



## VI. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Flash Report for December 31, 2018:
  - Mike Piotrowski began by saying that the GDP has been strong for the last three years, and in the fourth quarter, it looks like it will be approximately 3%. This report included some slides that show what happened in the fourth quarter. Themes for the year included the following: end of the Fed's monetary policies; slowing growth; high valuations; geopolitical risk with the shutdown; Brexit; and global trade. Much of the uncertainty and volatility is due to fear caused by these issues. Valuations are peaking and earnings are good; they are below 10-20 year averages and corrections are a "little overdone." This has been a challenging year for performance – bonds were flat and stocks were down but real estate and cash were positive. The return last year was -6%; although valuations are compelling and at below historical averages, there is continued uncertainty.
  - The Fund is at \$148.8 million and was down from the start of the year. We have rebalanced and put more assets back into the international market which is now up approximately 4-5%. There is no need to rebalance.
  - Returns were -3.3% for the month and -4.1% YTD. Non-US and international stocks were the biggest detractors. Real estate, however, did really well last year. The Fund is probably in the top half of funds for returns; no one had a positive return last year.
  - January returns were up 2-2.5% which is a positive start for the year.
  - Individually, Principal did well last year at +8%; it's been a great diversifier.

Marquette's presentation also includes a discussion of market volatility and:

Exhibit II is the required disclosure concerning minority-owned businesses according to the requirements of Public Act 100-0542.

Exhibit III discusses the change in the Brandes International Small-Cap management team; it has gone from a four-member committee to a three-member committee. Mike Piotrowski assured the Board that Brandes' performance has improved lately but Marquette is still keeping an eye on them.

Cash needs for the month are \$1.51 million, and the recommendation is to take it from fixed income: \$760,000 from Hillswick and \$750,000 from Segal Bryant Hamilton. Alan Granite made a motion, seconded by Carrie Hagerty, to take \$760,000 from Hillswick and \$750,000 from Segal Bryant Hamilton to meet cash needs for the month. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty  
**Nays:** None

Records of purchases and sales were distributed. Carrie Hagerty made a motion, seconded by Bill Beaman, to approve the purchases and sales for the month. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty  
**Nays:** None

## VII. OLD BUSINESS

*Gustafson disability matter* – Attorney Clifford reported that an IME has been rescheduled with Dr. Seltzburg February 7th and an IME with Dr. Rone has been scheduled for January 21<sup>st</sup>.

*Status of Lingel's transfer of creditable service to Chicago* – No new update.

*Death audit services* – We're still waiting to hear from IPPFA to add language regarding the Personal Information Protection Act (PIPA) to the agreement before it is approved. This will be on the agenda for March.

*Consolidation* – Attorney Carolyn Clifford said there were panel discussions on consolidation at the Northern Illinois Alliance of Fire Protection Districts (NIAFPD) conference in late January and there is a study that was recently launched by IPPFA on the issue of consolidation. IML has 6 proposals and are developing a publicity campaign. She will have more to share in February.

## VIII. NEW BUSINESS

*Trustee election* – The results from the election for the unexpired term of Tracy Renfro's active trustee position were: Todd Monahan – 117; John Larson – 70; Brian Carlson – 22; James Weerda – 13; Brett Beaman – 8; and Mike Rotolo – 6. Todd Monahan will be the new active trustee through April 2021. The Board also discussed disposition of three "spoiled ballots." Carrie Hagerty said that appointed member Michael White was just approved for another three-year term by the mayor on January 7<sup>th</sup> or until 2022 and Carrie Hagerty's re-appointment was approved last year.

*Attorney Engagement Letter and Retainer* – The letter was presented and the changes were discussed. There was no increase in the hourly fee of \$235/hour which saves money by providing a discount through the bundled services in the retainer. The last time there was a raise in the hourly rate was two years ago in 2017. Based on the history of the retainer during the past year, Ottosen Britz has proposed to raise the retainer from \$860/month to \$940/month. PIPA language was also added to the engagement letter. Bill Beaman made a motion, seconded by Carrie Hagerty, to accept the engagement letter and approve the monthly retainer of \$940.00 through December 2019. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Bill Beaman
	Carrie Hagerty	Michael White
<b>Nays:</b>	None	

## IX. TRAINING

*Legal updates* – Attorney Clifford presented the Pension Funding Report she prepared and reviewed with the Board the previous actuarial valuation calculations that align with the City's contributions during the past three years. This led to a discussion of assumption rates, statutory minimums, etc., and a possible recommendation to adjust the assumption rate down to 7.25%.

Attorney Clifford presented a quarterly insights update on the issue of reemployment. On the police side, new options and limitations have been made effective by statute as of January 1, 2019. Nothing has changed yet on the fire side.

Attorney Carolyn Clifford also presented an article she wrote for the Illinois Association of Fire Protection District's Fire Call magazine on a case that involved pension spiking and a determination by the appellate court that the state's pension protection clause does not protect illegal or erroneous pension benefits.

There is a pension training opportunity next week at the Northern Illinois Alliance of Fire Protection District's annual conference in Oak Brook.

**X. CLOSED MEETING – None**

**XI. ADJOURNMENT**

A motion was made to adjourn the meeting. Motion carried, and meeting was adjourned 4:25 p.m.

Next regular meeting is February 21, 2019, at 3:00 p.m.

Respectfully submitted:

Prepared by:

\_\_\_\_\_  
Bill Beaman, Board Secretary

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Judith Yehling, Recording Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

*Approved by the Board of Trustees at its February 21, 2019, meeting.*