

**WASHINGTON POLICE PENSION FUND
BOARD MEETING
July 23, 2018**

The meeting was called to order by President Michael Hillary at 8:30 a.m. on Monday, July 23, 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, Treasurer Ellen Dingleline, Accountant Jeanette Glueck and Dwight Ower from Mitchell Vaught & Taylor.

The agenda was reviewed and accepted as presented.

Dwight Ower from Mitchell, Vaught and Taylor (MVT) provided an overview of the last two fiscal years since MVT starting managing the funds. For FY 16-17, 30% of funds were outside of MVT but the funds managed by MVT realized a 10.77% yield. For FY 17-18, 28% of funds were outside of MVT and the funds managed by MVT realized a 7.67% yield. Despite decreased yields, the economy is still strong. The Fed raised rates in June and another increase is expected. Inflation is close to 3% but TIPS are performing well – better than the overall bond market. Real estate had a good 2nd quarter along with health care and technology. Longer maturity bonds didn't perform as well but still positive. U.S. Treasury Notes are averaging 2.7% for 5-7 years and 2.9% for 10 years. Corporate bonds are averaging 3.25 to 3.3%. A fund the Board may want to consider during a volatile equity market is Goldman Sachs – International Insights which uses a unique investment strategy.

Wetzel made a motion, seconded by Hillary to approve the April 23, 2018 regular meeting minutes. Motion carried and minutes approved.

There were no public comments.

Financial reports as of June 30, 2018 were reviewed by Controller Baxter. Inactive contributions were discussed and the Board directed Staff to send letters to the last known address return receipt requested. It was noted these contributions remain in the fund until claimed and are not subject to abandoned property rules. Wetzel made a motion to approve the reports, seconded by Hillary. Motion carried.

A CD with Morton Community Bank in the amount of \$105,199.03 matured on 6/5/18. It was redeemed and a \$100,000 corporate bond was purchased from MVT at their discretion in the 3-5 year range with a yield no less than 3.24%. Wetzel 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 with CEFCU in the amount of \$140,000 matured on 6/19/18. It was redeemed and a \$140,000 corporate bond was purchased from MVT at their discretion in the 3-5 year range with a yield no less than 3.2%. Gordon made a motion, seconded by Wetzel to ratify the investment. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

There are two CDs maturing before the next meeting of which trustees will be contacted with alternative investment options. Funds in the Schwab account the Board would like MVT to send quotes and not just automatically reinvest.

Police pension expenses since the last meeting were as follows:

- Illinois State Treasurer paid 5/21/18 in the amount of \$1,441.43 for the Compliance Fee.

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.

MVT transactions for the 2nd quarter 2018 were reviewed. Gordon 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. The Board will review the allocations each meeting and determine comfort level. The Acknowledgement of Fiduciary name was changed from Bill Yocious to John Mitchell as Bill is no longer with the firm. A motion was made by Hillary, seconded by Gordon to approve the Investment Policy, subject to review by Board Attorney Charlie Atwell for any required changes from a legal standpoint. Motion carried.

The potential military buy-back for Joshua Sutter was discussed. Gordon made a motion, seconded by Wetzel that the buy-back be approved with a September 1 deadline for payments to begin and any cost incurred for an updated calculation past that point would be borne by Sutter. On roll call the vote was, Hillary – yes; Wetzel – yes; Gordon – yes. Motion carried.

The Annual Report per 40 ILCS 5/3-141 was submitted and approved by the City Council on May 16, 2018. Wetzel made a motion, seconded by Hillary to accept the Annual Report. Motion carried.

All trustees attended the IPPFA Pension Conference in May and thus all have satisfied the training requirements for the period ended August 13, 2018.

The City Council reappointed James Wetzel to another 2-year term with the Police Pension Board during its meeting of May 7, 2018.

The Ullico quote for renewal of the Errors and Omissions Insurance Policy was not received in time for the meeting. The renewal will be ratified at the October meeting.

There being no further business to come before the Board, Wetzel made a motion to adjourn the meeting, seconded by Gordon. On roll call the vote was Hillary – yes; Wetzel – yes; Gordon – yes. The meeting was adjourned at 9:45 a.m.

Respectfully Submitted,



Greg Gordon, Secretary