (40 ILCS 5/1-113.2), in addition to those listed in Article Q above, as the Pension Board has appointed an investment advisor and complies with section 1-113.5 of the Pension Code, and has required level of fund assets.

1. If the Fund has net assets of at less than \$2,500,000 the Board may invest a portion of its net assets in the following items:

(i) Mutual funds that meet the following requirements:

- a. the mutual fund is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953;
- b. the mutual fund has been in operation for at least 5 years;
- c. the mutual fund has total net assets of \$250 million or more; and
- d. the mutual fund is comprised of diversified portfolios of common or

preferred stocks, bonds, or money market instruments.

The Fund's total investment in the items authorized under this Section shall not exceed 10% of the market value of the Fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

2. If the Fund has net assets of more than \$2,500,000 but less than \$5,000,000, the Board may invest up to 45% in mutual fund securities.

S. ADDITIONAL INVESTMENTS AUTHORIZED FOR POLICE & FIREFIGHTER PENSION FUNDS WITH MORE THAN \$5,000,000 IN NET ASSETS:

The investments listed below are permitted (40 ILCS 5/1-113.4), in addition to those listed in Articles Q and R above, if the Pension Board has appointed an investment advisor and complies with section 1-113.5 of the Pension Code.

1. Mutual funds that meet the following requirements:
 - a. the mutual fund is managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953;
 - b. the mutual fund has been in operation for at least 5 years
 - c. the mutual fund has total net assets of 250 million or more; and
 - d. the mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.
2. Common stocks and preferred stocks authorized for investments of trust funds under the laws of the State of Illinois
3. The Stocks must meet all of the below criteria:
 - a. The common stocks are listed on a national securities exchange or board of trade or quoted in the National Association of Securities Dealers Automated Quotation System National Market System (NASDAQSNMS).
 - b. The securities of a corporation created or existing under the laws of the United States or any state, district or territory thereof, and the corporation has been in existence for at least 5 years.
 - c. The corporation has not been in arrears on payment of dividends on its preferred stock during the preceding 5 years.
 - d. The market value of stock in any one corporation does not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation do not exceed 5% of the total outstanding stock of that corporation.

- e. The straight preferred stock or convertible preferred stocks are issued or guaranteed by the corporation whose common stock qualifies for investment by the board.
- f. The issuer of the stocks has been subject to the requirements of Section 12 of the Federal Securities Exchange Act of 1934 and has been current with the filing requirements of Sections 13 and 14 of that Act during the preceding 3 years.
- g. The pension fund's total investment in the items authorized under this Section and Section 1-113.3 shall not exceed 35% of the market value of the pension fund's net assets stated in its most recent annual report on file with the Illinois Department of Insurance.
- h. The Limitation on the investment in common and preferred stocks is in addition to the limits on the investments permitted in separate accounts of insurance companies investing in common and preferred stocks. Thus, the Fund, may invest a total of 45% in common and preferred stocks. However, the limits apply strictly to each class of investment, separate account (10%) and direct equity investments (35%).

The investment adviser shall have the power to manage, acquire, or dispose of any asset of the retirement system pension fund and comply with the following requirements:

- 1. Has acknowledged in writing that the manager is a fiduciary with respect to the pension fund and is at least one of the following:
 - a. Registered as an investment advisor under the Federal Investment Advisers Act of 1940, and registered as an investment advisor under the Illinois Securities Law of 1953.
 - b. A bank, defined under the Investment Advisor Act of 1940 or a trust company authorized to do business in the State of Illinois, or an insurance company authorized to transact business in this State.

Bonds purchased hereunder shall be registered in the name of the Pension Board or held under custodial agreement at a bank.

No bank or savings and loan association shall receive investment funds as permitted by this Section, unless it has complied with the requirements established pursuant to Section 6 of "An Act relating to certain investments of public funds by public agencies", approved July 23, 1943, as now or hereafter amended. The limitations set forth in such investments shall be applicable only at the time of investment and shall not require the liquidation of any investment at any time. (Source P.A. 90-507)

T. ADDITIONAL INVESTMENTS AUTHORIZED FOR POLICE & FIREFIGHTER PENSION FUNDS WITH MORE THAN \$10,000,000 IN NET ASSETS:

In addition to the investments permitted above, if the Fund has net assets of \$10,000,000 or more and has appointed an investment adviser under Sections 1-101.4 and 1-113.5, it may (40 ILCS 5/1-113.4a), through that investment adviser, invest an additional portion of

its assets in common and preferred stocks and mutual funds that meet all of the requirements outlined above.

These stocks must meet all of the following requirements:

1. The common stocks must be listed on a national securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in paragraph G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System.
2. The securities must be of a corporation in existence for at least 5 years.
3. The market value of stock in any one corporation may not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation may not exceed 5% of the total outstanding stock of that corporation.
4. The straight preferred stocks or convertible preferred stocks must be issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

These mutual funds must meet the following requirements:

1. The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
2. The mutual fund must have been in operation for at least 5 years.
3. The mutual fund must have total net assets of \$250,000,000 or more.
4. The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.

If the Fund has net assets of \$10,000,000 or more, the Fund's total investment in the equity investments shall not exceed 50% effective July 1, 2011 and 55% effective July 1, 2012 of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

U. EFFECTIVE DATE

This policy was prepared under the authority of the WPPF pursuant to law (Pension Code Section 40 ILCS 5/1-113.6). The policy will be effective immediately. A copy of the policy will be distributed to the independent auditor of the Pension Fund as well as the City of Washington Police Pension Board of Trustees and to those who interact for investment purposes with the WPPF. Further, this policy shall be reviewed from time to time (no less than annually) and any changes will be presented to the Pension Board for approval and distribution to the above parties.

A copy of this investment policy shall be filed with the Illinois Department of Financial and

Professional Regulation's Division of Insurance within thirty days of its adoption or revision. The Pension Board shall make a copy of this Policy available to the public at the main administrative office of the WPPF.

Approved by the Board of Trustees of the WPPF this 22nd day of October, 2018.



President, Board of Trustees
WPPF

Attest:



Secretary, Board of Trustees
WPPF

ADDENDUM

Aggregate Plan Asset Allocation Guidelines (at market value)

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	<u>25</u> %	<u>45</u> %	<u>45</u> %
Fixed Income			
Gov't & Corp Bonds	<u>0</u> %	<u>40</u> %	<u>20</u> %
Cert. of Deposit	<u>0</u> %	<u>40</u> %	<u>20</u> %
US Gov't Securities	<u>0</u> %	<u>40</u> %	<u>10</u> %
Cash and Equivalents	<u>0</u> %	<u>15</u> %	<u>5</u> %

The following shall be used as target indices to form a blended index for the entire fund and to measure the performance of each individual asset class. The blended index will reflect the asset classes comparable to the investment portfolio:

<u>Asset Class</u>	<u>Target Index</u>
Domestic Equities	Russell 3000
International Equities	MSCI ACWI-Ex US
Fixed Income	Barclays Intermediate Govt.
Corporate Bond	Barclays A+ 1-5 Year Corporate
Cash and CD	Barclays 1-3 Year US Treasury

The pension fund will often maintain some assets in bank certificates of deposit and cash. Those assets will be considered as part of the fixed income allocation. They will not be considered under the management of the investment advisor. The investment advisor will manage assets to the proportionate benchmarks for the assets under direct management of the advisor.

The Board of Trustees may employ managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate plan, such disciplines must fit within the overall asset allocation guidelines established in this Statement. Such investment managers will receive written direction from the Board of Trustees regarding specific objectives and guidelines.

ACKNOWLEDGEMENT OF FIDUCIARY

Mitchell, Vaught, and Taylor, Inc., Investment Advisors, an SEC registered investment advisor under the Investment Advisors Act of 1940, hereby acknowledges that it is a fiduciary within the meaning of the Illinois pension code to the Washington Police Pension Fund under its contract with said fund, and that it is and has acted as a fiduciary under all its contracts with said fund from the inception of the relationship.

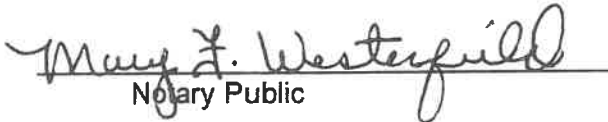
Mitchell, Vaught and Taylor, Inc., shall follow the investment policy of the Washington Police Pension Board and will invest in accordance with the appropriate Illinois Pension Code as permitted under 40 ILCS 5/1-113, 3/135 and the Public Funds Investment Act, 30 ILCS 235/0.01-7.



David Vaught, Director

Subscribed and sworn to before me this

22 day of OCTOBER, 2018.


Notary Public

Washington Police Pension Fund
Annual Report per 40 ILCS 5/3-141 (Unaudited)
For year ending April 30, 2018

Revenues:

Interest Revenue	\$ 75,690.28	
Dividend Revenue	110,979.56	
Miscellaneous Revenue	10.00	
Employee Contributions	135,722.77	
Employer Contribution	<u>513,444.57</u>	
Total Revenue		\$ 835,847.18

Expenses:

Pensions	\$ 581,986.08	
Insurance	3,058.00	
Contribution Refunds	57,221.50	
Compliance Fee	1,334.85	
Legal Fees	-	
Membership Dues	795.00	
Training	4,080.46	
Investment Expense	21,037.00	
Miscellaneous	<u>0.50</u>	
Total Expenses		\$ 669,513.39

**Excess of Revenues
over Expenses**

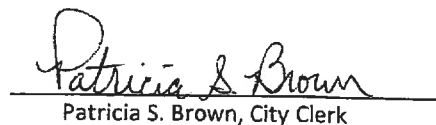
\$ 166,333.79

Note: The above revenue and expenses are exclusive of realized and unrealized investment gains and losses.

Subscribed and sworn to this 16th day of May, 2018


Ellen L. Dingledine, Treasurer

I, Patricia S. Brown, Clerk of City of Washington, Tazewell County, Illinois do hereby certify that the above is a true copy of the Annual Police Pension Fund Report per 40 ILCS 5/3-141 for the fiscal year ending April 30, 2018.


Patricia S. Brown, City Clerk

WASHINGTON POLICE PENSION FUND
BOARD MEETING
April 23, 2018

The meeting was called to order by President Michael Hillary at 8:35 a.m. on Monday, April 23, 2018 in the Conference Room at City Hall.

Roll Call

Present

Michael Hillary, President
James Wetzel, Vice President
Greg Gordon, Secretary
Troi Westbrook, Assistant Secretary (arrived 8:55 a.m.)

Absent

James Fussner, Representative

Also in attendance were Controller Joanie Baxter, City Administrator Jim Culotta, Treasurer Ellen Dingleline and David Vaught from Mitchell Vaught & Taylor.

The agenda was reviewed and it was noted that the approval of minutes should be indicated as the January 28, 2018 and not December 31, 2017 minutes. Also, the Statement of Economic Interest was added as a Discussion Item and the Investment Policy discussion was moved to the end of the meeting.

David Vaught from Mitchell, Vaught and Taylor (MVT) provided a summary of investment activity for the quarter. He indicated it had been somewhat of a volatile quarter and the market had ended down for the quarter and up slightly by the time of the meeting. The stock market has been flat year-to-date and fixed income investments were also down. Emerging markets have been the best funds as well as growth-oriented while real estate has been a negative performer and thus those positions have been reduced. Profits, however, are very good and the Board should continue to stay the course, although it is the time for active management rather than just riding the index. He also noted the investment portfolio is close to the 45% threshold for equities due to frequent rebalancing.

David recommends that the Board start buying government bonds as they are versatile, liquid and will give the portfolio diversification. The Fund is also eligible to purchase individual securities since over the \$5 million threshold.

Wetzel made a motion, seconded by Gordon to approve the January 29, 2018 regular meeting minutes. Motion carried and minutes approved.

There were no public comments.

Financial reports as of December 31, 2017, were reviewed by Controller Baxter. Westbrook made a motion to approve the reports, seconded by Hillary. Motion carried.

There were no CDs that matured since the last meeting that required ratification. There are two CDs maturing before the next meeting of which trustees will be contacted with alternative investment options.

Police pension expenses since the last meeting were as follows:

- IPPFA – paid 2/16/18 in the amount of \$375.00 for IPPFA Conference – Gordon.
- IPPFA – paid 2/16/18 in the amount of \$375.00 for IPPFA Conference – Hillary.
- IPPFA – paid 2/16/18 in the amount of \$375.00 for IPPFA Conference – Wetzel.
- IPPFA – paid 2/16/18 in the amount of \$375.00 for IPPFA Conference – Westbrook.
- IPPFA – paid 2/16/18 in the amount of \$375.00 for IPPFA Conference – Fussner.

Gordon made a motion to ratify these expenses, seconded by Westbrook. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes. Motion carried.

MVT transactions for the 1st quarter 2018 were reviewed. Wetzel made a motion, seconded by Hillary to approve these transactions. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes. Motion carried.

The potential military buy-back for Joshua Sutter was discussed. Officer Sutter is asking if he is allowed to use any of the payment schedules (1 to 5 years) provided in the calculation. Following discussion, Hillary made a motion, seconded by Gordon to allow Sutter to buy-back under any of the payment options and that the \$300 fee be pro-rated should the entire amount not be paid back. On roll call the vote was, Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes. Motion carried.

Officer Greg Patterson resigned effective March 15, 2018. Per his request, a refund was made to him based on contributions of \$56,962.21 and an additional refund was made of \$259.29 for a contribution made with his final paycheck. Both refunds were made directly to him and thus subject to 20% income tax withholding. Gordon made a motion, seconded by Westbrook to ratify both contribution refunds. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes. Motion carried.

Officer Ramadan Moore was sworn in on April 19, 2018 and has submitted an application to be placed in the Police Pension Fund. Gordon made a motion, seconded by Hillary to approve the application. Motion carried.

A slate of officers for FY 2018-19 was submitted as follows:

President	Mike Hillary
Vice President	Jim Wetzel
Secretary	Greg Gordon
Assistant Secretary	Troi Westbrook

Wetzel made a motion, seconded by Gordon to approve the slate of officers as presented. Motion carried.

All five trustees are attending the IPPFA Conference in East Peoria in May, thus satisfying the annual training requirements.

The Cash Flow Analysis showing a 3-year projection of revenue and expenses was reviewed and discussed.

A reminder was made that the Statement of Economic Interest is due to the County by April 30.

The investment policy was discussed. Changes were incorporated from the last review and the following comments were made for additional revisions:

- Page 5 – Section H – remove in the last sentence “(collectively, the Investment Advisor)”
- Page 6 – Section L #5 under first paragraph, last sentence – change reference to “and consultants” to “and/or advisor”
- Page 15 – change date to 2018
- Addendum – change asset allocations per discussion; add US government securities as a subcategory under Fixed Income:

	<u>Minimum</u>		<u>Maximum</u>	<u>Preferred</u>
Equities	25%		45%	45%
Fixed Income				
Gov’t & Corp Bonds	0%	40%	20%	
Certificates of Deposit	0%	40%	20%	
US Gov’t Securities	0%		40%	10%
Cash and Cash Equivalents	0%	15%	5%	

- Add the following language before the Asset Class and Target Index table and remove the column “% in Blend”

The blended index will reflect the asset classes comparable to the investment portfolio.

- Acknowledgement of Fiduciary – change signature to Bill Yocious, CEO

These changes will be incorporated in the draft policy provided for discussion and approval at the July meeting.

There being no further business to come before the Board, Gordon made a motion to adjourn the meeting, seconded by Westbrook. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes. The meeting was adjourned at 10:18 a.m.

Respectfully Submitted,

Greg Gordon, Secretary