

Ayes: Alan Granite Todd Monahan
Carrie Hagerty Michael White

Absent: Bill Beaman
Nays: None

Retired Firefighter Leland Groop passed away November 8, 2019, and his pension will terminate. Todd Monahan made a motion, seconded by Carrie Hagerty, to approve the termination of Leland Groop's service pension. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Carrie Hagerty Michael White

Absent: Bill Beaman
Nays: None

Phil Graciana is eligible for his first increase; the monthly increase will be \$533.21/month for a monthly benefit of \$6,006.37 or an annual pension of \$83,956.44. Todd Monahan made a motion, seconded by Michael White, to approve the increase as presented. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Carrie Hagerty Michael White

Absent: Bill Beaman
Nays: None

Firefighter Sonenalin Chanthaphone has submitted his application for a duty disability and it has been received by the Board. The Board's attorney will start the process for this application.

IV. DISBURSEMENTS

The warrant for November 21, 2019, was presented in the amount of \$1,676.714.35 Todd Monahan made a motion, seconded by Carrie Hagerty, to approve payment of the warrant amount of \$1,676.714.35. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Carrie Hagerty Michael White

Absent: Bill Beaman
Nays: None

V. CASH & INVESTMENTS

Clark Koertner of Segall Bryant & Hamill, the international fixed income manager, presented its report:

- Koertner began by giving a summary of the markets, saying that there is a lot going on both in the US and globally what with the trade wars, etc. Stocks are at an all-time high and fixed income is the most challenging asset class. The cost of doing business is way up and compression is real.

- He gave a brief overview of the firm which is a local company based in Chicago with five offices around the country and 38 partners who are also owners. It is not a bank or publicly traded, and its focus is client service dedicated to consistent portfolio management and consistent returns. Segall is always reinvesting back into the firm.
- Segall invests in high quality securities looking for consistent returns. Page 5 shows that over time they have increased the value of the portfolio by almost \$3.7 million as of October 31, 2019.
- Page 7 illustrates the portfolio structure. Segall has a slight yield advantage but they are total return manager. They are overweight to high quality credit and the corporate sector and underweight to treasuries; they use the highest quality names.
- Koertner went over the market sector details shown on page 8. He cited the fact that seven out of ten holdings within the benchmark are banks – just the biggest not the highest quality versus Segall who focuses on the highest quality.
- Koertner referred to pages 13 through 17 commenting that the yield curves are inverted and mutual funds hold the big bank equities which Segall avoids. The more mutual funds buy, the more the price goes up.
- Reviewing page 20, Koertner said that the bond market is at an all-time low. One cannot have a lot of securities on the books; there is no absorption.
- Koertner summarized by saying that Segall avoids what the benchmark invests in; they are looking for high quality revenue bonds. Segall has been in a partnership with Toma, a private equity fund, for six years which has proved very beneficial. They own more than half the firm and continue to reinvest back into the firm.

Mike Piotrowski presented Marquette Associates' Flash Report for October 31, 2019:

- The Fund is at \$163.1 million and there is no need to rebalance. He will present a plan for rebalancing in December. There is sufficient cash on hand and there is no need to sell investments for cash needs.
- Returns for the month of October were up 1.4%. YTD performance is a positive 12.9%. International stocks were down but US equities were up 20%. According to Mike Piotrowski, we are “nowhere near a recessionary environment.” The big concern is trade. The Fed is doing everything to keep the expansion going but volatility may pick up.
- Exhibit II is the third quarter report. Everyone seems to be in a “wait and see” pattern until the election. Corporate earnings have been good this quarter with a GDP of 1.9%. However, expectations are low and valuations are high. There “should be a strong finish to the year.”
- There are no cash needs for the month.

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

Ayes: Alan Granite Todd Monahan
 Carrie Hagerty Michael White

Absent: Bill Beaman

Nays: None

VI. OLD BUSINESS

Gustafson disability matter – Attorney Carolyn Clifford provided the Board and Attorney Duda with proposed exhibits for hearing. Her recommendation for the Board is to start reviewing the summary at the back beginning with the IME reports – first the psychologist and then the psychiatrists.

Attorney Clifford advised the Board that a Petition to Intervene was timely received from the City (at least 21 days ahead of hearing). A briefing schedule will now need to be set on the petition, and the applicant's attorney will be given an opportunity to file a response brief regarding whether the Board should grant or deny the petition just before the hearing. If the City is allowed to intervene, then there may be other witnesses called to testify. Attorney Clifford recommended a short briefing schedule, in order to preserve the hearing dates that had been previously set -- December 11th with a second date if needed of December 13th.

If the applicant does submit a response brief in opposition to the City's petition to intervene, the City would answer with its reply brief; Attorney Clifford will also provide the Board with a memorandum of law on intervention. The Board agreed to set the briefing schedule as follows: the applicant will have until November 29, 2019, to submit a response brief; the City will have until December 6, 2019, to provide its reply brief. The intervention petition would then be decided at the beginning of the hearing date of December 11, 2019, at 1 p.m.

Status of Lingel's transfer of creditable service to Chicago – Allison Knox spoke with both Travis Lingel and Chicago fire fund. Travis has turned in his application to Chicago and Chicago contacted us for information and then contacted Travis with an amount. However, Chicago has not heard back from Travis. Chicago has to wait for a response from Travis if this is what he wants to do. Attorney Clifford stated that there is no deadline for Travis to complete the transfer at this point, but the interest on the amount he will have to pay to the fund will continue to run.

Board Rules & Forms – Review of the Board Rules and Forms has been moved to December.

VII. NEW BUSINESS

Signature Cards – Allison Knox needs new signature cards. It was decided to keep Linda Estep (Wlaznik) as a signatory, along with Allison Knox and Carrie Hagerty and Alan Granite, so that there is always a backup when a signature is needed. There are four cards: PIMCO, US Bank and Segall. Attorney Clifford will update the resolution for signatory authority for the Board's next meeting. Alan Granite made a motion, seconded by Carrie Hagerty, to authorize the four signers as discussed. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
 Carrie Hagerty Michael White

Absent: Bill Beaman

Nays: None

VIII. TRAINING

Legal updates – Attorney Carolyn Clifford provided a draft summary of the bill on consolidation (19 pages) and two presentations from the NAPPA conference in June on funding issues and firefighters and cancer.

The proposed two new investment funds would be effective January 1st and Mike Piotrowski said it would take about six months to get it into place. There would be some benefit improvements for Tier II members which are better than Social Security. The new bill addresses changes to pensionable salary, a salary cap and survivor benefits for Tier II members. There was a discussion of the need to fix the anticipated violation of Safe Harbor for Tier II members. The IML said this is step one of pension reform.

Mike Piotrowski said that when the transition of assets occurs, some assets would not be able to be transferred in kind but rather would have to be liquidated because of a custodial change. If consolidation goes ahead, each fund's earnings would be pro-rated and each fund would be audited before the transition. There would be a 10-day period during which no trading would be allowed. Mike Piotrowski commented that "doing the transition the right way is critical. Everything will come over in a couple of weeks." The prediction is that investment returns would increase 3% by consolidating.

IX. CLOSED MEETING – None

X. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried, and meeting was adjourned at 5:00 p.m.

Next regular meeting is December 19, 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 December 19, 2019, meeting.