

**WASHINGTON POLICE PENSION FUND  
BOARD MEETING  
January 25, 2016**

The meeting was called to order by President Michael Hillary at 8:30 a.m. on Monday, January 25, 2016 in the Conference Room at City Hall.

Roll Call

Present

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

Absent

Troi Westbrook, Assistant Secretary  
James Fussner, Representative

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

The agenda was reviewed and no changes were made to discussion items only.

David Vaught provided an update on the transfer of investments from Baird to the Schwab accounts. Everything has been transferred except for one mutual fund and the Hartford funds are still pending as well. There should not be a fee to transfer the Hartford annuity since has been kept over 7 years. MVT recommends moving as soon as possible because fees to maintain are high. Dingleline recommends getting confirmation in writing that there will be no fees for termination. MVT advised that pension boards can buy corporate bonds as of 2011 and they would recommend as have higher yield curve than CD's, treasuries and agencies. They would recommend holding no more than 20% of fixed income = \$600,000. If the Board doesn't want to purchase bonds, would recommend staying with CD's of 5 year or less term rather than treasuries.

Wetzel made a motion, seconded by Hillary to approve the November 5, 2015 meeting minutes. Motion carried.

Hillary made a motion, seconded by Wetzel to approve the November 17, 2015 special meeting minutes. Motion carried.

Wetzel made a motion, seconded by Hillary to approve the December 10, 2015 special meeting minutes. Motion carried.

There were no public comments.

Financial reports as of December 31, 2015 were reviewed by Baxter. Wetzel made a motion, seconded by Hillary to approve the financial reports as presented, pending reconciliation of transfers made from Baird to Schwab due to the financial reports not indicating a total investment value. Motion carried.

A CD at Washington State Bank in the amount of \$170,452.33 matured on 12/18/15 and was redeemed and deposited into the money market account for cash flow purposes. Gordon made a motion, seconded by Hillary to ratify this transaction. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

A CD at Washington State Bank in the amount of \$284,093.52 matured on 1/16/16 and was redeemed and deposited into the money market account for cash flow purposes. Gordon made a motion, seconded by Wetzel to ratify this transaction. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

There is one CD maturing before the next quarterly board meeting and Hillary suggested that we let it mature and deposit into money market for cash flow purposes. Staff will do another cash flow analysis for next meeting.

Hillary also suggested sending \$200,000 to MVT to invest in corporate bonds with a maturity of 4 years or less. MVT said they prefer 20 – 25 bonds for an eventual total of \$400,000 or \$450,000, but building gradually is fine. Hillary made a motion to approve investment of \$200,000 in corporate bonds no more than 5 year maturity, at least 2% higher than local CD rates and no lower than grade A. Wetzel seconded the motion. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

Hillary made a motion, seconded by Gordon to invest another \$200,000 in CD's, leaving \$50,000 in money market for cash flow. The CD is a 42 month CD with Washington State Bank at 1.5%. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

Police pension expenses since the last meeting were as follows:

- Heartland Bank & Trust – paid \$23.50 on October 20, 2016 for check order.
- Atwell & Atwell – paid \$612.32 on October 19, 2015 for legal fees in regard to disability pension request.
- IPPFA – paid \$795.00 on November 16, 2016 for membership dues.
- Morton Community Bank Visa – paid \$100.02 on December 15, 2015 for lunch items for investment presentation meeting.

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

The final actuarial study was reviewed and discussed. The Board discussed the need to start looking at the declining funding percentages and assumptions going forward. Following discussion, Wetzel made a motion, seconded by Hillary to accept the final actuarial report which shows a required tax levy of \$378,061 to be satisfied with both anticipated personal property replacement tax and a property tax levy of \$365,000. Motion carried.

Gordon made a motion, seconded by Hillary to designate City Clerk Patricia Brown as the Freedom of Information and Open Meetings Act Officer for the Police Pension Board. Motion carried.

The final report of the compliance audit examination of the Pension Fund was reviewed. All items on the report have been addressed by staff and the Board, including a former trustee who did not satisfy the training requirements and the treasurer not being an authorized signer on all accounts. Gordon made a motion, seconded by Wetzel to approve the final report. Motion carried.

Upcoming training opportunities include the annual pension conference being held May 2 – May 5 at Embassy Suites in East Peoria. Gordon needs 16 hours by August; Westbrook and Fussner need 32 hours by July and Hillary is in need of hours as well.

Gordon announced that he and Troi Westbrook were elected as representatives from the active members of the fund to serve an additional 2 year term.

Hillary indicated that a list of names will be compiled and work will begin on drafting an RFP for actuarial services.

Glueck announced that all predatory lending letters have been mailed and waiting to get responses.

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. The meeting was adjourned at 10:14 a.m.

Respectfully Submitted,



Greg Gordon, Secretary