

**WASHINGTON POLICE PENSION FUND  
QUARTERLY BOARD MEETING  
Monday, October 28, 2019 - 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 July 29, 2019 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	9/27/19	110,439.39	Redeemed and purchased CD with Washington State Bank at 2.30% for 42 months. \$110,000.00
			<u>\$110,439.39</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%	09/27/19	\$110,159.39
				<u>\$110,159.39</u>

- C. Ratification of Police Pension Fund Expenses (roll call vote)
  - D. Ratification of 3rd Quarter 2019 Investment Transactions – MVT (roll call vote)
  - E. Approval of Municipal Compliance Report for FYE 4/30/19
  - F. Ratification of pension increase – Fussner (roll call vote)
  - G. Ratification of annual pension increases effective January 1, 2020 (roll call vote)
  - H. Approval of IPPFA membership for 2020 (roll call vote)
  - I. Acceptance of Police Pension Fund Annual Report
  - J. Recommendation for 2019 Police Pension Fund Tax Levy based on Actuarial Report
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10. Discussion Items:
    - A. Election of Active/Retired/Disabled Trustee
    - B. Training requirements and opportunities
    - C. 2020 Meeting Schedule
    - D. Portability – Keegan Smith
  11. Adjournment (roll call vote)

**Next meeting Monday, January 27, 2020 @ 8:30 a.m.**

**WASHINGTON POLICE PENSION FUND**  
**BOARD MEETING**  
**July 29, 2019**

The meeting was called to order by President Michael Hillary at 8:35 a.m. on Monday, July 29, 2019 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, Treasurer Ellen Dingledine, Accountant Jeanette Glueck, and City Administrator Ray Forsythe.

The agenda was reviewed and Item C. under Discussion Items was added – CEFCU.

A call was made to Jason Franken with Foster & Foster to discuss the actuarial assumptions to be considered for the tax levy discussion in October. Jason indicated that the Board should focus on two critical assumptions – the mortality tables and the interest rate. The Society of Actuaries released new mortality tables in 2014 and again in 2018. The 2014 tables weren't adopted because the 2018 tables were expected soon which use public sector data only. The life expectancy is longer in these tables and thus the liability will increase; however, it is appropriate to adopt these tables of which we would use the public safety category. This is being done across the country and not just Illinois. The second assumption to consider changing is the interest rate assumption, keeping in mind the mortality table change alone will increase liability and resulting tax levy requirements. We have been using 6.75% for the past several years and that may be a bit high as four of the last five years, the yield has not hit that assumption. Decreasing the rate assumption will also result in an increase in the liability and tax levy requirements. The Department of Insurance is using 6.25% which would be a significant increase in the tax levy requirements, especially coupled with changing the mortality table assumption. Jason suggests considering reducing to 6.5% and further evaluating next year. The limitation of 45% equity investment severely impacts the ability for the funds to realize the higher interest yields. Following discussion, the Board asked Jason to provide a preliminary report showing the new mortality tables with both 6.75% and 6.5% interest rate assumptions.

Tom Duggan from Mitchell, Vaught & Taylor was present for the meeting. He indicated that the 1<sup>st</sup> quarter GDP of 3.1% shows a healthy increase over 4<sup>th</sup> quarter 2018 which was 2.2%. The White House is looking to cut interest rates again and an inverted yield curve can be a signal for a recession. Thus far the 2<sup>nd</sup> quarter has been volatile. He said the MVT funds have had a yield of 8.13% since January 2016 for a total of \$1.3M in gains. Second quarter shows a yield of 3.16% with a total portfolio balance of \$5.65M. The duration is 2.94 for fixed income and normally 3.23 would be the duration in a 60/40 portfolio. Tom suggested pushing out maturities a little longer whenever possible.

Wetzel made a motion, seconded by Hillary to approve the April 29, 2019 regular meeting minutes. Motion carried and minutes approved.

There were no public comments.

The financial reports were discussed. It was suggested to change the reports next quarter to include the Unrealized Gain/Loss from the Schwab accounts and also show a total on Cash and Investments. Gordon made a motion, seconded by Wetzel to approve the financial reports. Motion carried.

A CD at MVT – Goldman Sachs in the amount of \$100,000 matured on 6/17/19. It was redeemed and a \$100,000 CD was purchased with CEFCU for 5 years at 2.32%. Gordon made a motion, seconded by Hillary to ratify the investment. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

A CD at Washington State Bank matured on 7/25/19. Hillary made a motion, seconded by Wetzel, that the CD be renewed at Washington State Bank in the amount of \$210,769.26 for 42 months at 2.55%. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

A CD with Morton Community Bank comes due in September and a phone poll will be made to determine the best course of action for the funds.

Police Pension Fund expenses incurred for the quarter include:

- Illinois Dept. of Insurance on 5/7/19 in the amount of \$1,539.33 for 2020 Compliance Fee
- IPAVA State Bank on 6/26/19 in the amount of \$31.81 for new check order charge

Wetzel made a motion, seconded by Hillary to approve the expenses as indicated above. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

MVT transactions for the 2<sup>nd</sup> quarter 2019 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.

Two surviving spouse pensions were discussed. Britt Beard passed away on 6/2/19 and his surviving spouse, Kimberly Beard is eligible to receive his pension. Gordon made a motion, seconded by Wetzel to ratify the pension in the amount of \$2,869.58 per month. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

William Witmer passed away on 5/27/19 and his surviving spouse, Kathleen Witmer is eligible to receive his pension. Hillary made a motion, seconded by Wetzel to ratify the pension in the amount of \$3,056.17 per month. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

A proposal was received from Ullico for the renewal of the fiduciary liability insurance policy. Hillary made a motion, seconded by Gordon to approve the renewal and payment of the premium in the amount of \$3,182, an increase of 1.9% over the prior year. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

It was agreed that the actuarial assumption discussion would take place in October after the preliminary results of the actuarial study were received. No action taken.

The actuarial services contract renewal was discussed. Foster & Foster provided a renewal proposal for a one-year and three-year contract. Following discussion, it was agreed to recommend the City Council approve a three-year contract for \$5,700, \$5,800, and \$5,900 for 2019, 2020 and 2021, respectively. This is a City expense and thus the Board is only making a recommendation.

A slate of officers for FY2019-20 was offered as follows:

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

Hillary made a motion, seconded by Wetzel to approve the slate of officers as indicated. Motion carried by voice vote.

Election of active trustee – Gordon indicated the election ballots were out and he would report at the next meeting.

Election of retired/disable trustee – Fussner has indicated a willingness to continue serving on the Board. Ballots are out for any other candidates wanting to run. *Note: results received after the meeting – Fussner re-elected to represent retired/disabled pensioners.*

Training requirements – all trustees have met the required 16-hour annual training requirement since all attended the IPPFA Conference in May.

Treasurer Dingledine told the Board that even though we have a legal requirement for two signatures on checks, CEFCU will not recognize or monitor this. It was agreed that as a result, the balance in the CEFCU account should be minimized and only a balance of \$25 should be kept there with the remaining balance transferred to the IPAVA account.

There being no further business to come before the Board, Gordon made a motion to adjourn the meeting, seconded by Wetzel. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. The meeting was adjourned at 10:58 a.m.

Respectfully Submitted,

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Greg Gordon, Secretary