

**WASHINGTON POLICE PENSION FUND
QUARTERLY BOARD MEETING
Monday, August 1, 2016 - 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 25, 2016 Quarterly Meeting Minutes
6. Public comment
7. Financial Reports
8. 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> |
|-----------------------|----------------------|----------------------|----------------------|--|
| Washington State Bank | 1.25% | 06/18/16 | \$ 106,225.95 | Redeemed CD and Purchased a 39 month CD with MCB for \$105,000 @ 1.60% - Remainder was deposited to money market |
| | | | | |
| | | | | |
| | | | <u>\$ 106,225.95</u> | |

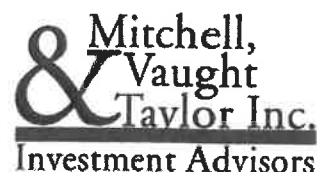
B. Investments Maturing before next quarterly meeting:

| <u>Name</u> | <u>Bank</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|-----------------------|-------------|----------------------|----------------------|---------------------|
| MVT – Goldman Sachs | | 1.35% | 08/08/16 | \$ 40,000.00 |
| Morton Comm. Bank | | 1.25% | 08/09/16 | \$146,872.17 |
| MVT – GE Capital Bank | | 1.35% | 08/10/16 | \$150,000.00 |
| MVT – Goldman Sachs | | 1.35% | 09/15/16 | \$110,000.00 |
| | | | | <u>\$446,872.17</u> |

- C. Ratification of Police Pension Fund Expenses (roll call vote)
 - D. Election of Police Pension Board Officers
 - E. Acceptance of Annual Report per 40 ILCS 5/3-141 (Unaudited) 4/30/16
 - F. Ratification of Hartford Redemption
 - G. Ratification of Quarterly Investment Transactions – MVT
 - H. RFP for Actuarial Services
 - I. Approval of Errors and Omissions Insurance Proposal
 - J. Approval of Acceptable Training Hours
9. Discussion Items:
 - A. Training requirements and opportunities
 - B. Investment Policy
 - C. Reappointment to the Board – Jim Wetzel
 - D. Transfer of Creditable Service for Sean Kozak
 - E. Change of October meeting date to October 31, 2016
 10. Adjournment (roll call vote)

Next meeting Monday, October 24, 2016 @ 8:30 a.m. or October 31, 2016 if changed per above

**Washington Police Pension Fund
Executive Summary
2nd Quarter 2016**



Activity Summary this Quarter

| | |
|------------------------|--------------|
| Beginning Value: | \$ 3,365,476 |
| Contribute & Withdraw: | \$ 912,773 |
| Net Investment Gain: | \$ 32,445 |
| Ending Value: | \$ 4,310,694 |
| Income | \$ 11,574 |
| Management fee: | \$ (2,750) |

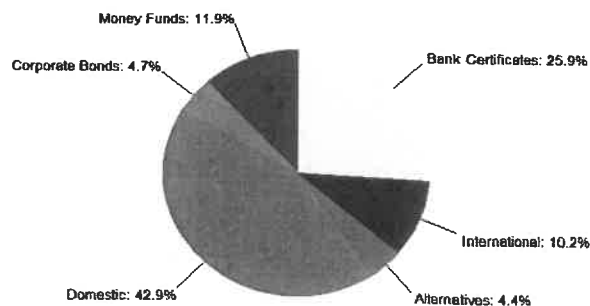
Since First Partial Quarter: 03/31/2016

| | |
|-----------------------|------------|
| Annualized net return | 6.04% |
| Cumulative Return: | 6.04% |
| Net Investment Gain: | \$ 197,603 |

Net Performance this Quarter

| | | |
|--------------|-------|-----------|
| Fixed Income | 0.60% | \$ 8,125 |
| Equities | 1.29% | \$ 24,320 |
| Total Fund | 0.83% | \$ 32,445 |

Asset Allocation



| | |
|-------------|-------|
| Fixed/cash: | 42.5% |
| Equities | 57.5% |

Portfolio Strengths

Fixed income

Due to concerns about 'Brexit', the slowing job market, and other economic news, long term interest rates declined again by over 16% in the period (1.79% to 1.49%). This significant decline in yields led to higher bond prices across the portfolio, with longer maturities much better than shorter.

Equities

Falling interest rates helped your REIT manager add significant value versus the target this period. Also, after lagging last quarter, the T Rowe Price Health Care fund resumed its position as a leading contributor to overall performance.

Weaknesses

Fixed income

The move lower in general interest rate levels meant that shorter maturity bonds, regardless of issue or sector, didn't do as well as their longer counterparts.

Equities

Generally, the international sector underperformed both the domestic and tactical sectors due to the turmoil in the European Union. Specifically, the Oakmark fund had a difficult quarter with holdings in the financial sector in Europe, so we initiated discussion with their portfolio team. Domestically, small cap beat its larger counterparts this period, and the value (i.e. dividend) sector exceeded growth by a good margin.

Strategies

The quarter was dominated by several dramatic economic events ('Brexit' and unexpectedly poor May employment numbers) which increased volatility in every asset class. These events confirm our concerns about a slowing global economy, as we have been noting in recent quarterly reports. In fixed income, we will look to extend duration and move it closer to the benchmark. In the equity asset class, market volatility and these uncertain economic conditions have us still maintaining an overweight to dividend paying stocks, and continuing our tactical investments in both REIT's and health care.

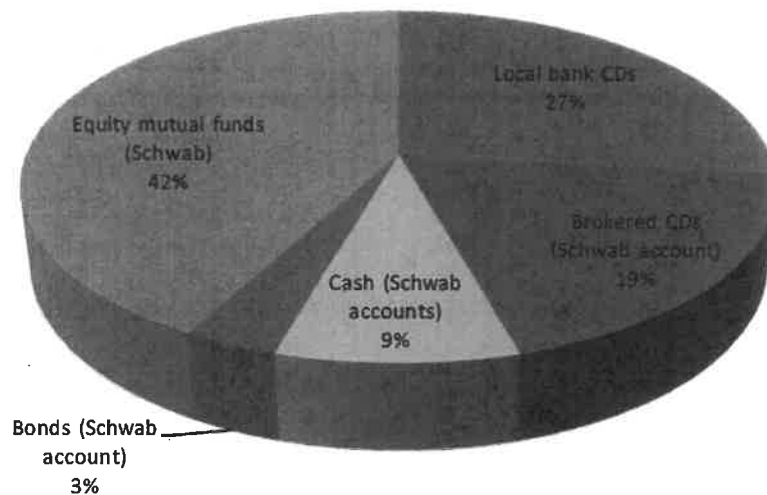
We urge our clients to compare MVT statements with those from custodians.

Past performance is no guarantee of future returns. Indices are not available for direct investment. Investments which attempt to mimic the performance of an index will incur expenses such as fees and transaction costs which reduce returns.

Washington Police Pension Fund**Total Asset Allocation**

As of June 30, 2016

| <u>Asset Class</u> | <u>Value</u> | <u>% of assets</u> | <u>Sector</u> |
|-------------------------------|---------------------|--------------------|--------------------------|
| Local bank cash | 334408 | 5.4% | |
| Local bank CDs | 1567361 | 25.2% | |
| Brokered CDs (Schwab account) | 1117808 | 18.0% | |
| Cash (Schwab accounts) | 512931 | 8.3% | 56.9% total cash and CDs |
| Bonds (Schwab account) | 200922 | 3.2% | 3.2% total bonds |
| Equity mutual funds (Schwab) | 2479034 | 39.9% | 39.9% total mutual funds |
| Total | \$ 6,212,464 | | |

Total Asset Allocation

July 8, 2016



Portfolio Statement
As of 06/30/2016

Washington Police Pension Fund

| <u>Weight</u> | <u>Symbol</u> | <u>Trade Date</u> | <u>Description</u> | <u>Quantity</u> | <u>Cost Basis</u> | <u>Current Price</u> | <u>Current Value</u> |
|--------------------------------|---------------|-------------------|---|-----------------|-------------------|----------------------|----------------------|
| Washington Police Bonds | | | | | | | |
| Fixed Income | | | | | | | |
| Money Funds | | | | | | | |
| 0.6% | SWGXX | | Schwab U. S. Treasury | | 27,054.06 | | 27,054.06 |
| Corporate Bonds | | | | | | | |
| 0.3% | | 02/03/2016 | National Rural Electric 11/01/2018 10.375% | 10,000 | 12,248.60 | 120.718 | 12,071.82 |
| | | | Accrued Income | | | | 172.92 |
| 0.7% | | 02/01/2016 | General Electric 02/15/2019 5.10% | 28,000 | 30,513.84 | 108.893 | 30,490.10 |
| | | | Accrued Income | | | | 539.47 |
| 0.8% | | 02/01/2016 | Potash Saskatchewan 05/15/2019 6.50% | 30,000 | 34,215.00 | 113.083 | 33,924.87 |
| | | | Accrued Income | | | | 249.17 |
| 0.3% | | 02/01/2016 | John Deere Capital 01/15/2020 2.50% | 11,000 | 11,114.40 | 102.049 | 11,225.41 |
| | | | Accrued Income | | | | 126.81 |
| 0.8% | | 02/01/2016 | Union Pacific 02/15/2020 6.125% | 30,000 | 34,443.00 | 115.602 | 34,680.60 |
| | | | Accrued Income | | | | 694.17 |
| 1.3% | | 02/01/2016 | JP Morgan Chase & Co 03/25/2020 4.95% | 50,000 | 54,614.00 | 110.573 | 55,286.45 |
| | | | Accrued Income | | | | 660.00 |
| 0.5% | | 02/01/2016 | American Express 09/14/2020 2.60% | 20,000 | 20,160.20 | 103.228 | 20,645.64 |
| | | | Accrued Income | | | | 154.56 |
| 4.7% | | | | | 197,309.04 | | 200,921.99 |
| 5.3% | | | | | 224,363.10 | | 227,976.05 |
| Cash and Equivalents | | | | | | | |
| Bank Certificates | | | | | | | |
| 0.9% | | 01/08/2016 | Goldman Sachs Bank 08/08/2016 1.35% | 40,000 | 0.00 | 100.077 | 40,030.64 |
| | | | Accrued Income | | | | 259.74 |
| 3.5% | | 01/08/2016 | GE Capital Bank 08/10/2016 1.35% | 150,000 | 0.00 | 100.095 | 150,142.20 |
| | | | Accrued Income | | | | 974.02 |
| 2.6% | | 01/08/2016 | Goldman Sachs Bank 08/15/2016 1.35% | 110,000 | 0.00 | 100.093 | 110,101.75 |
| | | | Accrued Income | | | | 714.28 |
| 2.3% | | 01/08/2016 | Ally Bank 03/20/2017 1.00% | 100,000 | 0.00 | 100.097 | 100,097.20 |
| | | | Accrued Income | | | | 480.60 |

July 8, 2016

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Portfolio Statement
As of 06/30/2016

Washington Police Pension Fund

| <u>Weight</u> | <u>Symbol</u> | <u>Trade Date</u> | <u>Description</u> | <u>Quantity</u> | <u>Cost Basis</u> | <u>Current Price</u> | <u>Current Value</u> |
|---------------------------------|---------------|-------------------|--|-----------------|-------------------|----------------------|----------------------|
| Washington Police Bonds | | | | | | | |
| Cash and Equivalents | | | | | | | |
| Bank Certificates | | | | | | | |
| 2.3% | | 01/08/2016 | Discover Bank 04/18/2017 1.85% | 97,000 | 0.00 | 100.730 | 97,708.10 |
| | | | Accrued Income | | | | 864.18 |
| 2.3% | | 01/08/2016 | GE Capital Bank 08/29/2017 1.35% | 97,000 | 0.00 | 100.417 | 97,404.68 |
| | | | Accrued Income | | | | 629.87 |
| 5.3% | | 01/08/2016 | Sallie Mae Bank 10/02/2017 1.45% | 225,000 | 0.00 | 100.516 | 226,161.23 |
| | | | Accrued Income | | | | 1,569.63 |
| 4.4% | | 01/08/2016 | Capital One Bank 08/27/2018 1.75% | 184,000 | 0.00 | 101.282 | 186,359.43 |
| | | | Accrued Income | | | | 1,550.29 |
| 2.4% | | 01/08/2016 | Goldman Sachs Bank 06/17/2019 1.85% | 100,000 | 0.00 | 101.869 | 101,869.00 |
| | | | Accrued Income | | | | 890.91 |
| 25.9% | | | | | 0.00 | | 1,117,807.75 |
| 31.2% | | | | | 224,363.10 | | 1,345,783.80 |
| Washington Police Equity | | | | | | | |
| Fixed Income | | | | | | | |
| Money Funds | | | | | | | |
| 11.3% | SWGXX | | Schwab U. S. Treasury | | 485,876.99 | | 485,876.99 |
| Domestic Equities | | | | | | | |
| Domestic | | | | | | | |
| 0.8% | BMDIX | 01/20/2016 | Baird Midcap Institutional | 2,173.033 | 29,596.71 | 15.380 | 33,421.25 |
| 5.5% | DHMIX | 01/20/2016 | Diamond Hill Small Mid Cap In | 12,107.969 | 210,771.79 | 19.420 | 235,136.76 |
| 3.4% | IWP | 01/15/2016 | Ishares Russell Mid Cap | 1,587 | 95,907.95 | 93.580 | 148,511.46 |
| 1.3% | IWS | 01/15/2016 | Ishares Russell Mid Cap | 763 | 0.00 | 74.290 | 56,683.27 |
| 4.2% | IVV | 01/15/2016 | S&P 500 Ishare | 851 | 119,612.05 | 210.500 | 179,135.50 |
| 2.8% | PRDSX | 03/14/2016 | T Rowe Price Small Cap Growt | 4,578.147 | 117,568.37 | 26.090 | 119,443.86 |
| 5.6% | VDIGX | 01/20/2016 | Vanguard Dividend Growth Fu | 10,305.949 | 229,046.72 | 23.410 | 241,262.27 |
| 5.3% | VGIAX | 01/20/2016 | Vanguard Growth & Income | 3,422.583 | 205,578.78 | 66.340 | 227,054.16 |
| 14.1% | VTSAX | 01/19/2016 | Vanguard Total Stock Admiral | 11,690.194 | 543,095.64 | 52.170 | 609,877.42 |
| 42.9% | | | | | 1,551,178.01 | | 1,850,525.95 |
| Alternatives | | | | | | | |
| 2.1% | CSRSX | 01/20/2016 | Cohen & Steers Realty | 1,239.761 | 82,590.35 | 74.750 | 92,672.13 |
| 2.2% | PRHSX | 01/20/2016 | T Rowe Price Health Sciences | 1,512.869 | 91,129.39 | 63.050 | 95,386.39 |
| 4.4% | | | | | 173,719.74 | | 188,058.52 |
| 47.3% | | | | | 1,724,897.75 | | 2,038,584.47 |

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July 8, 2016

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Portfolio Statement
As of 06/30/2016

Washington Police Pension Fund

| <u>Weight</u> | <u>Symbol</u> | <u>Trade Date</u> | <u>Description</u> | <u>Quantity</u> | <u>Cost Basis</u> | <u>Current Price</u> | <u>Current Value</u> |
|---------------------------------|---------------|-------------------|------------------------------|-----------------|-------------------|----------------------|----------------------|
| Washington Police Equity | | | Mutual Funds | | | | |
| International Equities | | | | | | | |
| International | | | | | | | |
| 5.5% | OAKIX | 01/20/2016 | Oakmark International | 12,479.006 | 233,329.65 | 19.120 | 238,598.59 |
| 1.2% | ODVYX | 01/20/2016 | Oppenheimer Developing Mark | 1,722.345 | 45,728.25 | 31.130 | 53,616.60 |
| 3.4% | OSMYX | 01/20/2016 | Oppenheimer Intl Smid Cap In | 4,088.098 | 139,063.10 | 36.260 | 148,234.43 |
| 10.2% | | | | | 418,121.00 | | 440,449.62 |
| | | | | | | | |
| 68.8% | | | | | 2,628,895.74 | | 2,964,911.08 |
| | | | | | | | |
| 99.8% | | | | | 2,853,258.84 | | 4,300,164.26 |
| | | | | | | | |
| | | | Total Accrued Income | | | | 10,530.62 |
| 100.0% | | | | | | | 4,310,694.88 |

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.

MVT12

WASHINGTON POLICE PENSION FUND

CASH AND INVESTMENTS

06/30/16

Money Market Checking Account:

| | | |
|----------------|----|------------|
| Heartland Bank | \$ | 326,208.36 |
|----------------|----|------------|

Savings Account:

| | | |
|-------|----|----------|
| CEFCU | \$ | 8,199.41 |
|-------|----|----------|

Certificates of Deposit:

CEFCU

| | | | | |
|------------------------------|----|-------------------|----|------------|
| [REDACTED] 1.98% due 6/19/18 | \$ | <u>147,099.11</u> | \$ | 147,099.11 |
|------------------------------|----|-------------------|----|------------|

Heartland Bank

No CD's at this time.

Washington State Bank

| | | | | |
|------------------------------|----|-------------------|----|------------|
| [REDACTED] 1.50% due 7/25/19 | \$ | <u>201,252.43</u> | \$ | 201,252.43 |
|------------------------------|----|-------------------|----|------------|

Morton Community Bank

| | | | | |
|---|----|-------------------|----|------------|
| [REDACTED] 1.07% due 4/30/17 | \$ | 117,700.03 | | |
| [REDACTED] 1.60% due 9/27/19 | \$ | 105,000.00 | | |
| [REDACTED] 1.60% due 3/5/18 | \$ | 102,026.59 | | |
| [REDACTED] 2.11% due 12/23/18 | \$ | 103,184.77 | | |
| [REDACTED] 1.60% due 8/21/18 | \$ | 101,754.33 | | |
| [REDACTED] 2.09% due 11/20/18 | \$ | 103,362.03 | | |
| [REDACTED] 1.07% due 12/31/16 (Launch Ready CD) | \$ | 205,422.74 | | |
| [REDACTED] 1.25% due 8/09/16 | \$ | <u>146,872.17</u> | \$ | 985,322.66 |

South Side Bank and Trust

| | | | | |
|---|----|-------------------|----|------------|
| [REDACTED] 2.00% due 4/9/19 (Soaring CD) | \$ | 132,084.02 | | |
| [REDACTED] 2.00% due 4/24/19 (Soaring CD) | \$ | <u>101,602.95</u> | \$ | 233,686.97 |

Mitchell, Vaught, & Taylor

| | | | | |
|--|----|-------------------|----|--------------|
| [REDACTED] CD 1.45% due 10/02/17 - Sallie Mae Bank | \$ | 225,000.00 | | |
| [REDACTED] CD 1.85% due 6/17/19 - Goldman Sachs | \$ | 100,000.00 | | |
| [REDACTED] CD 1.35% due 08/29/17 - GE Capital Bank | \$ | 97,000.00 | | |
| [REDACTED] CD 1.85% due 4/18/17 - Discover Bank | \$ | 97,000.00 | | |
| [REDACTED] CD 1.35% due 9/15/16 - Goldman Sachs | \$ | 110,000.00 | | |
| [REDACTED] CD 1.35% due 8/08/16 - Goldman Sachs | \$ | 40,000.00 | | |
| [REDACTED] CD 1.75% due 8/27/18 - Capital One Bank | \$ | 184,000.00 | | |
| [REDACTED] CD 1.35% due 8/10/16 - GE Capital Bank | \$ | 150,000.00 | | |
| [REDACTED] CD 1.00% due 3/20/17 - Ally Bank | \$ | <u>100,000.00</u> | \$ | 1,103,000.00 |

Total Certificates of Deposits

| | | |
|--|----|--------------|
| | \$ | 2,670,361.17 |
|--|----|--------------|

WASHINGTON POLICE PENSION FUND
REVENUE AND EXPENSE REPORT
MAY 1, 2015 TO APRIL 30, 2016
(unaudited)

REVENUES:

| | |
|----------------------------|------------|
| Property Taxes | 308,188.81 |
| Property Replacement Taxes | 12,586.01 |
| Interest | 37,951.31 |
| Dividend Income | 0.00 |
| Employee Contributions | 124,594.44 |
| Miscellaneous Income | 0.00 |

| | |
|--------------|-------------------|
| TOTAL | <u>483,320.57</u> |
|--------------|-------------------|

EXPENSES:

| | |
|-----------------------------|------------|
| Pensions | 486,956.88 |
| Administrative Wages | 0.00 |
| Investment Charges | 0.00 |
| Insurance | 0.00 |
| Legal | 1,732.32 |
| Compliance Fee | 1,298.25 |
| Filing Fee | 0.00 |
| Training | 2,370.00 |
| Membership Dues | 795.00 |
| Postage | 0.00 |
| Contributions Refund | 0.00 |
| Miscellaneous | 123.52 |
| Loss on Sale of Investments | 0.00 |

| | |
|--------------|-------------------|
| TOTAL | <u>493,275.97</u> |
|--------------|-------------------|

| | |
|-------------------------------|--------------------------|
| REVENUES LESS EXPENSES | <u><u>(9,955.40)</u></u> |
|-------------------------------|--------------------------|

* Note - Dividend income or unrealized gain/loss are not recorded here.

**WASHINGTON POLICE PENSION FUND
REVENUE AND EXPENSE REPORT
MAY 1, 2016 THROUGH JUNE 30, 2016**

REVENUES:

| | | |
|----------------------------|-----------|------------------|
| Property Taxes | 0.00 | |
| Property Replacement Taxes | 2,895.87 | |
| Interest | 3,769.39 | |
| Dividend Income | 0.00 | |
| Employee Contributions | 20,584.43 | |
| Miscellaneous Income | 0.00 | |
| TOTAL | | 27,249.69 |

EXPENSES:

| | | |
|----------------------|-----------|------------------|
| Pensions | 88,330.11 | |
| Investment Charges | 0.00 | |
| Insurance | 0.00 | |
| Legal | 0.00 | |
| Compliance Fee | 1,335.47 | |
| Filing Fee | 0.00 | |
| Training | 0.00 | |
| Membership Dues | 0.00 | |
| Subscriptions | 0.00 | |
| Postage | 0.00 | |
| Contributions Refund | 0.00 | |
| Investment Expense | 0.00 | |
| Miscellaneous | 213.45 | |
| TOTAL | | 89,879.03 |

REVENUES LESS EXPENSES

(62,629.34)

* Note - Dividend income or unrealized gain/loss are not recorded here.

MONTHLY PENSIONS PAID (GROSS): RETIREMENT

| | | |
|--------------------|----------|-------------------------|
| Britt Beard | 2,731.46 | |
| David Densberger | 2,987.66 | |
| Mary Densberger | 1,181.17 | |
| James Fussner | 3,642.67 | |
| Rosalie Gerkin | 4,250.10 | |
| James Kuchenbecker | 6,181.99 | |
| Thomas Libotte | 4,232.89 | |
| Gwendolyn Marshall | 2,965.62 | |
| David Stark | 3,497.35 | |
| Donald Volk | 6,115.63 | |
| Michael Williams | 2,812.88 | |
| William Witmer | 2,796.80 | |
| Charles Woolley | 3,826.65 | |
| TOTAL | | <u>47,222.87</u> |

MONTHLY PENSIONS PAID (GROSS): DISABILITY

| | | |
|--------------------------------------|------|--------------------|
| No Disability Pensions at this time. | 0.00 | |
| TOTAL | | <u>0.00</u> |

POLICE PENSION - ACTIVE OFFICERS' CONTRIBUTIONS AS OF 06/30/16

| | Contributions | Years |
|-----------------------------------|-----------------------------|--------------|
| Lyle Baele | \$ 107,148.10 | 17 |
| Zachary Bean | \$ 28,297.17 | 5 |
| Michael Brown | \$ 8,435.57 | 1 |
| Jacob Cernek | \$ 23,853.55 | 5 |
| Ashley Clare | \$ 1,277.88 | 0 |
| Daniel Foster | \$ 28,501.13 | 6 |
| Greg Gordon | \$ 91,279.68 | 18 |
| Frank Grossman | \$ 21,020.36 | 4 |
| Steve Hinken | \$ 32,653.94 | 6 |
| Ryan Hunsunger | \$ 54,530.77 | 10 |
| Gregory Patterson | \$ 45,592.44 | 9 |
| Brian Simpson | \$ 15,387.61 | 3 |
| Keegan Smith | \$ 22,116.53 | 4 |
| Steven Smith | \$ 45,123.44 | 6 |
| Stuart Stevens | \$ 90,076.97 | 16 |
| Joshua Sutter | \$ 1,277.88 | 0 |
| Dramane Taylor | \$ 7,700.38 | 1 |
| Derek Thomas | \$ 69,434.97 | 13 |
| Troi Westbrook | \$ 14,729.84 | 2 |
| Tyler Willi | \$ 40,934.50 | 7 |
| TOTAL ACTIVE CONTRIBUTIONS | <u>\$ 749,372.71</u> | |

POLICE PENSION -INACTIVE OFFICERS' CONTRIBUTIONS AS OF 06/30/16

| | 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 | <u>11,539.41</u> | |
| TOTAL CONTRIBUTIONS | <u>760,912.12</u> | |

**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: 06/30/16
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 | 05/18/16 | \$ 1,335.47 | Compliance Fee FY2017 |
| P F Pettibone | 06/17/16 | \$ 178.45 | Minute Book |
| Heartland Bank & Trust | 06/30/16 | \$ 35.00 | Bank Fee – Multiple Trans |
| | | | |
| | | | |
| | TOTAL | <u>\$ 1,548.92</u> | |

Washington Police Pension Fund
Annual Report per 40 ILCS 5/3-141 (Unaudited)
For year ending April 30, 2016

Revenues:

| | | |
|------------------------|--------------|----------------------|
| Interest Revenue | \$ 35,722.00 | |
| Miscellaneous Revenue | - | |
| Employee Contributions | 124,594.00 | |
| Employer Contribution | 316,184.00 | |
| Total Revenue | | \$ 476,500.00 |

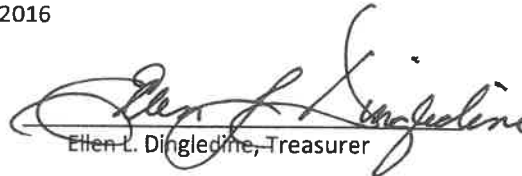
Expenses:

| | | |
|-----------------------|---------------|----------------------|
| Pensions | \$ 486,957.00 | |
| Contribution Refunds | - | |
| Compliance Fee | 1,298.00 | |
| Legal Fees | 1,732.00 | |
| Membership Dues | 795.00 | |
| Training | 2,370.00 | |
| Miscellaneous | 124.00 | |
| Total Expenses | | \$ 493,276.00 |

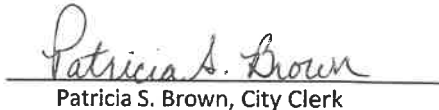
**Deficiency of Revenues
under Expenses**

\$ (16,776.00)

Subscribed and sworn to this 2nd day of May, 2016


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, 2016.


Patricia S. Brown, City Clerk

City of Washington OPEB and Washington Police Pension Fund Request for Proposal (RFP) for Actuarial Services

August 2016

I. Summary Statement

The **City of Washington ("City")** and the **Board of Trustees of the Washington Police Pension Fund ("Board")** are requesting proposals from certified/enrolled actuaries and actuarial consulting firms to provide a range of actuarial services and actuarial advice to the City and the Pension Fund. The specific services to be provided include, but may not necessarily be limited to:

- Attending meeting or meetings (in person or by teleconference) to educate Police Pension Fund members, City Council and administrative staff on actuarial studies if needed;
- Helping to prepare a funding policy;
- Providing various funding scenarios, taking into account different assumptions;
- Providing projections on future municipal contribution requirements; and
- Providing GASB statement disclosure information for the Audited Financial Statements.

The City and Board reserve the right to reject any and all proposals. Proposals submitted will be evaluated by the City and Board. During the review process, the City and Board have the right to request additional information and corrections from any, or all, of those submitting proposals. Once the City and Board have reviewed the proposals, they may request oral presentations from any, or all, of those submitting proposals. All costs incurred with the submission of proposals are solely those of the proposer. The City and Board will not reimburse any expenses of those submitting proposals. It is anticipated that the City and Board will enter into a multiple year contract with the consultant.

All questions or communications pertaining to this RFP shall be presented in writing to the City of Washington Controller:

Joanie Baxter, Controller
City of Washington
(309) 444-1124
jbaxter@ci.washington.il.us

Questions must be submitted in writing via email. Please provide a return email address and phone number for responses.

II. Description of the Police Pension Fund & City OPEB benefits

The Washington Police Pension Fund, Tazewell County, Illinois, is an Article 3 pension fund organized pursuant to the Illinois Pension Code (40 ILCS 5/3-101 *et seq.*) for the benefit of its members and of their surviving spouses, children and certain other dependents. Currently, the Fund membership totals 32 active, inactive and retired participants. As of April 30, 2015, the date of the most recent actuarial valuation report, the Pension Fund had total assets of approximately \$6.7 million.

As of April 30, 2014, the date of the last actuarial valuation report, the City had 56 active employees and 10 retirees currently receiving OPEB benefits. Only certain employees who have qualified for these benefits based on years of service or hire date will receive retiree health insurance up to age 65. As of April 30, 2014, the Net OPEB obligation was \$756.

III. Delivery of Proposals

Please forward **the proposal** labeled "Request for Proposal for Actuarial Services" to the City's Controller via email as follows:

Joanie Baxter
Controller
jbaxter@ci.washington.il.us

The proposals must be received by 5:00 p.m. on August 31, 2016, to be considered.

IV. Minimum Qualifications

The actuarial consulting firm must be regularly established in the industry of providing actuarial consulting services, financially responsible and have experienced personnel able to provide the required services. The City and Board may request information substantiating the above requirements. Failure to provide this information may result in a responder's proposal being declared non-responsive.

- The individual(s) assigned as lead consultant(s) must have a minimum of five (5) years professional experience in the actuarial consulting field. All actuaries shall be enrolled actuaries and shall be members of the American Academy of Actuaries.
- The actuarial consulting firm must have been in business for a minimum of five (5) years.
- The firm must have provided actuarial services to other public retirement systems or corporate pension plans which are approximately the size or complexity of the City and Board.
- The firm must be able to maintain a data processing interface with the City and Board by tape, disk, online connection or by other electronic means.
- The firm must not seek to unreasonably limit its liability for negligence or breach of fiduciary duty.

The City and Board retain the sole right to decide whether any Proposer is qualified to bid, including determining whether any Proposer's qualifications are sufficiently comparable to satisfy all of the above minimum qualifications.

V. Specific Required Items to be Included in the Proposal

A. Firm Information

1. Name of Firm
2. Address
3. Name, telephone number, email address and title of individual with authority to commit firm.

B. Description of Firm

1. General description of business, including size, number of employees, number of actuaries qualified to provide this service for pension funds in the State of Illinois, primary business, other business services offered, and a description any past or contemplated changes in the ownership structure of the firm.
2. List current municipal or government entities for which the firm currently provides actuarial services:
 - a. Specifically highlight Illinois police and fire pension fund accounts, as well as any other Illinois public pension or municipal accounts;
 - b. Highlight the number of years the firm has worked with each client; and
 - c. List the Illinois public pension fund or municipal accounts that have terminated their relationship with your firm in the last ten (10) years and provide the year of termination, as well as the reason for termination.
3. Actuaries who would have primary responsibility for the work.
 - a. Name and Title
 - b. Biographies of key personnel
 - c. Years of personal experience providing actuarial services to Illinois police and fire pension funds, or other Illinois public pension funds and municipalities
 - d. Do the actuaries hold an FSA designation?
 - e. Are the actuary's members of the American Academy of Actuaries?
 - f. Names, responsibilities and tenure of key members of the pension fund team that have left the firm within the last three (3) years, as well as the reason(s) for leaving
 - g. Representatives who would attend meetings.
4. Describe any special expertise and experience your firm has in providing actuarial services to Illinois public pension funds.
5. Describe your firm's insurance coverage.
6. Has there been any litigation against the firm or its principals/owners/officers within the past three (3) years?
7. Provide a listing of all public fund clients located in Illinois. Include the size of the fund and the length of service to them.
8. Describe the competitive advantage your firm enjoys over its competitors.

C. General Information

1. Describe the approach you would follow to conduct an actuarial valuation of the Pension Fund.
2. Describe your approach to measuring funding status and funding progress in order to facilitate the assessment of trends over several actuarial valuations with respect to the overall solvency of the Pension Fund.
3. Describe your approach to assessing the current mandatory provisions of the statutes relating to actuarial valuations and recommending appropriate changes in these requirements.
4. Discuss the theory and methodology for the actuarial assumptions your firm employs.
5. Describe your firm's approach to providing recommendations regarding the amortization of unfunded liabilities.
6. Describe your firm's familiarity in preparing the GASB 67 & 68 disclosures for the municipal audit.
7. Describe your approach to the development and maintenance of valuation software.
8. Describe the capabilities of your valuation system(s) and your computer hardware support.
9. Describe the tools, resources, and training you can make available to the Pension Fund's staff so that they can model various scenarios.
10. How many actuarial consultants does your firm have?
11. How are consultants' recommendations to clients reviewed and monitored by your organization?
12. Are you willing to assume a fiduciary role in your services as actuarial consultant to the Pension Fund? Do you consider yourself a fiduciary under the Illinois Pension Code with respect to the recommendations you provide to clients?
13. Describe the types and level of insurance you carry for negligent acts or omissions, as well as professional malpractice insurance and fiduciary liability insurance.
14. Does your firm have a business continuation and disaster recovery plan? If so, please describe the key features of the plan.
15. Do you have any policies or procedures to address conflicts of interest or to prevent other relationships from being considered when you provide advice to clients?
16. Does your firm anticipate using the services of a subcontractor in fulfilling this contract?

17. Following award of a contract by the City Council no later than **September 19, 2016**, the Annual Report for the Police Pension Fund will be made available from the Controller by **September 23, 2016**. A draft actuarial report with tax levy scenarios must be prepared and submitted to the Controller no later than **October 26, 2016** for consideration by the Police Pension Board at its meeting of **October 31, 2016**. The actuarial report for the OPEB valuation is due by **February 15, 2017**.

D. Fees

1. Provide a proposed fee structure, including start-up fees, annual fees, and any other fees for police pension valuation. Please provide a fee structure for a three-year contract term with an additional optional three-year extension.
2. Provide an additional fee structure for GASB 45 OPEB valuation for all eligible City employees. This valuation is required every three years. Please provide a fee structure for the valuation for the period ended April 30, 2017 and April 30, 2020, along with fees for any services needed in the interim.
3. Provide a detailed description of the services to be provided in exchange for the proposed fees. Please detail which fees would be applicable to the required GASB disclosures.
4. Provide a sample contract with fee schedule as an attachment.

E. Selection Criteria

The criteria used in evaluating the proposals will include, but is not limited to, the following:

1. Quality, conciseness, clarity and completeness of the proposal, including a demonstrated understanding of the City of Washington and Washington Police Pension Fund's needs relative to the actuarial services referred to in this RFP;
2. Relevant experience of the individual(s) identified and the firm as it relates primarily to actuarial services for pension funds;
3. Suitability, appropriateness and specificity of the proposal's description of the services to be provided;
4. Willingness to assume a fiduciary role;
5. Commitment and dedication of necessary resources to support the City, Pension Fund and Staff;
6. Independence of the firm;
7. Willingness to listen and acceptance of being challenged;
8. Recommendations regarding actuarial assumptions and methodology;
9. Awareness of the Illinois legislative climate;
10. Insight as to the latest trends, topical issues and access to best thinking;
11. Ability to provide Trustee and Staff education and training;

12. Willingness and courage to provide recommendations outside of the norm; and
13. Fee proposals.

F. Freedom of Information Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the Illinois Freedom of Information Act (5 ILCS 140/1 *et seq.*). The Act provides generally that all records relating to a public body's business are open to inspection and copying, unless specifically exempted under one of the several exemptions set forth in the Act. One such exemption is for "trade secrets" (5 ILCS 140/7(g)). Therefore, if in response to this RFP, any trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential and that disclosure of such information would cause competitive harm to the person or business, such claim must be clearly made and such information must be clearly identified. The information must be identified in the RFP response and provided separately from the RFP response. Nevertheless, such a claim is not definitive. The City and Pension Fund have the right and obligation to make a final determination whether such information is exempt from disclosure under the Act. However, no information will be determined to be proprietary, privileged or confidential unless it is identified and separated as indicated herein.

G. Miscellaneous

1. Please provide a list of at least three (3) Illinois pension fund client references with contact names, addresses, and telephone numbers.
2. Please provide a list of formal complaints, sanctions, or litigation against your firm in the last five (5) years.
3. Please provide a complete description of any Actuarial Board for Counseling and Discipline ("ABCD") complaints filed against the firm or any of its actuaries within the past ten (10) years.
4. Indicate any litigation or other legal proceedings in the last five (5) years involving the firm, its officers, principals or actuaries. Please provide an explanation and indicate the current status or disposition of the litigation or legal proceeding.
4. Please state whether you are willing to attend meetings of the City Council and Pension Board in person or by teleconference if needed.
5. If requested, what other services could your firm provide (on-site training, etc.) for the City Council, Board members and staff?
6. Please provide copies of at least one article that has been published by the actuary(s) who will have primary responsibility for the services to be provided to the City and Board.

A Presentation Exclusively for

Washington Police Pension Fund



Fiduciary Liability Insurance Coverage Summary

July, 2016

Presented by:

Tim Bowen
Senior Vice President
Organized Labor Practice Leader

This response includes data that shall not be disclosed outside of this presentation, and shall not be duplicated nor used, in whole or in part, for any purpose other than to evaluate this proposal.

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Why Mesirow Insurance Services

- We are an Illinois based, independently-owned insurance broker, employing over 1,200 employees among our affiliates
- Mesirow Insurance Services is a full-service insurance broker (placing Fiduciary and Management Liability, Property, Casualty, Life & Health)
- We have **direct access** to all of the major players in the Taft-Hartley and Public Pension insurance marketplace. We do not utilize costly wholesalers in order to place this business
- We have an experienced staff of professionals dedicated *exclusively* to Management Liability coverage (including Fiduciary and Management Liability Insurance for Multi-employer, Taft-Hartley and Public Pension clients). Our staff consists of former *underwriters* who can better tailor products to suite the evolving needs of Trustees
- As leader of this team, Tim Bowen has over 11 years of experience as a broker placing Fiduciary and Management Liability insurance for Taft-Hartley and Public Pension clients
- We are the largest insurance broker of Illinois Public Pension Funds. With over 200 similar clients nationally (including Puerto Rico), we are also one of the largest brokers in the nation for Taft-Hartley and Public Pension clients
- We work with state and national agencies and associations - including National Conference on Public Employee Retirement Systems (NCPERS), Illinois Public Pension Fund Association (IPPFA), Illinois Public Pension Advisory Committee (IPPAC), Michigan Association of Public Employee Retirement Systems (MAPERS) and the Associated Firefighters (AFF) - to help Trustees better understand their liability, insurance options and how to reduce their exposures
- We have positive relationships with a sizable portfolio of clients and service providers to Taft-Hartley and Public Pension clients (attorneys, consultants, actuaries, etc) that would provide favorable references.
- Mesirow Insurance Services has worked with a number of carriers (including AIG, ULLICO, Travelers, The Hartford and Chubb) to develop the most comprehensive coverage programs to meet the unique needs of Taft-Hartley and Public Pension clients
- We have a dedicated claim advocacy team, and have been successful in *reversing* initial denials of coverage on behalf of our Taft-Hartley and Public Pension clients

Important Policy Provisions

| Coverage Provision | ULLICO | CHUBB |
|---|---|--|
| Name insured to include past/present/future Trustees | Yes | Yes |
| Claims Made Policy | Yes | Yes |
| Duty to Defend | Optional (Responsibility of Defense is decided by the Insured) | Yes |
| Coverage for Spouses, Estates, Heirs, Legal Representatives or Assigns of an Insured Person | Yes | Yes |
| Provides coverage for past acts | Yes | Yes |
| Choice of Counsel | Yes | No |
| Non Cancellable by carrier (except for non-payment of premium) | Yes | Yes |
| HIPAA fines & penalties | Yes | Yes |
| Punitive Damages | Where Insurable Under Law | Where Insurable Under Law |
| Severability (Exclusions and Application) | Yes | Yes |
| Consent to Settle Clause | Removed | Yes (70/30) |
| Waiver of Recourse | Yes (a fee-per-trustee does <u>not</u> need to be collected) | Yes (a fee-per-trustee does <u>not</u> need to be collected) |
| Claim expenses included within the limit of liability | Yes | Yes |

Important Exclusions

| Coverage Exclusion | ULLICO | CHUBB |
|--|--|--|
| Personal Profit/ Illegal Remuneration | Excluded (although defense for allegations of such will be defended until the act is finally adjudicated) | Excluded (although defense for allegations of such will be defended until the act is finally adjudicated) |
| Criminal/Fraudulent Acts/Willful violation of any law | Excluded (although defense for allegations of such will be defended until the act is finally adjudicated) | Excluded (although defense for allegations of such will be defended until the act is finally adjudicated) |
| Bodily Injury, Personal Injury and Property Damage | Excluded | Excluded |
| Violations of any Workers Compensation, Unemployment Insurance, Social Security or similar Disability Benefits Law | Excluded | Excluded |
| A demand, suit or other proceeding rendered against the Insured prior to the first date of inception of coverage | Excluded (multiple allegations that stem from a single wrongful act will be treated as one claim under this policy, subject to the aggregate limit of liability) | Excluded (multiple allegations that stem from a single wrongful act will be treated as one claim under this policy, subject to the aggregate limit of liability) |

| | ULLICO | CHUBB |
|---|--|--|
| Pollution or Pollutants | Excluded | Excluded |
| Contractual Liability of Others (other than contractual liability established by the Employee Benefit Plan) | Excluded | Excluded |
| Benefits Due | Excluded (provided this exclusion will allow coverage for claims expenses and the portion of the claim that may become a personal obligation of an Insured Person) | Excluded (provided this exclusion will allow coverage for claims expenses and the portion of the claim that may become a personal obligation of an Insured Person) |
| Failure to Maintain Insurance | Not Excluded | Not Excluded |
| Failure to adequately or properly fund the Employee Benefit Plan | Not Excluded | Not Excluded |
| Specific debt instruments or investments | Not Excluded | Not Excluded |

Premium Summary

| | Option 1 | Option 2 |
|---|--------------|--------------|
| Primary Carrier/ Excess Carrier | ULLICO | CHUBB |
| Limit⁽¹⁾ | \$ 1,000,000 | \$ 1,000,000 |
| Retention / Deductible⁽²⁾ | \$ 0 | \$ 0 |
| Premium | \$ 3,058 | \$ 5,000 |

⁽¹⁾ Annual aggregate limit of liability for all trustees

⁽²⁾ Retention/deductible applies to each claim

Subjectivities (conditions / information needed within 30 days of binding)

- APPLICATION of carrier chosen to bind coverage with

Waiver of Recourse

With the enactment of ERISA in 1974, Trustees of employee benefit plans became personally liable for their acts on behalf of the participants of those plans. Fiduciary Liability Policies became very popular, but ERISA only allowed the Trust Funds themselves to purchase insurance to protect the funds - not the respective trustees. The "Waiver of Recourse" coverage extension was created to protect the Trustees from the insurance company having the right to subrogate against the Trustees. A nominal fee was charged to the Although Public Pension Funds are not subject to ERISA law, the various state pension codes often follow in the "spirit of ERISA". In addition, as the Fiduciary Liability policies were originally drafted to protect ERISA plans, the waiver provision followed across Non-ERISA plans.

With that said, we have been successful in petitioning the carriers to waive their recourse to the trustees without having to charge, unless there is a requirement within the respective governing code. As Public Pension Codes typically have no such provision, we no longer need to charge the trustees for the waiver of recourse. The trustees still retain the same full coverage as provided in the past.

Fiduciary Liability Insurance for Public Pension Funds

Trustees and staff members of governmental, municipal and quasi-governmental pension plans face increased exposure in their fiduciary roles. Allegations of breaches of duty are costly to defend, and may result in personal liability of the trustees. Mesirow Insurance Services' experts provide the following summary of a typical State Pension Code, and offer a solution to lessen your fiduciary exposure.

PENSION CODE STANDARDS & FIDUCIARY DUTIES

The fiduciary duties under most State Pension Codes mirror standards similar to those outlined in ERISA. These duties include acting solely in the interest of the participants & beneficiaries, adhering to the so-called "prudent investor" standard and other provisions of the State Pension Code.

ENFORCING PROVISIONS & LIMITATIONS ON LIABILITY

State Pension Codes normally provide that participants, beneficiaries, fiduciaries and/or the Attorney General may bring suits to enforce fiduciary duties and other provisions of the respective Pension Code.

State Pension Codes often do not provide complete limitations on liability and make clear that litigation against fiduciaries is permissible. A fiduciary that breaches his/her duty can be held personally liable to make

INSURANCE AUTHORIZATION & INDEMNIFICATION PROVISIONS

Each board and pension fund is often authorized to purchase insurance to protect against liability of trustees, staff and employees which may arise as a result of claims.

State Pension Codes generally permit, but do not guarantee, the indemnification of trustees and employees of the Fund – however, this indemnification is provided for allegations other than willful misconduct or gross negligence (properly structured insurance programs will not exclude allegations of willful misconduct or gross negligence).

IN SUMMARY

State Pension Codes require fiduciaries to adhere to many of the same standards outlined in ERISA. Breaches of established fiduciary duties may translate into *personal liability* for the trustees of public pension funds. These same Pension Codes allow for the purchase of insurance to protect the plan, the trustees and the staff from such liability.

Our professionals at Mesirow Insurance Services are experienced in prudently structuring comprehensive fiduciary liability insurance programs to provide trustees with added protection in their roles as fiduciaries of public pension funds.

NAMED INSURED

- n The Pension Fund and/or Retirement Fund
- n Past, present and futures trustees, directors & officers (including spouses and legal estate).
- n Past, present and futures employees, staff, plan administrator (including spouses and legal estate).

(continued)

INSURED WRONGFUL ACTS

- Breach of Fiduciary duties; violation of the responsibilities, obligations or duties imposed by Municipal, State or similar Pension Code
- Any act error of omission in the performance of counseling participants, providing interpretations, handling records or effecting enrollment.

COVERAGE EXTENDS TO CLAIMS

- Written demand for monetary and injunctive relief
- Criminal or civil proceedings commenced by service of complaint, return of an indictment and/or agency or regulatory proceeding

LOSSES COVERED INCLUDE

- Damages; judgments; settlements; pre- & post- judgment interest
- Defense expense
- Civil penalties associated with CAP, HIPPA, 502i or 502j

OTHER POLICY PROVISIONS

- Annual policy period; annual aggregate limits of liability; higher limits available than those presented
- Claims-Made coverage (provides coverage for claims arising from prior acts)
- Defense costs within the annual limit

NOTABLE EXCLUSIONS

Coverage does not extend to: outside service vendors; benefits due the participants; fraudulent acts or illegal personal profit; failure to collect contributions; bodily or property damage; failing to comply with Workers Comp, unemployment, Social Security.

**CITY OF WASHINGTON
WASHINGTON, ILLINOIS**

TO: City Council
FROM: Gary W. Manier, Mayor
DATE: May 2, 2016
SUBJECT: Reappointment to Police Pension Board

*Approved
5-2-16*

Jim Wetzel was appointed to the Police Pension Board in May 2014. I would like to reappoint Mr. Jim Wetzel to the Police Pension Board for another 2 year term. This matter will come before the City Council during its meeting of May 2, 2016.



Lauterbach & Amen, LLP

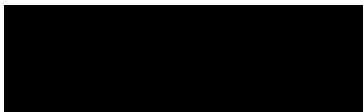
CERTIFIED PUBLIC ACCOUNTANTS

27W457 WARRENVILLE RD. • WARRENVILLE, ILLINOIS 60555

PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

April 28, 2016

Sean M. Kozak



RE: Transfer of Creditable Service for Sean M. Kozak from Washington Police Pension Fund to Plainfield Police Pension Fund

Officer Kozak:

Our firm provides pension benefits administration services for the Plainfield Police Pension Fund. Regarding your request to transfer your creditable service of 3 years, 7 months, 19 days, (from September 13, 2010 through May 1, 2014) from the Washington Police Pension Fund to the Plainfield Police Pension Fund, please note the following:

- Records indicate you did not receive a refund of your contributions of \$16,314.85 from the Washington Police Pension Fund.
- The Washington Police Pension Fund issued payment to the Plainfield Police Pension Fund of \$36,560.38. This represents your contributions into the Washington Police Pension Fund (\$16,314.85) plus 6% interest from the date of each contribution and a required match by the Washington Police Pension Fund. All service has now been transferred and you are no longer entitled to any pension benefits from the Washington Police Pension Fund.
- The Plainfield Police Pension Fund's actuary determined that the True Cost to the Plainfield Police Pension Fund for your transfer was \$59,752.00. The remaining balance due of \$23,191.62 was remitted by you to the Plainfield Police Pension Fund.

As a result of this transfer, your date of hire for pension purposes with the Plainfield Police Department has been adjusted as follows:

Original Plainfield Police Pension Fund Date of Hire: **May 5, 2014**

Adjusted Plainfield Police Pension Fund Date of Hire: **September 16, 2010**

Please do not hesitate to contact me should you have any questions.

Cordially,

James F. Ritchie
Lauterbach & Amen, LLP

CC: Washington Police Pension Fund
Plainfield Police Pension Fund

WASHINGTON POLICE PENSION FUND
BOARD MEETING
April 25, 2016

The meeting was called to order by President Michael Hillary at 8:32 a.m. on Monday, April 25, 2016 in the Conference Room at City Hall.

Roll Call

Present

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

Absent

Troi Westbrook, Assistant Secretary

Also in attendance were Controller Joanie Baxter, Treasurer Ellen Dingledine, City Administrator Jim Culotta and David Vaught and Dwight Ower from Mitchell Vaught & Taylor. Dennis Hermann arrived at the meeting at 8:55 a.m.

The agenda was reviewed and a Discussion Item was added as E. Police Pension Fund Actuary. Also, Item D under Discussion Items D & O Insurance Policy – Alexander Murray was moved under the Investment Reporting. It was pointed out that the agenda items were misnumbered and Action Items should be number 8, Discussion Items number 9 and Adjournment number 10.

The issue of D & O coverage was discussed. Dennis Hermann from Alexander Murry indicated that the Board has a \$600,000 fidelity bond coverage but that it is not D & O coverage for directors and officers in regard to errors and omissions. This coverage is specifically excluded in the City's policy due to coverage for pension related issues and therefore the Board must seek a separate policy. This coverage is difficult to find due to the size of the Fund but Dennis would suggest contacting Mesirow Financial and ULLICO.

David Vaught and Dwight Ower from Mitchell, Vaught and Taylor (MVT) provided a summary of investment activity for the year. They indicated that the brokered CD's transferred from Baird on January 8 and the mutual funds began transferring on January 15. They stated that the gains could be kept in the account and exceed the 45% which the DOI has agreed is acceptable for gains or the Board could sell a few shares and get back to 45% as of April 30. Wetzel made a motion, seconded by Gordon to rebalance \$90,000 as of April 30, 2016. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried. The status of the Hartford accounts was discussed. A letter needs to be signed by Hillary to approve the transfer of the funds. A full quarterly report will be submitted by MVT for the July meeting.

Investment transactions for the quarter need to be ratified by the Board. Wetzel made a motion, seconded by Hillary to ratify the investment transactions for the quarter ended March 31, 2016. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried.

Wetzel made a motion, seconded by Hillary to approve the January 25, 2016 meeting minutes with a correction to add City Administrator Cullota as in attendance. Motion carried and minutes approved as corrected.

There were no public comments.

Financial reports as of March 31, 2016 were reviewed by Baxter. A question was raised as to the inactive contributions and Staff will follow up with the Department of Insurance to see what additional steps need to be taken. Hillary made a motion, seconded by Fussner to approve the financial reports as presented. Motion carried.

A CD at Washington State Bank in the amount of \$212,096.11 matured on 3/20/16 and was redeemed and deposited into the money market account for cash flow purposes. Wetzel made a motion, seconded by Hillary to ratify this transaction. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes.. Motion carried.

There is one CD maturing before the next quarterly board meeting and Hillary made a motion, seconded by Wetzel to reinvest with MVT at the maturing balance. The current balance of the CD is \$106,225.95. MVT questioned if the Board was comfortable with a 6-year term and it was the consensus to stay with 5 or less. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Fussner - yes. Motion carried.

Police pension expenses since the last meeting were as follows:

- Atwell & Atwell – paid \$100.00 on February 16, 2016 for legal fees.
- Morton Community Bank Visa – paid \$750.00 on February 16, 2016 for trustee training for Fussner.
- Morton Community Bank Visa – paid \$750.00 on February 16, 2016 for trustee training for Westbrook.
- Morton Community Bank Visa – paid \$335.00 on March 22, 2016 for IPPFA Pension Conference for Wetzel.
- Morton Community Bank Visa – paid \$335.00 on March 22, 2016 for IPPFA Pension Conference for Gordon.

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

An application to the Police Pension Fund was considered for Ashley N. Clare, sworn in on March 21, 2016. Gordon made a motion to accept Ashley Clare’s application, seconded by Fussner. Motion carried by voice vote.

An application to the Police Pension Fund was considered for Joshua P. Sutter, sworn in on March 21, 2016. Gordon made a motion to accept Joshua Sutter’s application, seconded by Fussner. Motion carried by voice vote.

An application for a retirement pension was considered for Donald J. Volk, who is retiring on April 30, 2016. The pension is based on creditable service of 31 years and 5 days and age 58 with a salary attached to rank of \$97,850.00. The pension will be in the amount of \$6,115.63 with an initial pension of \$6,115.63. Fussner made a motion, seconded by Hillary to approve the retirement pension as stated. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried.

Upcoming training opportunities include the annual pension conference being held May 2 – May 5 at Embassy Suites in East Peoria which Wetzel and Gordon are scheduled to attend. Westbrook and Fussner are also scheduled to attend the certified trustee training during the conference which will fulfill their requirements. Hillary still needs 16 hours by August 13, 2016.

The Cash Flow Analysis was reviewed and will continue to be monitored. Proceeds from several CDs have been deposited to money market recently to provide for needed cash flow due to CDs been compounded, thus decreasing interest deposits to the account.

Predatory lending letters have been received from all banks except PNC Bank and thus the Board may not do business with them in compliance with the High Risk Home Loan Act.

The RFP for a new actuary was discussed. The Board is aware of legal issues with the previous actuary, Timothy Sharpe although had decided earlier to put the services out to bid due to dissatisfaction with services provided by him. MVT recommended sending an RFP to Foster & Foster and Hillary also suggested Alliance Benefit. A draft RFP will be developed and forwarded to the Board for discussion.

There being no further business to come before the Board, Gordon made a motion to adjourn the meeting, seconded by Fussner. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes; Fussner - yes. The meeting was adjourned at 10:12 a.m.

Respectfully Submitted,

Greg Gordon, Secretary