

Absent: Michael White

Jeffery Kloweit is eligible for his first increase; the monthly increase will be \$177.01/month for a monthly benefit of \$6,077.45 or an annual pension of \$72,929.40. Bill Beaman made a motion, seconded by Carrie Hagerty, to approve the increase as presented. A roll call vote was taken:

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

Matthew Trojniar is eligible for his first increase; the monthly increase will be \$173.96/month for a monthly benefit of \$5,972.77 or an annual pension of \$71,673.24. Todd Monahan made a motion, seconded by Bill Beaman, to approve the increase as presented. A roll call vote was taken:

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

Carol Kollberg, surviving spouse of Richard Kollberg, passed away October 3, 2018, and her pension will terminate. Alan Granite made a motion, seconded Bill Beaman, to approve the termination of Carol Kollberg's surviving spouse pension. A roll call vote was taken:

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

Retired Driver Engineer Charles Allgood passed away April 14, 2019, and his pension will terminate. Bill Beaman made a motion, seconded by Alan Granite, to approve the termination of Charles Allgood's service pension and grant the surviving spouse pension of Susan Allgood pending receipt of her application. A roll call vote was taken:

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

IV. DISBURSEMENTS

Allison Knox informed the Board that the DOI in going over the payroll spreadsheets noted that the Fund has been underpaying Howard Dunn and Ellen Ryan. Per Attorney Carolyn Clifford, the Fund will have to pay interest on the underpayment. A letter will be written explaining that the May payment will reflect the corrected benefit payment. Howard Dunn's underpayment amounted to \$24,000.00. Allison Knox will run the calculation to determine what is owed with interest for both individuals and then a letter will be sent. The next payment will be the corrected benefit amount as indicated below.

Alan Granite made a motion, seconded by Carrie Hagerty, to approve the corrected benefit payment of \$1,702.45 to Howard Dunn. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman

Carrie Hagerty Todd Monahan
Nays: None
Absent: Michael White

Carrie Hagerty made a motion, seconded by Bill Beaman, to approve the corrected benefit payment of \$1,885.68 to Ellen Ryan, surviving spouse of Tom Ryan. A roll call vote was taken:

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

The warrant for April 18, 2019, was presented in the amount of \$1,645,539.35 but due to the payroll adjustment was amended to \$1,645,942.16. Alan Granite made a motion, seconded by Carrie Hagerty, to approve payment of the warrant as amended in the amount of \$1,645,942.16. A roll call vote was taken:

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

V. CASH & INVESTMENTS

- Mark McDonald of Hillswick Asset Management presented the fund's performance report to the Board as of April 2019:
 - McDonald began by informing the Board of the purchase of Hillswick for \$5 billion by a Canadian firm which is largely focused on insurance. He added that the Canadian firm needs fixed income accounts for its clients and this will allow Hillswick to grow. According to McDonald the "personnel, process and performance will remain the same." The personnel have all signed a consent form to remain for the next five years and will be allowed to manage the money the same way. The benefit to Hillswick clients is that there will be 15 more investment professionals and 87 programmers which will allow them to build better systems. The contract will be finalized within a month.
 - McDonald moved on to discuss the markets in general saying that the markets "thought everything was going well...but they were wrong." The Federal Reserve was doing quantitative easing, raising rates and buying treasuries. In 2008 the Fed put \$200 billion/month into the system but they are shrinking it now and pulling out \$80 billion/month. They are tightening up on the credit supply. Stocks were up 6-7% at the beginning of the year but fell almost 12% within two weeks. The Fed raised the rates and the market panicked. But the Fed "flinched" and the market went up again. The economy is still going well and earnings are still growing, then it was down again based on fear that the Fed was going to raise rates again.
 - McDonald discussed the influence of China on the markets saying that the China has been "an engine of growth" for the last 10 years but the Chinese have exaggerated their GDP and their economy is a "potential train wreck." They have been very big buyers but things are slowing down and companies like Ford and Apple have experienced big losses.
 - Hillswick in the first quarter was at 2.8% versus the index at 2.94% for the index but they have given it all back.

- Hillswick has earned more than the S&P because corporate bonds did poorly and Hillswick invested in fewer corporate bonds. When companies repair their balance sheet, McDonald said, they will start buying corporate bonds. “Until then, Hillswick will earn dividends on the bonds they hold for now and hold what they have in Treasuries.”
- Mike Piotrowski presented Marquette Associates’ Flash Report for March, 2019:
 - Mike Piotrowski began by saying the “numbers are good.”
 - Mike Piotrowski gave an update on Marquette itself: Within Marquette there are 19 partners and the 3 largest partners are selling 30% to the remaining partners ensuring employee ownership of the firm. Marquette has over 400 clients and they work with Oak Rose, a wealth advisory business, in Milwaukee which has a stake or partnership with Marquette which will allow Marquette to diversify its client base. “It has been a fantastic First Quarter for Marquette with new clients.”
 - The market “woke up” and things are not as bad as the market thought; the GDP numbers are okay, corporate earnings are good and unemployment is low.
 - The Fund is at \$155 million at the end of the quarter. March is at 1% the Fund is at 7.3% at the end of the quarter.
 - Bonds did quite well in the First Quarter. Real estate was up 1.6%. It’s been a great start to the year with an annualized return of nearly 8%.
 - Most of the active managers did well. Hillswick and Segal were in line with the benchmark. Fiduciary had a great quarter and was up 16.7%. American was up 13.2% but the value managers continue to struggle.
 - On the international side, DFA has not been strong but has done better in the longer term. Marquette has done a search for an international small cap search to replace Brandes who has continued to underperform.
 - Mike Piotrowski said that he had discussed the alternatives for replacing Brandes with Michael White. The options are to stick with Brandes. Terminate Brandes and buy an index fund. Buy an active manager. There are several good ones in the market but not a lot of managers in this space.

Cash needs for the month are \$900,000 and the recommendation is to split it and take half from Vanguard MidCap Index Fund and half from Fiduciary Management which will keep them more in line with their targets. Bill Beaman made a motion, seconded by Carrie Hagerty, to take \$450,000 from Vanguard MidCap Index and \$450,000 from Fiduciary to meet cash needs for the month. A roll call vote was taken:

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

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
 Carrie Hagerty Todd Monahan
Nays: None
Absent: Michael White

VI. OLD BUSINESS

Gustafson disability matter – Attorney Carolyn Clifford reported that we’re waiting on the second report from Dr. Goldstein with whom Gustafson met on Monday and then Dr. Goldstein can tender her report. The City Workman’s Comp has issued subpoenas for the IME reports to each of the IME physicians besides Attorney Carolyn Clifford. Attorney Carolyn Clifford wants to keep the doctors independent and once we have received the report from Dr. Goldstein, the IME psychologist, then we can contact Duda and set a date for the hearing. She believes it will probably be in July.

Attorney Carolyn Clifford discussed the procedures for payment of the doctors involved during depositions. She said that she prefers to have them testify via teleconference since the Board can then ask questions. Essentially the doctors’ reports are hearsay and the Board is responsible for paying for them. However, if the City intervenes, then they must pay the doctor but if the applicant misses an appointment without significant notice or wants his own treater(s) to testify, then the applicant must pay.

Jason King – Allison Knox indicated that Division Chief Knott, Jason King has asked for an application for disability pension under the Heart and Lung clause.

Status of Lingel’s transfer of creditable service to Chicago – No new update. Alan Granite informed Board that Lingel took a bad fall (20-30 ft. onto concrete) in a fire and had some serious injuries. He’s in ICU but they expect a full recovery.

Death audit services – Attorney Carolyn Clifford talked with Bobbi Holzwarth, the Police Pension Board’s Attorney, who is checking into what it would cost the City to contract with Life Status 365 directly since IPPFA would not add the guarantees for necessary HIPAA protection. Attorney Carolyn Clifford is comfortable that Lauterbach understands their obligation under HIPAA in working with Life Status 365 and the necessary language to protect the Fund’s members’ personal information could be added to the City’s engagement letter with Lauterbach, but would still like to table this while it is being investigated.

Annual IMEs – Attorney Carolyn Clifford reported that medical authorizations had been received for both John Albaugh and Michael McCallips. Marc Gasparini turned 50 on November 28, 2018, and is no longer required to go for an annual IME. The IMEs will be scheduled for these two disabled members.

VII. NEW BUSINESS

Annual Report – Allison Knox is working on the DOI annual statement but DOI has changed some requirements again. Allison Knox had to report the ranks of all members, as well as spousal information. The interrogatory changes have also changed from last year.

Retired Trustee Nominations – The ballots for the retired trustee position were counted: Jim Rife received 23 votes, Bill Beaman received 96 and there were 9 spoiled ballots. Alan Granite made a motion, seconded by Carrie Hagerty, to certify the results of the election. A roll call vote was taken:

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

VIII. TRAINING

Legal updates – Attorney Carolyn Clifford provided updates on the consolidation legislation and the impact on paid-on-call departments versus full time departments. She handed out copies of presentation materials she gave at the Northern Illinois Alliance of Fire Protection Districts conference on consolidation and actuarial assumptions and fiduciary responsibility.

Attorney Carolyn Clifford also provided a copy her firm’s Second Quarter Insights for Pension Trustees on internal controls. She led a discussion on the protections the Fund has in place to prevent fraudulent wire transfers and a recent example of an Article 3 fund that was defrauded. She asked who gives the authority to make such a transfer and Allison Knox explained the procedure.

IX. CLOSED MEETING – None

X. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried, and meeting was adjourned 4:47 p.m.

Next regular meeting is May 16, 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 May 16, 2019, meeting.