

WASHINGTON POLICE PENSION FUND
BOARD MEETING
August 1, 2016

The meeting was called to order by President Michael Hillary at 8:30 a.m. on Monday, August 1, 2016 in the Conference Room at City Hall.

Roll Call

Present

Michael Hillary, President
Jim Wetzel, Vice President
Greg Gordon, Secretary
Troi Westbrook, Assistant Secretary
James Fussner, Representative

Absent

Also in attendance were Controller Joanie Baxter, Treasurer Ellen Dingleline, Accountant Jeanette Glueck (arrived 8:45) and David Vaught from Mitchell Vaught & Taylor.

The agenda was reviewed with one change made to Reappointment to the Board – Mike Hillary. This item should have been Reappointment to the Board – Jim Wetzel.

David Vaught from Mitchell, Vaught and Taylor (MVT) provided a summary of investment activity for the year. He indicated that the net return year-to-date was 6.04%, including income of \$11,574 and net of fees of \$2,750. The equity balance is 39.9% and there is excess cash to invest as of 6/30/16. Brokered CD's are not being actively managed at this time and are included with the corporate bonds in fixed income. Approximately \$530,000 will be available to invest and MVT recommends purchasing more corporate bonds as well as considering a Treasury Inflation Protection Security (TIPS) in which the price adjusts with the CPI. TIPS are considered fixed income and not equity securities.

Gordon made a motion, seconded by Fussner to approve the April 25, 2016 meeting minutes. Motion carried and minutes approved.

There were no public comments.

Financial reports as of June 30, 2016 were reviewed by Baxter. A question was raised regarding interest totals that didn't agree between the financial report and the Annual Report per 40 ILCS5/3-141. Baxter indicated that staff would look into the difference and resubmit the reports, if necessary.

A CD at Washington State Bank in the amount of \$106,225.95 matured on 6/18/16 and was redeemed and a 39-month CD was purchased at Morton Community Bank in the amount of \$105,000 at 1.6%, with the remainder deposited to money market account. Wetzel made a motion, seconded by Westbrook to ratify this transaction. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes; Fussner – yes. Motion carried.

There is one CD and three brokered CD's maturing before the next quarterly board meeting. Discussion was held on how to invest the surplus funds. MVT indicates that \$231,000 is available now with another \$446,872 maturing in the next 6 weeks or so. Following discussion, Gordon made a motion, seconded by Fussner to invest the \$231,000 available surplus along with the \$40,000 from the first CD redemption as follows:

- \$55,000 – increase equities up to maximum 45%
- \$100,000 – purchase a Treasury Inflation Protection Security (TIPS)
- \$116,000 – purchase additional corporate bonds

On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes; Fussner – yes. Motion carried.

Police pension expenses since the last meeting were as follows:

- Illinois State Treasurer – paid \$1,335.47 on May 18, 2016 for the compliance fee for FY 2017.
- P F Pettibone – paid \$178.45 on June 17, 2016 for a minute book.
- Heartland Bank & Trust – paid \$35.00 for a multiple transaction bank fee.

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

A slate of officers was offered for the upcoming year as follows:

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

Gordon made a motion, seconded by Hillary to accept the slate as presented. Motion carried.

The Annual Report per 40 ILCS 5/3-141 as of 4/30/16 was reviewed. Baxter stressed that this is an unaudited report that was due in May, prior to the audit adjustments and reconciliations. Gordon made a motion, seconded by Wetzel to accept the report. Motion carried.

The Hartford Funds were redeemed and proceeds in the amount of \$912,773.24 were deposited to the money market account on May 12, 2016. Gordon made a motion, seconded by Wetzel to ratify the sale of this investment. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes; Fussner – yes. Motion carried.

Westbrook made a motion, seconded by Hillary to ratify the investment transactions by MVT for the quarter ended June 30, 2016. On roll call the vote was, Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes; Fussner – yes. Motion carried.

The RFP for a new actuary was distributed and discussed. The RFP will be sent to Foster & Foster, Lauterbach and Amen and Alliance Benefit.

Two proposals for Fiduciary Liability Insurance were presented by Mesirow Financial Services, one from ULLICO and one from CHUBB. A few questions were raised and Ellen will contact Mesirow for additional information.

Hillary has some training hours that need to be approved by the Board as acceptable training. He has had the 8 hours of ethics training and the remainder is in GASB 67 and 68, alternative investments, and risk management and ethics. Gordon made a motion, seconded by Fussner to approve these as acceptable training hours. Motion carried. Both Fussner and Westbrook reported that they have completed their required 32 hours of training.

The Board agreed to consider changes to the Investment Policy at a future meeting.

The City Council reappointed Jim Wetzel to the Police Pension Board for an additional 2-year term during its meeting of May 2, 2016.

A letter was received from Plainfield Police Pension Fund indicating that the transfer of creditable service for former officer Sean Kozak is complete.

The Board agreed to change the date of the next regular scheduled meeting to October 31 to give the new actuary sufficient time to complete the actuarial study.

There being no further business to come before the Board, Fussner made a motion to adjourn the meeting, seconded by Hillary. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Westbrook – yes; Fussner – yes. The meeting was adjourned at 10:22 a.m.

Respectfully Submitted,



Greg Gordon, Secretary