

IV. DISBURSEMENTS

The warrant for June 20, 2020, was presented in the amount of \$1,7007,838.34. Alan Granite made a motion, seconded by Bill Beaman, to approve payment of the warrant in the amount of \$1,7007,838.34. A roll call vote was taken:

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

V. CASH & INVESTMENTS

Drew Baldwin and Patrick Southern of Dimensional presented the fund's performance report to the Board as of May 2020:

- Southern presented an overview of Dimensional which has been around since 1998 with over 20 years of experience. Dimension has \$450 billion in assets and 1,400 employees globally.
- Dimensional is broadly diversified which reduces risk and allows flexibility to control costs. They attempt to capture the value premium and are across all market capitalization. They tilt the portfolio toward those companies with higher expected return and exclude those with lowest profitability.
- Dimensional engages in value investing and it has been a challenge. In 2019 growth outperformed value. Their strategy is to hold deeper value than both benchmarks.
- The emerging markets portfolio is invested in over 19 countries with 2,500 names.
- Year to date the emerging markets portfolio is at 8.3% annualized return and their performance is in line with the EM value benchmark.
- Although they used to have a strict cap on country allocations those were removed in the third quarter. China was capped at 15.5% but is the most impacted and now is 31% of the portfolio versus 40% within the benchmarks.
- Asked about their outlook for value and small cap, Dimensional responded that the portfolio is positioned to capture every day.
- On a yearly basis Dimensional has outperformed relative to both the indexes with a greater magnitude. They frequently outperform by 60% but there is no observable pattern. In a five-year analysis of rolling performance there is more frequency of outperformance with more consistency with a greater ability to capture. This frequency continues to increase at 10 years.
- Dimensional's intention is to continue to manage as in the past and they are committed to capturing premiums when they show up.

Mike Piotrowski summed up by saying that the challenge is the inherent bias to value and small cap when growth has outperformed the last 10 years. This is a difficult time for value and to own this type of manager.

Mike Piotrowski presented Marquette Associates' Flash Report for May 31, 2020:

- Mike began by saying that May was a good month providing a “nice recovery.” The Fund stands at \$152.2 million which is a \$3 million gain.
- The Fund is overweight to stocks and underweight to fixed income. However, there is still sufficient cash to cover benefit payments so there is no need to rebalance.
- The Fund was up 2.7% for the month of May, with a -4.3% return, calendar year to date. The relative performance is improving. It is still in positive territory but well behind the assumed rate of return.
- US Equity was up 4.1% in May and there was a big improvement in non-US equity.
- Real estate was slightly negative for the month and the future is uncertain.
- As far as individual stocks, DFA is toward the bottom but the rest are all outperforming on a YTD basis.
- This has been a very strong two-month time period but volatility will continue until there is a vaccine for the COVID virus.

Mike Piotrowski asked if the Board would like to continue with manager presentations. The Board agreed they would and Mike Piotrowski said he would try to line up Principal for the next Board meeting.

Records of purchases and sales were copied to Board members. Bill Beaman 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	Carrie Hagerty
	Bill Beaman	
Absent:	Todd Monahan	Michael White
Nays:	None	

VI. OLD BUSINESS

Gustafson disability matter –Attorney Clifford asked the Board if they thought it would be best to pursue the Gustafson hearing via video conference, given the ongoing pandemic conditions. She could check with Gustafson, his attorney and the City attorney to see if they were amenable. Everyone would be on individual devices. The Board was interested in pursuing and Attorney Clifford will pursue with the attorneys. She advised that there may be requests for the IMEs to testify. The question was also asked if the personnel records had been received from the County and she confirmed that they had.

Status of Salvatore Tarara's deferred pension – Allison Knox indicated that she had emailed him on June 3, but had not heard anything back. Although he is only 47 years old, Attorney Clifford recommended that the process be started now and Allison Knox indicated she would call him.

Status of Lingel's transfer of creditable service to Chicago – Nothing further has been heard in this matter.

Board Rules & Forms –Review of the Board Rules and Forms is tabled until August or September.

Firefighter Sonenalinh Chanthaphone's Application for Duty Disability – Attorney Clifford indicated that Firefighter Chanthaphone is scheduled to be examined by the IME physicians as follows: Dr. Lorenz on June 11, Dr. Pinella on June 19 and Dr. Samo on July 10.

Annual Medical Exams – Attorney Clifford indicated that Albaugh's annual IME review was completed and his disability pension was approved last month. There is one treating physician for McCallips from whom we have not yet received a report since his office had not yet opened. This is needed before we send him to his IME appointment.

Annuity Contract Review –Attorney Weinstein indicated that there was not much new to report. The attachments for the March 18, 2003 minutes have not yet been found. He is working on coverage through the City’s Errors and Omissions liability policy. Attorney Clifford said that the Board does have the subpoena power to request the records from the annuity company if they cannot be found. Attorney Weinstein has put together a timeline. Carrie Hagerty indicated that the City’s policy would have the City pay \$500,000 and then insurance would pay up to \$11 million.

DOI Annual Statement –Allison Knox has just about finalized the statement. Carrie Hagerty indicated the final reports will be completed this week. Mike will be present at next month’s meeting and the schedule will show the assumption rate reduced from 7.4% to 7.3%. The updates to the mortality table will be added and the Tier II modifications will be adopted. The statement must be filed with the DOI by June 30. She will submit on time and the Board will approve in July.

Fiduciary Liability Policy – Allison Knox said the question as to why the premium was up so much this year – almost \$4,000, from \$18,564 last year to \$22,178 for this year – was answered in an email which cited the difficult time insurance was having this year. Discussion followed and decision was to continue coverage this year but to “shop” next year for different coverage. Allison Knox suggested moving the review to the first of the year or even to November or December. A motion was made by Carrie Hagerty, seconded by Bill Beaman, to approve the Fiduciary Liability coverage for next year at the quoted premium of \$22,178.00. A roll call vote was taken:

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

Annual Affidavits – Karla Hunter indicated that she has received over 100 affidavits of the 327 sent out. Pensioners can drop off the affidavits at City Hall or in the payment box outside City Hall. The due date is mid-August; she will check in July again.

VII. NEW BUSINESS

Review of Closed Session Minutes – Allison Knox presented an inventory of all Closed Session Minutes for the Board’s review. After review, she was asked to add the closed session minutes from December 19, 2019, to the inventory.

A motion was made by Carrie Hagerty, seconded by Alan Granite, to keep those minutes listed on the inventory of Closed Session Minutes closed. A roll call vote was taken:

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

VIII. TRAINING

New Board Training – Allison Knox indicated the new Fire Consolidated Board is offering a two-hour training on June 24. The webinar is free. There will be another two hours of training on consolidation in the fall. The Consolidation Board has also asked for the contact information for all members of the Fund,

which must be submitted to Lauterbach by the due date. Attorney Clifford said a list of the membership, retired and active, should be prepared for elections for the permanent board by mid-September.

Legal updates –Attorney Clifford said the Governor has signed a remote meeting provision into law, Public Act No. 101-640. The City has issued a proclamation regarding the disaster and Carrie Hagerty said that Rockford will be deciding how meetings will be held meeting by meeting. To comply with the new Open Meetings Act provision for remote meetings, all votes must be by roll call. There must be a notice by website and open meetings must be recorded. Attorney Clifford said that an inventory of these remote open meetings should be maintained.

Attorney Clifford will draft a memo to members concerning nominations to the Consolidated Board. Allison Knox will email the memo with paychecks to the active members and letters will be sent to the retirees. Nominations for the Consolidated Board will be open June 30.

IX. CLOSED MEETING – None

X. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 4:32 p.m.

Next regular meeting is July 16, 2020, 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 July 16, 2020, meeting.