

Beaman, to approve payment of the warrant as presented in the amount of \$1,631.465.94. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman Michael White
Carrie Hagerty Todd Monahan
Nays: None

V. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Flash Report for February 28, 2019, indicating that the Quarterly Report would be presented next month:
 - Mike Piotrowski said that this has been a “fantastic quarter...the best quarter since 1998 performance-wise.” There are, however, still concerns like trade negotiations and Brexit. Global growth is slowing but is still at 3.5% and economics are strong in the US.
 - The Fund is at \$155.3 million and assets are higher. Currently it is overweight to US stocks and non-US stocks largely due to market appreciation. Cash need should come from the equity side this time.
 - February 2019 return was at 1.5% net of fees (compared to benchmark at 1.4%) and the YTD return is 6.3% which is ahead of the benchmark at 6.2%. The Fund has averaged over 15%/year for 10 years for US stocks.
 - Real Estate has been a “solid performer.” Bonds are in line with the benchmark.
 - Individually, Fiduciary has been adding value, up 5.8% for the month. Internationally, Brandes and DFA have underperformed, and Brandes is on alert status. Mike Piotrowski indicated that the Board can look at alternative international small-cap manager candidates to Brandes, and Marquette will do a search for review at the April meeting.
 - Mike Piotrowski reported Hillswick is selling the firm to a Canadian-based insurance company, and the Board will have to sign that it has been made aware of this. Mike Piotrowski said there is always a concern when there is a change of ownership but all the principals have signed employment agreements. They will be put on alert status and monitored, and should be reviewed at the end of the year. Mike Piotrowski advised the Board to sign the consent agreement. He went on to say that Hillswick's 10-year return is pretty much in line with the benchmark much like a passive investment but all other firms are similar. The fee is 2.5% on the first \$20 million and they have been a portfolio manager since 2003 which predates Marquette as financial advisor. Per Mike Piotrowski, they have added value over time and he does not anticipate any changes in the agreement currently in place with the Fund. According to Mike Piotrowski we should keep a close watch on Hillswick but sign the agreement and continue with them until the end of the year. At year end we can retain and do a new contract or do a search for either an active or passive bond fund manager. Alan Granite made a motion, seconded by Bill Beaman, to sign the consent agreement with Hillswick. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman Michael White
Carrie Hagerty Todd Monahan
Nays: None

Cash needs for the month are \$1.13 million, and the recommendation is to take \$600,000 from Vanguard Value Index and \$530,000 from Fiduciary. Bill Beaman made a motion, seconded by Michael White, to take \$600,000 from Vanguard Value Index and \$530,000 from Fiduciary to meet cash needs for the month. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman Michael White
Carrie Hagerty Todd Monahan
Nays: None

Records of purchases and sales were distributed. Todd Monahan 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 Michael White
Carrie Hagerty Todd Monahan
Nays: None

VI. OLD BUSINESS

Gustafson disability matter – Attorney Carolyn Clifford reported that we have not yet received the IME report from Dr. Seltzburg. Gustafson’s appointment with Dr. Goldstein, who is the Board’s IME psychologist, was scheduled for February 25; however, Gustafson slipped on the ice so the appointment has been re-scheduled for April 22. Workers’ Comp administrator is monitoring this case closely. Attorney Carolyn Clifford reminded the Board that if the City plans to intervene they must do so within 21 days of the date of the hearing. Once all the IME reports are compiled, then a mutually agreed upon date is set for a hearing; in the interim, the IME reports will be sequestered to avoid compromising the process. Once the Board is ready, an exhibit packet will be readied and one will be tendered to Attorney Duda. If the City asks IMEs to testify, then the City must pay them. If the applicant or the Board requests IME testimony, the Board will cover the costs, but we will take the testimony by teleconference to keep the cost in check. Following the hearing, the Board will task the attorney with preparation of the Board’s Findings and Decision.

Attorney Carolyn Clifford said she would send Todd Monahan a training piece on the disability process.

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

Death audit services – There is no updated information.

Methney – Allison Knox has sent a letter asking that payment(s) be sent to her and not Linda Wlaznik.

VII. NEW BUSINESS

Annual Medical Exams – It is time to start the annual process of obtaining IME exams for those on duty disability. These exams are performed only up to the point where the individual on duty disability turns 50. Currently only John Albaugh and Michael McCallips are on duty disability which is tax free versus 3% over 20 years to convert and get “today’s” salary. We will use the previous IME physicians for the annual evaluations, and Attorney Carolyn Clifford will send out the letters and affidavits.

Economic Interest Statements – These were sent out by the county and the Board members were reminded to return them by May 1st.

Retired Trustee Nominations – Three individuals were nominated for the retired trustee position: Michael Frew, Jim Rife and Bill Beaman. Michael Frew declined the nomination. Ballots will be issued with a requested return date of April 17 and then they will be counted at next month’s meeting.

VIII. TRAINING

Legal updates – Attorney Carolyn Clifford provided a copy of presentation made at the Northern Illinois Alliance of Fire Protection District’s conference regarding actuarial assumptions. She commented that IMRF lowered its investment return assumption to 7.25% (from 7.5%) in January and Naperville

Firefighters' Pension Fund has been given a recommendation by its actuary to reduce its investment return assumption to 6.75% (from 7%) and they are also implementing the new public mortality table.

Attorney Carolyn Clifford asked about the timeline to prepare the DOI annual statement and the actuarial report. Allison Knox said she was working with Linda Wlaznik on the filings, and Carrie Hagerty said she is discussing with Administration and City Council.

Attorney Carolyn Clifford also provided an article from the Journal Star on the consolidation issue. The Illinois Municipal League wants some version of consolidation to occur. One proposal is to reduce the statutory minimum funding requirement to an 80% goal by 2055 which "would be a disaster." IPPFA is dead set against consolidation. Attorney Carolyn Clifford said "there is some movement" with the formation of a committee to study the consolidation issue by Governor Pritzker which is to provide a recommendation by July 1st. One proposal that seems to be getting the most attention is to consolidate only the investment portion, which would include "carrots" to get pension funds to opt into the consolidated investment pool. The carrots would include the ability to levy for pension funding outside the tax cap and possibly Tier 2 benefit improvements. If a levy outside the cap would be allowed under such proposal, there would be some flexibility for tax capped communities and fire districts, but it would also mean a rise in taxes. Attorney Carolyn Clifford went on to say that when talking consolidation, the concern would be that consolidated investments do not absolve Board members of their fiduciary responsibility.

Training will be available at IPFA in May in Addison; it will count for eight hours.

IX. CLOSED MEETING – None

X. ADJOURNMENT

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

Next regular meeting is April 18, 2019, at 3:00 p.m.

Respectfully submitted:

Prepared by:

Bill Beaman, Board Secretary

Judith Yehling, Recording Secretary

Date

Date

Approved by the Board of Trustees at its April 18, 2019, meeting.