

**CORRECTED MINUTES
ROCKFORD POLICE PENSION BOARD
DECEMBER 17, 2015**

MEMBERS PRESENT: Jeff Nielsen, President
Marcia Mueller, V.P.
Joe Stevens, Secretary
Paul Swanberg, Assist. Secretary
Scott Laue, Trustee

ABSENT:

ALSO PRESENT: Roberta Holzwarth - Holmstrom & Kennedy
Mike Piotrowski – Marquette Associates

GUESTS: Clark Koertner – Segall Bryant & Hamill

STAFF: Linda Wlaznik, Finance
Chris Black, Finance Director

The December 17, 2015 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:14 a.m.

Motion by Mueller and seconded by Laue to approve the November 19, 2015 minutes of the Board meeting as amended. APPROVED.

PUBLIC COMMENT

NONE

CASH & INVESTMENT REPORT

Piotrowski stated that the increase in the Federal Fund Interest Rate was the first in almost 10 years. Increases will continually be at a very gradual pace. Page 7 of the handout details the pension fund assets through the end of November 2015; assets total \$1,744.8 million.

Piotrowski stated currently \$800,000 is needed for cash needs. Piotrowski explained the purpose of running the Monte Carlo simulation. All the market and interest data is used to run the report. Three different portfolios are modeled, in addition to the current portfolio. The only difference with Portfolio A is that the REIT portion is eliminated. Portfolios B and C increase the international exposure. The most significant difference between the REIT's and the Real Estate – Core is volatility. Piotrowski recommended staying with the current allocations for Real Estate – Core and withdraw \$800,000 from the Principal Property Fund.

Motion by Mueller and seconded by Laue to withdraw \$2 million from Principal Property Fund for cash needs for December and January. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to maintain allocation of 35% fixed income exposure by liquidating equal parts of Vanguard Value Index and Vanguard Institutional Index if necessary. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve purchases and sales. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

CITY BILLS

Motion by Mueller and seconded by Laue to approve December City Services of \$9,741.67. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve November postage charges of \$133.29. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom Kennedy, P.C. for November attorney fees for general in the amount of \$1,473.75. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom Kennedy, P.C. for November attorney fees for annual medical reviews in the amount of \$2,437.50. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Northern Trust Company for Investment management fees for the period October 1, 2015 through December 31, 2015 in the amount of \$5,836.87. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

ATTORNEY'S REPORT

Attorney Holzwarth discussed the matter of the QILDRO's with the board. When a QILDRO is received by the Police Pension Fund, staff will confirm a notice of receipt.

Motion by Mueller and seconded by Laue to approve the amended QILDRO policy. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

NEW BUSINESS

Motion by Mueller and seconded by Laue to approve the suspension of the pension for Rae Ann Willard until paperwork is received effective November 2, 2015. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the 2016 meeting schedule. APPROVED.

PAYROLL

Motion by Mueller and seconded by Laue to approve the December estimated payroll amount of \$1,281,358.26. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the November actual payroll amount of \$1,326,371.44. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

SEGALL BRYANT & HAMILL

Clark Koertner was at the meeting to present information regarding the performance of the Pension Fund's portfolio with Segall Bryant & Hamill. Mr. Koertner briefly discussed the firm profile. There have not been any changes to the investment staff; although a Fixed Income Portfolio Analyst was added mid-year. Mr. Koertner stated that for the month of December, the fund is up 10 basis points and for the fourth quarter the fund is up 30 basis points. Segall Bryant & Hamill is not **solely** a treasury manager, that prefers **utilizing** corporates, **but** very high quality corporates. The goal is to buy high quality corporates so when the markets are volatile high quality corporates outperform. Segall Bryant & Hamill prefers industrials and utilities **in the corporate bond sector**.

The increase in the Federal Fund Interest Rate of 25 basis points has not affected the market. Foreign investors are buying U.S. securities. Mr. Koertner reviewed the market liquidity history of their fund. Piotrowski requested the number of securities in the portfolio. Mr. Koertner responded 80 to 85.

Motion to adjourn was made and seconded at 9:39 a.m.

