

WASHINGTON POLICE PENSION FUND
BOARD MEETING
January 29, 2018

The meeting was called to order by President Michael Hillary at 8:34 a.m. on Monday, January 29, 2018 in the Conference Room at City Hall.

Roll Call

Present

Michael Hillary, President
James Wetzel, Vice President
Greg Gordon, Secretary

Absent

Troi Westbrook, Assistant Secretary
James Fussner, Representative

Also in attendance were Controller Joanie Baxter, City Administrator Jim Culotta, Accountant Jeanette Glueck and Dwight Ower from Mitchell Vaught & Taylor

The agenda was reviewed with no changes noted.

Dwight Ower from Mitchell, Vaught and Taylor (MVT) provided a summary of investment activity for the quarter. He indicated that it had been a good quarter and a good year for 2017 with the total gain at \$641,000. The GDP at 2.6% is down a little, but overall healthy numbers. Looking for good economic growth for 2018 as well. The ending value of investments are \$5.15 million with the average annual return since inception of 12.5%, net of expenses. This equates into a \$991,000 gain. There have been \$200,000 in gains so far in January 2018. The Federal Reserve raised interest rates in December and three additional increases in 2018 are anticipated. The target for the investment portfolio is 60% stocks/40% bonds and thus the portfolio will need to be rebalanced before the end of the fiscal year – probably \$250,000 to \$300,000 will be rebalanced to bonds. MVT plans to start this rebalancing now and reevaluate again in February with the goal at 4/30 to be back to 45% equity. MVT recommends adding government bonds to the portfolio to diversify and reduce the overall risk. Government bonds are not callable and MVT recommends a term of 7 years or more. Rates are running at about 2.7% for 10 years and 2.5% for 7 years.

Wetzel made a motion, seconded by Hillary to approve the October 30, 2017 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. Gordon made a motion to approve the reports, seconded by Hillary. Motion carried.

Police pension expenses since the last meeting were as follows:

- IPPFA – paid 10/30/17 in the amount of \$795.00 for IPPFA annual membership dues.
- IPPFA – paid 10/30/17 in the amount of \$250.00 for online training for Gordon.

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

MVT transactions for the 3rd quarter 2017 were reviewed. Hillary made a motion, seconded by Wetzel to approve these transactions. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

MVT transactions for the 4th quarter 2017 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. Motion carried.

The investment policy was discussed. Both the current policy and the one recommended by MVT were reviewed. Following discussion, it was agreed to make the following changes:

- Pages 2 and 3 – add Purpose of Investment language from current policy
- Page 5 – change monthly reports to quarterly
- Page 15 – change asset allocations per discussion; add government and corporate bonds and CDs 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%	25%	25%
CD's	0%	40%	25%
Cash and Cash Equivalents	0%	15%	5%

- Clarify consultant versus advisor in policy

These changes will be incorporated in the draft policy and sent to the Board for review prior to the next meeting. Discussion and approval of the policy will be put on the agenda for the April meeting.

Controller Baxter reviewed a request for purchase of military service from Joshua Sutter. Officer Sutter served in the military from October 3, 2003 through February 2, 2008 and thus he is eligible to purchase 2 years of service credit. Foster and Foster indicated that they will do the calculation of the cost for Officer Sutter to purchase the service credit for a fee of \$300. Following discussion, Gordon made a motion, seconded by Hillary that Officer Sutter should pay the \$300 cost for the calculation and if he decides to go forward with the purchase, the Board will reimburse him; otherwise the cost will be borne by Officer Sutter. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

Hillary made a motion, seconded by Gordon to designate City Clerk Pat Brown as the Freedom of Information Act (FOIA) and Open Meetings Act Officer. Motion carried by voice vote.

Accountant Glueck indicated that Predatory Lending Law forms have been sent out to the banks.

Accountant Glueck indicated that all five trustees are attending the local IPPFA conference in May and thus training requirements should be met for 2017-18.

There being no further business to come before the Board, Gordon made a motion to adjourn the meeting, seconded by Hillary. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. The meeting was adjourned at 10:13 a.m.

Respectfully Submitted,


Greg Gordon, Secretary